



TAIWAN LIFE

It's our mission to protect and build our customers' wealth.



SOCIAL

Make a positive impact on an aging society in Taiwan.



GOVERNANCE

Create integrity and a transparent foundation for corporate sustainability.



ENVIRONMENTAL

Establish a low-carbon sustainable environment through our impact.



About this report

Taiwan Life Insurance Co., Ltd. (hereinafter referred to as “Taiwan Life,” “the Company,” and “we”) has long been committed to fulfilling its corporate social responsibility and implementing concrete sustainable actions. This report is prepared in accordance with the Core options of the GRI Standards, and with reference to the disclosure standards issued by the Sustainability Accounting Standards Board (SASB) for the insurance industry. We voluntarily comply with the Principles for Responsible Investment (PRI) and Principles for Sustainable Insurance (PSI) and our sustainability efforts are guided by the U.N. Sustainable Development Goals (SDGs). Moving forward, we will issue a Sustainability Report every year as an important tool for reviewing our sustainability practices and communicating the results with stakeholders regarding.

Reporting period

This is Taiwan Life’s first Sustainability Report. The information disclosure period of the report is Jan. 1, 2020, to Dec. 31, 2020. Any information for periods before or after those dates is noted accordingly.

Scope of report

The information disclosed in this report is mainly for Taiwan Life, and its scope is limited to Taiwan. The financial data is consistent with the scope of Taiwan Life’s consolidated financial statements. All financial figures are denominated in New Taiwan dollars, as certified by certified public accountants in our financials. Some of the information regarding our environmental, social, and corporate governance includes CTBC Insurance Co., Ltd. (CTBC Insurance) and CTBC Finance Co., Ltd. (CTBC Finance), and is noted as such.

Quality of information

The content of this report was compiled in accordance with the six reporting quality principles of the GRI Standards: accuracy, balance, clarity, comparability, reliability, and timeliness. The report was issued after being reviewed by Taiwan Life’s management. The information in the report has been certified/assured by an impartial third-party unit.

Information type	Compliance standard/source	Certification/assurance organization
Sustainability information	The R.O.C. Statements of Assurance Engagements Standards No. 1 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information”	Ernst & Young
Financial data	Annual financial statements	KPMG
Environmental data	ISO 14001 Environmental Management Systems ISO 50001 Energy Management Systems ISO 14064-1: 2018 Greenhouse Gas Quantification and Reporting	British Standards Institution (BSI) Taiwan
Information security	ISO 27001 Information Security Management Systems BS 10012 Personal Information Management Systems	Société Générale de Surveillance (SGS) Taiwan
Occupational safety	ISO 45001 Occupational Health and Safety Management Systems	British Standards Institution (BSI) Taiwan

Feedback

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LETTER FROM THE CHAIRMAN

2020 brought the world face to face with major challenges on many fronts. The pandemic forced the adoption of new modes of thinking, compounded by the chain effects of climate change, the increasing shortage of natural resources, and the global problem of aging populations. Even as the profits of Taiwan Life again reached new highs, we maintained our focus on using our corporate strengths to help Taiwanese society and to drive the global economy toward a more sustainable future.

We are committed to making Taiwan Life an insurance company that customers can trust throughout their lifetime and that operates with genuine sustainability. In doing so, we aim for this customer trust to be passed from one generation to the next. We are working to realize our “Sustainable Trust, Enriched Future” vision based on the concepts of co-creation and co-benefit and by implementing corporate sustainability in four major areas: “Ethical Governance,” “Sustainable Finance,” “Accountable Operations,” and “An Inclusive Society.” As we work to enhance corporate governance, maintain financial stability, promote environmental sustainability, improve employee welfare, develop inclusive finance, establish high-quality customer relationships, and engage with the community, every step we take toward stronger ESG performance is taken to foster trust among our customers and the public and to drive our sustainable operations, ultimately also raising our brand value.

In the past year, in addition to continually deepening our environmental sustainability and expanding our social engagement, we also reached a new milestone in transparent governance. We have published a Responsible Investment Report (which includes our Stewardship Report) and a Sustainable Insurance Report, all of which have been assured by an impartial third party. With Taiwan Life having voluntarily adopted the U.N. Principles for Responsible Investment and Principles for Sustainable Insurance, its Board of Directors has since adopted a Responsible Investment Policy and a Sustainable Insurance Policy. Furthermore, to help implement the customer-centric and sustainability-targeted blueprint, both “Treating Customers Fairly” and “ESG / sustainable development” have been listed as issues regularly tracked by the Board of Directors since 2020.

Meanwhile, the COVID-19 pandemic has accelerated the investment market’s move toward sustainable development, with global demand for sustainable finance also continuing to rise. This has tested our ability to manage long-term risks and create value and has forced us to consider how companies like us can more effectively lead the ESG transformation and how the trust of our customers can be harnessed to improve sustainability.

This is Taiwan Life’s first Sustainability Report. The publication process also gave us another opportunity to thoroughly review our various actions in ESG and their effectiveness, and as I always encourage my colleagues, ESG must take root if it is to be done well. Taiwan Life has become one of the twin engines of profit for our parent company, CTBC Financial Holding Co., Ltd. (CTBC Holding) and has written a new page in its history in terms of profit in 2020. However, we know that as we pursue continued profitability, we must also implement ESG in each of our core businesses and move forward as a benchmark company in sustainable insurance by echoing the U.N. Sustainable Development Goals from the core competencies of the insurance industry. In the future, as for the sustainable development of Taiwan Life, we will adhere to our original intention, protect and create the value of customers, employees, shareholders and communities, and jointly build a better future.

A handwritten signature in black ink that reads "Huangsu / kuo". The signature is written in a cursive, flowing style.

Taiwan Life Chairman
Su-Kuo Huang



LETTER FROM THE PRESIDENT

2020 may have been the most critical year yet since Taiwan Life and our parent company, CTBC Holding, joined hands to prioritize environmental, social, and corporate governance (ESG). Guided by CTBC Holding's sustainable policy and under the leadership of Taiwan Life's Board of Directors, we have had to face up to climate risks and opportunities, implement inclusive finance, build a sound social security network, and strategically carry out our concrete actions to push ourselves and the financial industry to make real strides toward sustainability.

In the face of increasingly serious climate change risks, we followed CTBC Holding in adopting the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in order to respond to the possible impact of climate change on the Company's operation as early as possible. We are also seizing the opportunities posed by the low-carbon transition; in addition to formulating responsible investment policies and operating guidelines and integrating ESG into our investment analysis and decision-making process, we are supporting the government's Green Finance Action Plan 2.0 policy and are continuing to promote sustainable investment, our cumulative approved amount of which reached NT\$42.5 billion in 2020. Looking ahead, we will continue to refine the responsible investment process and develop ESG-related evaluation tools to facilitate our long-term investment in sustainability.

In the community, we have long been concerned about the welfare of seniors, to which end we promote "aging in place" and "active aging" with a view to building an age-friendly society. In line with the core spirit of insurance and in support of inclusive finance, we continued to provide care for vulnerable families in 2020 through the promotion of micro-insurance and small-amount whole life insurance, again achieving remarkable results and even earning five awards in the Financial Supervisory Commission's Insurance Competition. Furthermore, to further realize financial inclusion, we have launched a number of innovative products, such as insurance policy for people with pre-existing conditions "hepatitis B carriers," and spillover-effect products for people with pre-existing conditions "diabetes," thus providing practical, high-quality protection for them. 2020 also saw Taiwan Life recognized for our extensive efforts in developing diverse digital financial services to improve the customer service experience. This recognition included the Digital Insurer of the Year, Taiwan and Best Digital Insurance Experience, Taiwan awards from *The Asset* magazine. In terms of the environment, most fundamental in 2020 was the continuing improvement of our environmental management system (ISO 14001), energy management system (ISO 50001), and greenhouse gas inventory (ISO 14064-1). Meanwhile, for our build-operate-transfer project for the Cultural and Creative Industries Hall in Kaohsiung Main Public Library, we used building information modeling to adjust the construction process, improve efficiency, and greatly reduce the project's environmental impact. We also won the top prizes in the "planning and design category" and the "construction quality category" at the National Golden Awards for Architecture.

Taiwan Life is continuing to gather pace as it moves forward on the road to sustainable development. Guided by the U.N. Sustainable Development Goals and with the knowledge that to go far, we must go together - no one is an outsider on the road to sustainable development, and every individual, company, and organization is part of the community of shared life. We will continue encouraging our employees, suppliers, customers, investors, and community partners to join us on this journey and to jointly create and achieve a sustainable vision for the future.

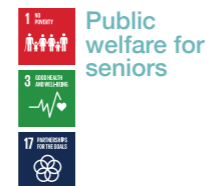
Taiwan Life President
Tony Chuang

SDGs Sustainability strategy

Taiwan Life voluntarily follows the Principles for Responsible Investment (PRI) and Principles for Sustainable Insurance (PSI), and leverages the advantages and resources of its core businesses to implement ESG. We integrate global best practices at a local level to create long-term benefits for our policyholders, employees, shareholders, investors, and community, and actively support government ESG initiatives to leverage and expand our influence. We are also guided by "TRUST," the long-standing sustainability commitment of CTBC Holding that comprises corporate governance (Transparency), environmental sustainability (Responsibility), employee welfare (Understanding), customer service (Satisfaction), and community engagement (Together).

As an insurance company, earning and maintaining the trust of customers is our ultimate pursuit. With Taiwan to become a super-aged society in the next few years, the insurance industry will need to adapt to the reality that we will carry the trust of our customers for nearly a hundred years. Through our various sustainability-oriented actions, we hope for our customers to feel at ease and continue to trust us. Adhering to customer-centric principle with sustainability as the ultimate goal, we have coined a "Sustainable Trust, Enriched Future" vision. This blueprint approaches sustainable development from four strategic directions, namely "Ethical Governance," "Sustainable Finance," "Accountable Operations," and "An Inclusive Society." In addition to cataloguing sustainability-related issues that the Company should continue to focus on and develop, we strive to achieve 17 U.N. Sustainable Development Goals and stay current with global changes in sustainable development.

In order to more actively implement corporate sustainability management, CTBC Holding's Sustainability Committee was upgraded to a functional committee in 2020. All members of the committee are independent directors (i.e., four from CTBC Holding and one from Taiwan Life) and it regularly reports to CTBC Holding's Board of Directors on the group's sustainability strategy and annual results. Under the guidance of the Board of Directors, Taiwan Life formulates relevant policies and reports the sustainable results and action plan of the company at the senior management meeting on a quarterly basis. Moving forward, ESG-related progress and performance will also be reported to Taiwan Life's Board of Directors every year, and external experts will be invited to continually conduct research on ESG performance trends, conduct industry gap analysis, and propose specific suggestions for more sustainable operations. Furthermore, in 2021, the sustainable business indicators of enterprises will be formally included in the management by objectives (MBO) of senior executives at and above the group head level in order to expand the influence of ESG.



Public welfare for seniors

- We worked with partners to launch a mobile bathing service for seniors and people with a disability.
- We launched a "medical companion service" for seniors who live alone and encouraged the public to record video messages for such seniors.
- To promote active aging, we have held a series of intergenerational activities for nine consecutive years.
- To foster co-creation by young people and seniors, the Stanford Center on Longevity Design Challenge Asia has been held for four consecutive years.

External initiatives

- We encourage the public to begin retirement planning as early as possible, to which end we have cooperated with National Chengchi University for five consecutive years to conduct a survey on retirement attitudes and practices in Taiwan.



Ethical management

- We hold ethical management and anti-money laundering education and training, with a training rate of 100%.
- We constantly work to elevate the professionalism of the Board of Directors, with the number of hours of directors' continuing education exceeding the statutory standard.

Risk management

- In response to the risk of climate change, we adopted the Task Force on Climate-related Financial Disclosures recommendations.
- CTBC Insurance has launched insurance products related to climate change to help customers address climate risks.

Transparent disclosures

- We voluntarily follow the Principles for Sustainable Insurance and published a Sustainable Insurance Report.

Information security

- We have ISO 27001 Information Security Management System and BS 10012 Personal Information Management System certification.

Ethical Governance

Sustainable Finance

Sustainable Trust, Enriched Future

An Inclusive Society

Accountable Operations



Responsible investment

- We have invested in a wastewater treatment plant that is expected to be able to treat up to 31,000 tons of wastewater per day upon completion.
- We have invested in two solar power projects and one offshore wind power project.
- Our land development project in Taipei City's Nangang District has received a Gold EEWB Green Building Candidate Certificate.
- The total amount of our green investment and financing approved has reached NT\$32.687 billion.
- We voluntarily follow the Principles for Responsible Investment (PRI), established a Responsible Investment Policy, and published the Taiwan industry's first assured Responsible Investment Report, which included our Stewardship Report.

Sustainable products

- We vigorously promote micro-insurance, so far with a total insured amount of NT\$35.05 billion and more than 160,000 insured.
- We offer health promotion insurance products such as a hepatitis B insurance policy and diabetes spillover-effect insurance policy.
- In support of a government policy, we have launched five investment-linked ESG-related products, raising approximately NT\$6 billion.

Treating Customers Fairly

- We have established a dedicated Treating Customers Fairly unit, launched a competition for TCF-related proposals, and sought to internalize the TCF principles into our company DNA.

Digital innovation

- We have launched a variety of convenient claims services, with our eClaim blockchain service winning seven awards.



Green operations

- The amount of our green procurement is NT\$220 million, with local procurement accounting for 99.7%.
- We require suppliers to sign a Supplier Human Rights and Environmental Sustainability Commitment.



Employee commitments

- We promote a healthy workplace, provide free health examination benefits for employees, and have held more than 250 workplace health activities.
- A total of 19,100 of our employees, directors, and supervisors have participated in ESG-related courses.
- We have policies in place to ensure fair remuneration and equal-opportunity employment.

2020 AWARDS & RECOGNITION

Sustainable performance highlights in 2020

Fintech and digital innovation

 <p>IDC FIA 2020 Financial Insights Innovation Awards</p> <p>International Data Corp. Financial Insights Innovation Awards 20 Best Insurers in Asia Pacific</p>	 <p>IDC DX Awards Digital Transformation</p> <p>International Data Corp. DX Awards Omni-Experience Innovator</p>
 <p>The Asset Triple A Digital Awards Digital Insurer of the Year, Taiwan Best Digital Insurance Experience, Taiwan</p>	 <p>insurance AWARDS 2020</p> <p>Asian Banking & Finance Insurance Asia Awards New Insurance Product of the Year, Taiwan Claims Initiative of the Year, Taiwan</p>

Brand value




Global Brands Magazine
Global Brands Awards
Best Life Insurance Brand, Taiwan

Social inclusion

<p>Taiwan Corporate Sustainability Awards</p> <p>Taiwan Institute for Sustainable Energy Taiwan Corporate Sustainability Awards Gold Award for Social Inclusion</p>	<p>Financial Supervisory Commission 2020 Insurance Competition</p> <p>Micro Insurance Contest Insurance Company Category-No.2 Micro Insurance Contest Sprint Award Micro Insurance Contest Excellent Performance Award Micro Insurance Contest Caring for the Physically and Mentally Challenged Award Small-amount Whole Life Insurance Excellent Performance Award</p>
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Responsible investment

 <p>The Asset Triple A Infrastructure Awards Investor of the Year- Insurance Company, Asia Pacific Green Project of the Year, Asia Pacific Green Project of the Year, Taiwan</p>	 <p>The Asset Triple A Sustainable Investing Awards for Institutional Investor, ETF, and Asset Servicing Providers ESG Investor of the Year for Insurers, Taiwan, Insurance Investor of the Year, Taiwan Editors' Triple Star</p>
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Corporate governance

Net income after tax

NT\$16.53 BILLION

With excellent investment income and operating performance, the net income after tax in 2020 reached NT\$16.53 billion, with annual growth of 26%, recording a historical high.

Board meeting attendance



98.8%

Reflecting strong corporate governance, the average attendance rate of the Board of Directors was 98.8%; furthermore, the number of seats filled by independent directors was better than the standard set by the competent authority, and the maximum terms of office is three.

PSI and PRI compliance

PSI/PRI COMPLIANCE

We have voluntarily adopted the U.N. Principles for Sustainable Insurance and Principles for Responsible Investment, and become the first Taiwanese insurance company to both issue an assured Sustainable Insurance Report and Responsible Investment Report (which included a Stewardship Report).

Sustainable investments

NT\$42.5 BILLION

We actively invest in sustainable investment targets at home and abroad, with an accumulated approved investment amount of NT\$42.5 billion over the years, and support sustainable finance development with practical actions.

Environmental

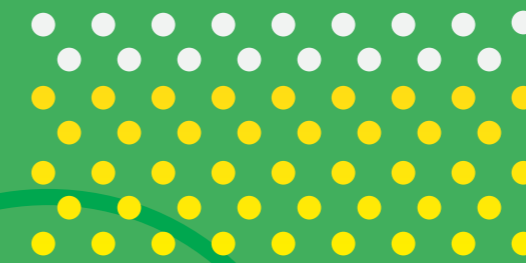
Supplier commitments

We have a sustainable supply chain strategy, as part of which we require all suppliers to sign a Supplier Human Rights and Environmental Sustainability Commitment and take actions regarding environmental protection, occupational health and safety, labor human rights, and other issues.

100%



Green procurement



NT\$220 MILLION

Our annual green procurement exceeded NT\$220 million and we held an annual supplier conference, holding discussions with suppliers on building a more sustainable supply chain.

Social

Micro-insurance assistance

49,847 PEOPLE

As part of our efforts to realize financial inclusion and provide basic security for Taiwanese people, we have launched six micro-insurance policies that have so far benefited 49,847 people.

Inclusive financial products

15 PRODUCTS

To put financial inclusion at the core of our insurance business, we have developed 15 financial inclusion policies, which so far have a total sales volume of 11,976.

Customer satisfaction

97%

To understand customer needs and provide services that more closely meet them, monthly and annual customer satisfaction surveys are conducted, with an average satisfaction rate of 97%.

Real estate development

0 ZERO DISASTERS AND ZERO ACCIDENTS

We require real estate developers to strictly implement occupational health and safety controls.



01

About Taiwan Life Insurance



Founded in 1947, Taiwan Life is the country's oldest insurer. With a sustainability vision of "Sustainable Trust, Enriched Future," we are committed to fostering real trust with all of our stakeholders. In our two major core business areas of investment and insurance, we have introduced the Principles for Responsible Investment (PRI) and the Principles for Sustainable Insurance (PSI), respectively. With a business philosophy characterized by responsibility, we strive for perfection in our environmental, social, and corporate governance and are determined to build sustainable value.

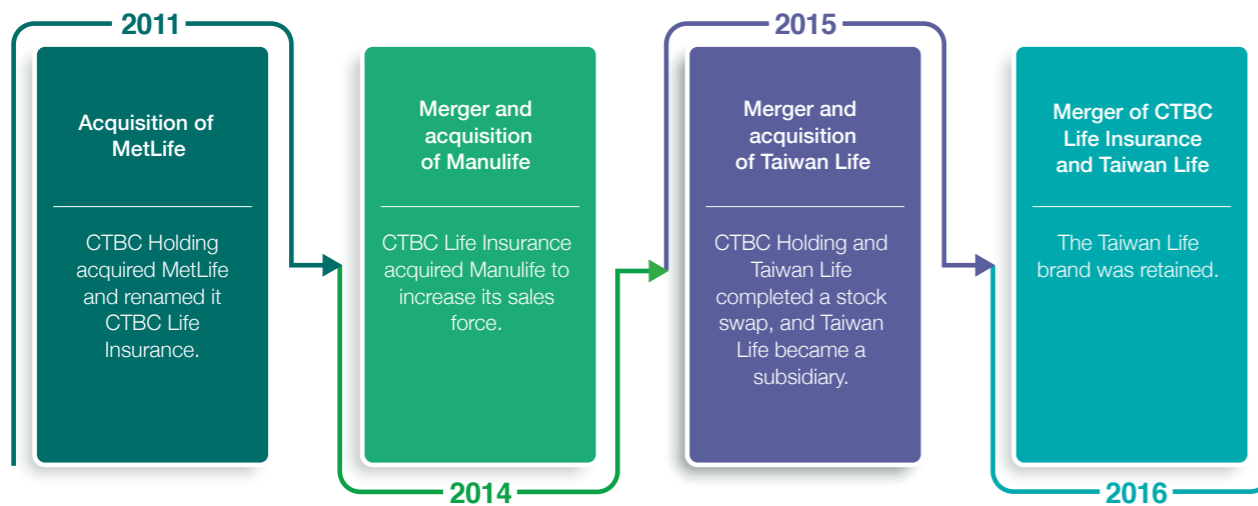
Taiwan Life is committed to offering a full range of insurance services to our customers. As such, we closely monitor changes in the market so that we can ensure sound operational performance through flexible and creative product strategies. This enables us to provide the public a comprehensive safety net for their health, wealth, and protection while maintaining our long-term profitability, thus delivering favorable outcomes for our Company and our customers alike.

We are increasingly using fintech to better realize our customer-centric approach, with our end-to-end digitalization lab, EdgE, setting new industry precedents in this regard. By developing numerous digital financial tools, the lab has established a foundation for the digital transformation of our business, in particular by providing customers with faster, more comprehensive services.

In terms of insurance products, we actively develop innovative protection-oriented products; launch insurance policies for people with pre-existing conditions, policies for people with physical and mental disabilities, and spillover-effect health promotion policies; promote the evolution of insurance; and strive to provide the strongest possible social safety protection network. In addition, we also develop ESG-focused investment-linked products to provide customers with more choices and open up new business opportunities. In the future, we will continue to develop financial inclusion insurance products, help disadvantaged people, and provide medical care for seniors, so that customers of different ages and groups can be properly protected.

In terms of service, Taiwan Life deeply analyzes the entire insurance policy life cycle, identifying all pain points faced by customers in every scenario before, during, and after insurance policy purchase. Through digital

Basic information	
Company name	Taiwan Life Insurance Co., Ltd.
Establishment	1947
Industry category	Insurance
Location of headquarters	8/F, No. 188, Jingmao 2nd Rd., Nangang Dist., Taipei
Number of employees	Internal personnel: 1,862 External sales agents: 7,539
Assets	NT\$2,067,930,142 thousand
Liabilities	NT\$1,929,302,330 thousand
Owners' equity	NT\$138,627,812 thousand
Capital adequacy ratio	309.41%



innovation, we connect point-to-point services to continually improve our existing services and create distinctive new ones in order to create the most meaningful customer experience. Moving forward, Taiwan Life will continue to uphold CTBC Holding's "We are family" brand spirit and brand values

of care, professionalism, and trust. We will work hand in hand with our affiliates across the group to provide more thoughtful financial services and innovative products in order to cement our status as Taiwan's most trusted insurer. In addition, we will adhere to the principles of professional, ethical, and stable operations; pay long-term attention to social inequalities; actively support public welfare efforts; and prioritize environmental sustainability, corporate governance, and risk control in order to fulfill our duty to protect and build wealth.

1.1 Strategy overview

Taiwan-based companies are expected to adopt International Financial Reporting Standards 17 (IFRS 17) and Insurance Capital Standard Version 2.0 (ICS 2.0) for their financial statements and supervisory reports by 2026. In 2020, the competent authority implemented three major regulatory policies, namely lowering policy reserve rates, increasing product protection components, and adding credit rating restrictions on targets of investment-linked products, leading to an increase in the sales of protection-oriented products. The overall first-year premiums across the life insurance industry declined by 30% due to the fall in sales of savings-oriented and investment-linked products. Although short-term sales have been impacted, this is beneficial for the long-term operation of the life insurance industry because the product portfolio is becoming more value-focused. In addition, the competent authority is paying greater attention to ESG-related issues—including by promoting Corporate Governance 3.0 - Sustainable Development Roadmap and the Green Finance Action Plan 2.0 Policy—to raise awareness of corporate sustainable development across the life insurance industry.





Operation distribution

Country	Total number of sites	Operating sites
Taiwan	133	8 branches, 13 regional centers, 111 correspondence offices, and 1 telemarketing center.
China	1	1 representative office (Beijing)



In order to adopt IFRS 17 and ICS 2.0, Taiwan Life is already transforming its product sales, optimizing its product structures, strengthening its capital, and returning its focus to the sale of protection-oriented, accident and health insurance, and investment-linked products in order to ensure strong and steady profitability. In 2020, we set four major transformation directions, continued to enhance our business constitution, and moved further toward our goal of becoming the insurer with the soundest financial position and the best customer experience.

Four transformation directions: Becoming the insurer with the soundest financial position and the best customer experience

 <p>Business and investment</p> <p>Formulate appropriate strategies for business and investment.</p>	 <p>Customer service experience</p> <p>Implement a customer-centric strategy, use digital tools to integrate sales and services, create intelligent operations, and provide a tangibly better and more professional service experience.</p>	 <p>Information technology</p> <p>Continue to strengthen the construction of information technology infrastructure, to serve as the foundation for our digital transformation.</p>	 <p>Talent development</p> <p>Optimize talent cultivation, internalize Treating Customers Fairly and ESG into employees' DNA, and develop a customer-centric company culture.</p>
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1.2 Operating performance

Management approach for material topic: Operating performance

<p>Policy and commitment</p>	<p>In response to adoption of IFRS17 and ICS 2.0 in 2026 and the increasing attention paid by the competent authority to ESG-related issues, we will continue to enhance our business constitution and move toward becoming the insurer with the soundest financial position and the best customer experience.</p>
<p>Specific actions</p>	<ul style="list-style-type: none"> Focus on the sale of protection-oriented and investment-linked products: <ul style="list-style-type: none"> Protection-oriented products: Prioritize the research and development of protection-oriented and accident and health insurance products, particularly spillover-effect insurance for people with pre-existing conditions (e.g., diabetes or linking with cancer genetic testing), in order to meet customers' asset inheritance and health protection needs. Investment-linked products: Launch new types of discretionary investment-linked products that are linked with investment volatility management, and assist policyholders to control their investment risk. In addition, to promote the development of sustainable finance, we will propose ESG-related discretionary investments. Strengthen asset and liability management, continue to implement IFRS 17 and ICS 2.0 adoption related work, conduct scenario simulation and testing, and optimize the suitable business and investment strategy. Promote the corporate sustainable development from the inside to the outside. We make "customer centric" our DNA, connect and integrate sales and services through digital technology, provide a perceivably better professional service experience.
<p>Target</p>	<p>Continue to expand our sources of stable profit and improve customer satisfaction as we prepare to adopt new international standards.</p>

Due to the impact of the COVID-19 pandemic, the capital market experienced significant turbulence in 2020. Taiwan Life seized the growth opportunities that this posed and reported consolidated after-tax income of NT\$16.53 billion, up 26% from 2019 and a record high. We are among the industry leaders in terms of performance, namely return on equity and return on assets. Total assets reached NT\$2.07 trillion, an increase

of NT\$105.1 billion from 2019, with a compound annual growth rate of 13% over the past five years. Even with premiums generally declining, across the market in 2020, our first-year premiums reached NT\$89.6 billion in 2020, ranking fourth largest in the industry and growing 8% from 2019, with the first-year premiums of investment-linked products growing by 103% from 2019. In 2020, total premiums were NT\$208.9 billion, ranking sixth largest in the industry.

Financial information over the years

Unit: NT\$ thousand

	2020	2019	2018
Total assets	2,067,930,142	1,962,867,494	1,768,274,602
Operating income	284,198,809	302,796,784	346,619,863
Net profit	16,533,596	13,109,087	8,297,625
Return on assets	0.85%	0.73%	0.53%
Return on equity	12.90%	14.32%	11.27%
Capital adequacy ratio	309.41%	298.30%	267.70%

Note: Return on assets and return on equity are disclosed based on the Company's stand-alone financial information.

Tax governance

Taxation plays an important role in achieving the SDGs and is a key mechanism for organizations to contribute to the economies where they operate. As such, Taiwan Life's tax governance policies are formulated specifically to uphold the spirit of our Sustainable Insurance Policy and contribute to sustainable development.

Our tax strategy is to act in accordance with the requirements of all relevant tax laws and regulations. In addition to complying with these laws and regulations, effectively managing our tax risks, fulfilling our tax responsibilities, and supporting global economic development, we are almost committed to constantly enhancing the transparency of our tax-related disclosures. We do so both in response to the growing global focus on anti-tax avoidance as well as to foster effective corporate governance, achieve the SDGs, and fulfill our corporate social responsibilities.

02

Stakeholders and materiality



Through the five major steps of materiality analysis, Taiwan Life identifies and reviews issues related to sustainable operations and then proposes corresponding management approaches. In terms of stakeholder engagement, we have multiple communication channels in place and regularly survey the issues of concern among internal and external stakeholders.

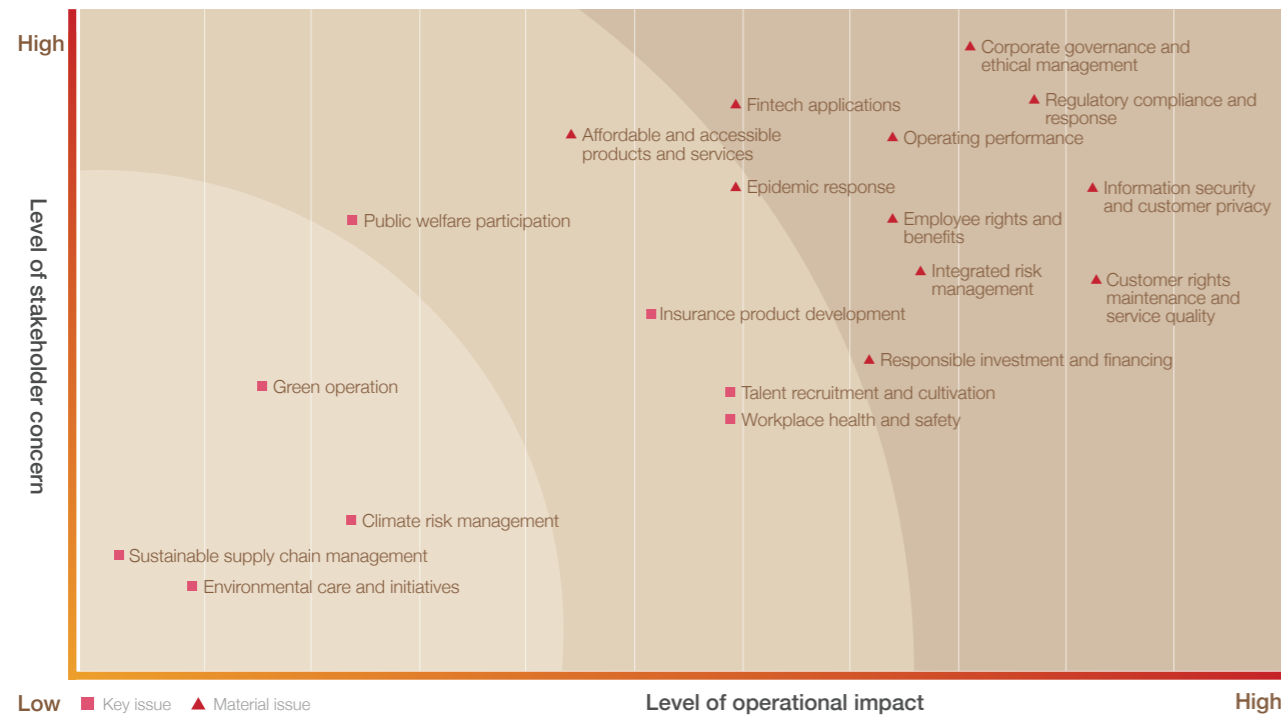
2.1 Materiality analysis

We identify stakeholders and conduct materiality analysis according to the four GRI reporting principles of stakeholder inclusiveness, sustainability context, materiality, and completeness. We respond to stakeholders by establishing sustainable operation strategies and objectives, strengthening our sustainable actions, and promoting the continual improvement of such policies and practices by working with various departments across the Company.

Materiality analysis procedure



Material topic analysis results



Note: This is Taiwan Life's first Sustainability Report, so there have been no changes to our material topics.

Value chain and material topics

For each of the 11 material topics, Taiwan Life assesses its influence on the value chain, aligns them with corresponding GRI Standards topics, and discloses them in this report and the Company's official website.

Concerns	Material topic	GRI topics/ other material topics	Value chain influence boundaries						Management approach and response	
			Internal		External					
			Direct impact on Taiwan Life	Impact through Taiwan Life's business activity	Indirect impact on Taiwan Life					
			Policyholder	Supplier / Contractor	Investment subject	Government	Shareholder	Community and partner		
Corporate Governance	Business performance	GRI 201 : Economic Performance	•	•	•			•		Chapter 1 About Taiwan Life Insurance 3.2 Risk management
	Corporate governance and ethical management	GRI 205 : Anti-corruption GRI 206 : Anti-competitive Behavior	•	•	•		•	•	•	3.1 Corporate governance and ethical management
	Integrated risk management	Other Material Topics	•	•	•		•	•		3.2 Risk management
	Information security and customer privacy	GRI 418: Customer Privacy	•	•			•	•		3.3 Information security
	Regulatory compliance	GRI 307: Environmental Compliance GRI 419: Socioeconomic Compliance	•				•	•	•	3.4 Legal compliance
	Fintech applications	Other Material Topics	•	•						4.2 Digital finance
Society	Responsible investment and financing	Other Material Topics*	•				•	•	•	Chapter 5 Stewardship and responsible investment
	Epidemic response	Other Material Topics	•	•			•	•	•	2.3 Quick COVID-19 response
	Customer rights maintenance and service quality	GRI 416: Customer Health and Safety GRI 417: Marketing and Labeling	•	•			•			Chapter 4 Thoughtful customer service
	Affordable and accessible products and services	Other Material Topics*	•	•			•	•	•	4.3 ESG insurance products
	Employee rights and benefits	GRI 401: Employment GRI 405: Diversity and Equal Opportunity GRI 406: Non-discrimination	•				•			6. Diverse talent development

Note: *Consideration of GRI G4 supplementary guidelines on financial services.

2.2 Stakeholder communication

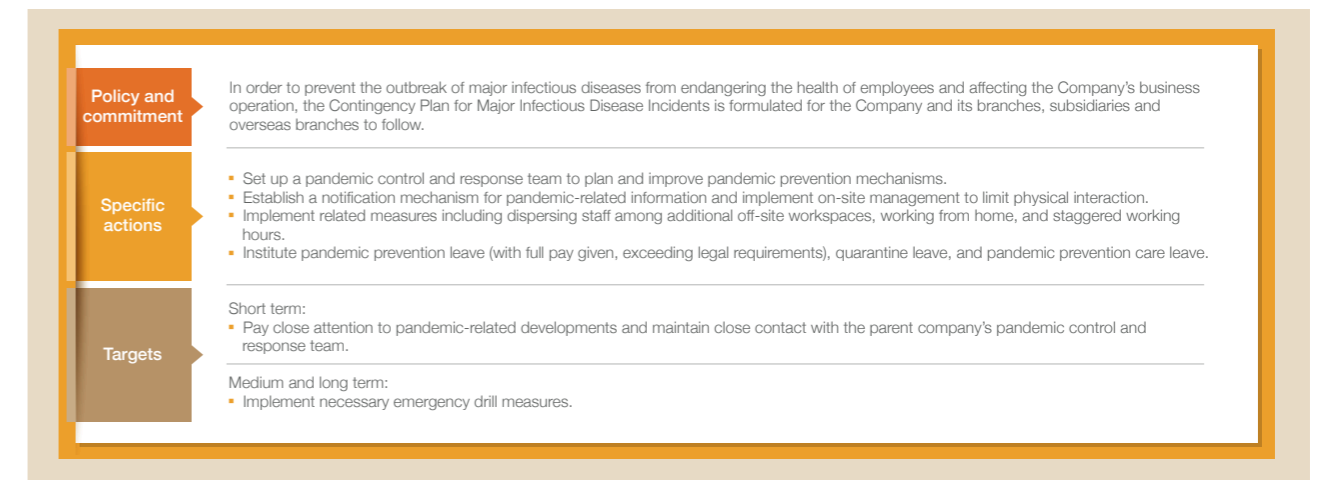
We have identified seven major stakeholders based on the AA1000 Stakeholder Engagement Standard and have communication channels in place to accept and respond to stakeholders' expectations. We adhere to the spirit of transparency and openness, disclose information through multiple channels, and ensure effective communication with our stakeholders. We collect issues that come up in the course of such communication and incorporate them into the Company's sustainable development operation and promotion strategies in order to improve our sustainable operation efforts and disclose them in a timely manner in our Sustainability Reports.

Communication channel and response method for stakeholders

Stakeholders	Communication topics	Communication channels and frequency
Employees	<ul style="list-style-type: none"> Employee learning development Remuneration Welfare and health promotion Employee rights and benefits 	<ul style="list-style-type: none"> Labor-management meetings / quarterly Mobilization meetings / quarterly Digital learning platform / as needed Health lectures / as needed Complaint hotline and email inbox / anytime Good news by A-Long / monthly
Policyholders	<ul style="list-style-type: none"> Product and service information Customer satisfaction 	<ul style="list-style-type: none"> Official website / anytime Official Facebook page / daily post Electronic reports for the insured / monthly Press releases / once or twice per month Lectures/forums / as needed Seminars on retirement-related issues / annually 0800 customer service hotline / 365 days a year Official LINE account / as needed
Suppliers/contractors	<ul style="list-style-type: none"> Sustainable supply chain management 	<ul style="list-style-type: none"> Supplier meetings / annually On-site health and safety audits / as needed Business talks and price negotiation meetings / as needed
Investment subjects	<ul style="list-style-type: none"> Environmental protection Social issues Corporate governance 	<ul style="list-style-type: none"> Company visits / as needed Telephone interviews / as needed Online meetings / as needed Participate in shareholders and board meetings of specific investment subjects / as needed Performance management committee meetings / as needed
Government	<ul style="list-style-type: none"> Corporate governance Board of Directors meeting matters Legal compliance Consultation on the enactment of laws and regulations Advocacy on laws and regulations 	<ul style="list-style-type: none"> Corporate governance and compliance related seminars, summits, and courses / as needed Board meeting minutes / monthly Follow up on changes to laws and regulations / monthly
Shareholders	<ul style="list-style-type: none"> Corporate governance Board of Directors meeting matters 	<ul style="list-style-type: none"> Supervisor meetings / monthly
The community and partners	NGOs/nonprofits	<ul style="list-style-type: none"> Public welfare for seniors Social impact Promotion of intergenerational co-creation and inclusion Corporate volunteers
	Media	<ul style="list-style-type: none"> Industrial management development trends Product and service information New knowledge of retirement planning and risk transfer Aging trends
	Academic cooperation unit	<ul style="list-style-type: none"> Retirement trends

2.3 Quick COVID-19 response

Management approach for material topic: Epidemic response

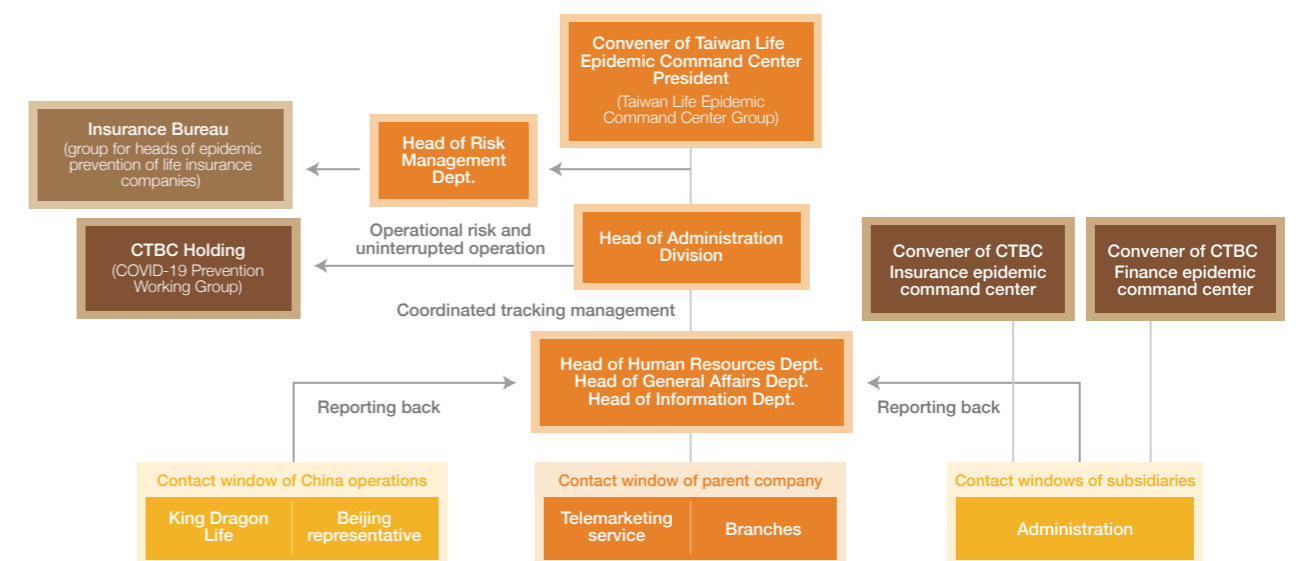


In 2020, as COVID-19 began to spread, large-scale pandemic prevention measures were adopted globally. This included at Taiwan Life, where we quickly launched disease prevention mechanisms. In February 2020, we set up an internal "epidemic command center". Through the cooperation of various units, we adopted a series of emergency measures, such as to ensure the health of staff and customers. We also offered continuous care for social welfare organizations and long-term care workers affected by the pandemic. With the effects of COVID-19 still being felt, we will continue to pay close attention to pandemic-related developments and work with CTBC Holding's pandemic response team to implement effective epidemic prevention measures and hold related emergency drills.

Contingency plan for serious infectious disease incidents

In order to avoid a serious infectious disease from endangering employees' health or affecting its business operation, Taiwan Life has formulated a Contingency Plan for Major Infectious Disease Incidents for the Company and its branches, subsidiaries, and overseas branches. We have also set up an epidemic command center to monitor the global pandemic and related regulations; formulate disease prevention contingency policies; dispatch epidemic prevention resources, equipment, and manpower; promote internal epidemic prevention measures; and coordinate the Company's efforts with those of competent authorities.

Organizational structure of the epidemic command center



The President of Taiwan Life serves as the convener of the epidemic command center, and each business division communicates via the epidemic prevention notification window for relevant updates from all units. If a COVID-19 case occurs in the Company, related information must be immediately collected and reported to the epidemic command center, with follow-up investigations carried out according to the serious infectious disease notification procedures in order to facilitate appropriate case tracking and handling.

To ensure business continuity, Taiwan Life receives professional support in providing disease prevention materials and health care for infected colleagues as well as to implement backup IT systems, maintain network bandwidth, and other measures.

Epidemic prevention emergency measures

1. Helping staff stay healthy

During the COVID-19 pandemic, employees have been the primary concern of the Company. We have proactively raised awareness of COVID-19 health-related matters, including that employees with a high temperature should stay home and seek medical treatment as soon as possible. We have also issued guidance for employees regarding overseas travel and self-management, established a pandemic-related notification mechanism for employees, and implemented on-site management measures to limit physical interaction. In 2021, when COVID-19 cases in Taiwan increased for a period and the government raised the epidemic alert level, we significantly increased the proportion of employees working from home in order to minimize the flow of personnel and to effectively reduce the spread of the disease without interrupting our operations.

COVID-19 measures





Personnel management	Space/material management
<ul style="list-style-type: none"> Provide fully paid epidemic prevention leave exceeding that required by law 	<ul style="list-style-type: none"> Planning for off-site backup offices and working from home
<ul style="list-style-type: none"> Monitor body temperatures daily and require the wearing of masks 	<ul style="list-style-type: none"> Reserve supplies of epidemic prevention-related products in advance
<ul style="list-style-type: none"> Closely monitor confirmed cases among Taiwan Life employees 	<ul style="list-style-type: none"> Control large gatherings and activities
<ul style="list-style-type: none"> Visitor management 	<ul style="list-style-type: none"> Strengthen the cleaning and disinfection of offices
<ul style="list-style-type: none"> Epidemic prevention information awareness 	<ul style="list-style-type: none"> Add warnings, partitions, and markings in confined spaces

2. Maintaining thoughtful customer service

As COVID-19 emerged, Taiwan Life quickly set up an emergency response care group. It devised and launched a number of customer care measures, including consolation payments for medical personnel, claim relaxation services, deferred premium payments, and deferred repayment of loan principal and interest or interest reductions, echoing the relief measures outlined by the government. For hospitalization medical products currently on the market, we introduced the Taiwan Life Notifiable Diseases Waiting Period Exemption Endorsement to remove the 30-day waiting period restriction usually required for notifiable diseases, thus ensuring policyholders can enjoy immediate health protection.

Furthermore, through our comprehensive digital financial services, such as online insurance, video-based survival investigation, and online claim settlement tools, customers have been able to access insurance, underwriting, and claim settlement services safely and remotely. These reduce the need to travel to high-risk areas such as medical institutions and household administration authorities for our customers and staff alike.

Customer care services

<p>Claim application</p> <ul style="list-style-type: none"> Claim relaxation service Advance payment of hospitalization insurance Digital claim service 	<p>Premium payment</p> <ul style="list-style-type: none"> Deferred renewal premium 
<p>Deferred payment of loan principal and interest or interest reduction</p> <ul style="list-style-type: none"> Deferred repayment of principal and interest or preferential interest reduction for mortgage Deferred repayment of interest or preferential interest reduction for policy loan 	<p>Others</p> <ul style="list-style-type: none"> Consolation for medical personnel claims Fast conservation service 

Note: Taiwan Life has planned a comprehensive range of customer care services and measures that are implemented in stages according to the current epidemic severity.

To accompany the public to protect their families and jointly fight against the threat of virus, in 2020 Taiwan Life launched two insurance products to support epidemic prevention efforts. First, we launched “Taiwan Life covers (brightens) up your health – Taiwan Life coverage portfolio,” which allows customers to select insurance products based on their individual needs and enjoy multiple forms of protection at the same time. The second product was the “Taiwan Life Assured 365 One Year Term Hospitalization Insurance Plan.” With it, as long as the head of the family has the primary cover, other family members can apply for the rider, which simplifies the insurance process and provides a lump-sum notifiable disease payout so patients can recover with ease (and without being subject to the 30-day waiting period).

We have also launched the “Taiwan Life Group Notifiable Diseases Rider” group insurance policy. If an employee or a family member is admitted to a negative pressure isolation room due to COVID-19 or another notifiable disease, they are entitled to comprehensive protection in the form of negative pressure isolation ward daily benefits, recuperation benefits, and a lump-sum notifiable disease benefit.

In terms of our underwriting service, on May 27, 2021, we announced that during times of level 3 restrictions, applications could be completed using video-based services in order to facilitate insurance purchases and reduce the risk of COVID-19 infections due to physical contact among staff and customers.

For claim settlement services, in order to avoid policyholders from having to venture out, Taiwan Life provides four convenient channels for claim settlement applications, namely photo claim settlement, hospital connection, convenience store claim settlement, and hospital advance payment. Furthermore, in order to meet the claim-related needs of policyholders, we have made five changes to our compensation measures. First, we no longer exclude notifiable diseases from health insurance. Second, we have cancelled the 30-day waiting period for notifiable diseases. Third, patients admitted to a negative pressure isolation room are now entitled to the same

compensation as if admitted to an intensive care unit. Fourth, a diagnosed patient staying in a group quarantine facility or quarantine hotel is treated the same as if staying in an ordinary ward. Fifth, when doctor's orders indicate that a patient cannot be admitted to hospital due to a lack of beds and needs to follow hospital outpatient treatment, this is regarded as a hospitalization agreement and the relevant insurance benefits can be paid.

As for our real estate, we implement relief measures for affected tenants (e.g., hotels, retailers, and exhibition companies), conduct on-site visits and inspections of their operating conditions, evaluate the status of these affected tenants, and reduce or defer rent payments as appropriate. In 2020, we assisted 13 tenants in rent reduction, with an average reduction rate of 20%–30%, and deferred rent payments in four cases, with an average deferral period of 3–6 months. We are also actively helping tenants to reduce their tax burden by helping them apply for reduced housing tax rates and refunding them the difference and give back the relevant tax burden reduced by the government to the tenants.

In 2020, we assisted two pandemic-affected hotel operators, closing some floors of their buildings in order to apply for a reduction in their housing tax rate.

As for our sales agents, in order to help them maintain their relationship with policyholders, we prepared greeting cards with pandemic-related advice and well wishes as well as a series of digital education resources to help the agents continue providing uninterrupted service even without physical meetings. In addition, we have proposed the relaxation of a number of restrictions and the introduction of related subsidies. The head of the epidemic command center and immediate supervisors also reach out to agents to check on their well-being and are on hand to provide immediate assistance if necessary.

3. Continuous care for the underprivileged

- **Call for thanks for long-term care workers**

Armed with only basic protective measures such as masks and gloves, long-term care workers were among the unsung heroes of the pandemic as they continued offering vital care to seniors, including accompanying them to medical appointments. To express our gratitude for their efforts, Taiwan Life launched an online video campaign calling on social welfare organizations, enterprises, and the public to follow suit. Within three days of being uploaded, the campaign's launch video had received tens of thousands of views, and a total of 24 organizations joined us with thank-you videos of their own.

- **Food packages to help 1,000 families**

The effect of COVID-19 on the economy had an outsized impact on economically marginalized families. As such, Taiwan Life worked with the Chinese Christian Relief Association's 1919

Food Bank to launch a food package subscription initiative funded by donations by our staff. Within one month, it had raised more than NT\$1 million, helping 1,000 families.

- **Art and enterprises support each other and bolster the All U People Theatre**

With arts and culture groups also severely affected by the pandemic, we acted to support the sector, including stage performances by the All U People Theatre. We also invited more than 1,000 front-line medical workers and long-term care workers to watch the troupe's performances, which comprised seven shows across northern, central, and southern Taiwan.



03

Transparent corporate governance

Ethical management is a core Taiwan Life value. As part of this, we prioritize the diversity of Board directors, the experience of whom spans various academic and industrial fields. In addition, the number of independent directors on the Board exceeds statutory requirements. We have also set up a dedicated unit charged with promoting ethical management and corporate governance. In 2020, the ethical management education and training rate for all employees was 100%.

We have established sound risk management responsibility and control mechanisms to identify climate change-related and other emerging risks and to propose corresponding measures as soon as possible in order to avoid interruptions to our operations.

In 2017, we obtained ISO 27001:2013 Information Security Management System and BS 10012:2017 Personal Information Management System certification, helping us further ensure customer privacy and security by maintaining a rigorous information security protection system.

From formulating guidelines to prevent conflicts of interest, conduct in self-interest, and unethical conduct to integrating ESG inspection lists into the internal control processes of our investment business, we approach every aspect of our operation with the intention of thoroughly fulfilling our corporate responsibility and cementing our status as a trustworthy insurer.



Board meeting attendance of 98.8%

The annual Board of Directors meeting schedule was established to focus on key proposals' discussion. The attendance rate of Board meetings reached 98.8% in 2020.



Active TCFD implementation

We followed our parent company in formally adopting the Task Force on Climate-related Financial Disclosures (TCFD) and reporting our results.



Excellent personal information management

We received the Award for Excellence in Personal Data Management from SGS, ranking among the top 1% of performers in personal data management.

3.1 Corporate governance and ethical management

Management approach for material topic: Corporate governance and ethical management

Policy and commitment	In accordance with the Corporate Governance Best Practice Principles, the Ethical Corporate Management Best Practice Principles, and the Procedures for Ethical Management and Guidelines for Conduct, we conduct our business in a fair, ethical, and transparent manner. We strive to improve our corporate governance structure; continually optimize our implementation of ethical management; achieve the objective of protecting the rights and interests of our shareholders, policyholders, and employees; and establish a corporate culture of ethical management.
Specific actions	<ul style="list-style-type: none"> Publish the Corporate Governance Monthly Bulletin to help directors to better understand and more quickly comply with laws and regulations. Work with the competent authority to support its Corporate Governance 3.0 – Sustainable Development Roadmap. The directors and senior management have declared that they will comply with ethical management standards. In 2020, annual ethical management education and training was conducted, with all directors, managers, and employees completing it.
Targets	<p>Short term:</p> <ul style="list-style-type: none"> Review and improve the Company's ethical management according to the 2020 Board performance evaluation results. Continually update the contents of the directors' performance manual and disclose the corporate governance rules on the website. Increase the annual training resources of directors and arrange more than 6 hours of annual training courses. <p>Medium and long term:</p> <ul style="list-style-type: none"> Strengthen the functions of the Board of Directors and functional committees. Continue to optimize the official website in terms of corporate governance information, strengthen the ethical management culture, and implement ethical management. Improve the quality and quantity of directors' related annual education. Strengthen the continual communication between directors and management.

In order to implement good corporate governance, Taiwan Life has established a dedicated unit for corporate governance and ethical management, and appointed a corporate governance supervisor according to law. We attach great importance to capital adequacy, asset quality, operation and management ability, profitability, asset liquidity, and risk sensitivity, and we strictly adhere to the following six principles:

1. Comply with laws and regulations and improve internal management.
2. Safeguard shareholders' rights and interests.
3. Enhance Board functions.
4. Protect the rights and interests of policyholders and respect the rights and interests of stakeholders.
5. Maintain solvency.
6. Enhance information transparency.

Sound Board structure

In 2020, the Company's Board of Directors comprised 11 directors, five of whom were independent directors—more than required by law. Board members have a wide range of backgrounds in academia and industry, with substantial legal, accounting, risk management, and practical experience. In 2020, five new directors came on board; all received a performance manual and business report to facilitate their familiarization with the Company's



business. In 2021, new elections for the boards of the Company and its subsidiaries are expected to be carried out, and the results of the 2020 Board performance evaluations will be reviewed and corresponding improvement measures identified.

In order to fulfill the functions of the Board of Directors, the Company holds a Board meeting every month. All directors actively participate in the discussion, while business units are responsible for executing important Board resolutions, the progress of which they track and report to the Board on a regular basis. In addition, an annual Board meeting schedule is established for routine proposals focusing on key motions in order to improve decision-making efficiency. In 2020, the Board of Directors held 17 meetings, the overall director attendance rate for which was 98.8%.

Board and functional committee meeting attendance

Board of Directors	Risk Management Committee	Audit Committee
17 meetings	11 meetings	17 meetings
Attendance rate: 98.8%	Attendance rate: 97.6%	Attendance rate: 100%
Independent directors: 45.5%	Independent directors: 100%	Independent directors: 100%

Board director skills and experience

Position	Name	Gender	Age	Professional knowledge and ability		Industry experience		
				Commerce, law, finance, accounting, and other professional knowledge ¹	Judges, prosecutors, lawyers, accountants, and other professional certification ²	Banking	Insurance	Securities
Chairman	Su-Kuo Huang	Male	65-75			•	•	•
Vice Chairman	Shu-Po Hsu	Male	55-65	•			•	
Director	Mao-Lin Shih	Male	65-75	•	•	•	•	
Director	L., Ting Dan	Male	65-75				•	
Director	Chin-Miao Lin	Male	55-65				•	
Director	Chu-Sheng Fu	Male	55-65	•	•			
Independent director	Sin-Hui Yen	Male	55-65	•	•			•
Independent director	Ching-Chieh Lin	Male	45-55	•	•			•
Independent director	Jun-Juy Lin	Male	55-65	•	•			•
Independent director	Jin-Lung Peng	Male	55-65	•	•			•
Independent director	Wen-Yen Hsu	Male	45-55	•				•

Note 1: This comprises positions as an instructor or higher positions in a department of commerce, law, finance, accounting, or other academic department related to business in a public or private tertiary educational institution.

Note 2: This comprises positions as a judge, prosecutor, lawyer, certified public accountant, or other professional or technical specialist who has passed a national examination and received certification in a profession related to business.

Note 3: Directors aged 45–55, 55–65, and 65–75 accounted for 18.18%, 54.55%, and 27.27% of directors, respectively.

Appointment of directors

The parent company of Taiwan Life, CTBC Holding, has formulated Operating Guidelines for the Appointment of Directors and Supervisors of Subsidiaries. CTBC Holding's Nomination Committee strictly reviews the professional competence of Taiwan Life Board members in order to foster a diverse and appropriately qualified Board. In order to ensure the function and independence of independent directors, independent directors must have rich academic and practical experience and may not serve more than three terms. Members of the Board of Directors of Taiwan Life are not managers, and their composition is diverse in terms of academic background, professional skills, and industrial experience. To maintain the professionalism and experience of Board members, CTBC Holding has established a director database in order to facilitate its succession planning as follows:

1. Seek suitable directors from various parties.
2. Refer to the talent database of independent directors.
3. Ask the incumbent directors, appropriate external organizations, and consultants to propose suitable directors.
4. Reference the results of Board performance evaluations in determining whether to nominate Company directors for re-election.

Continuing education for directors

To help directors continually improve their professional knowledge, Taiwan Life has specified the requirements for directors' continuing education hours in the Regulations Governing Board Performance Evaluations. In 2020, all directors' continuing education exceeded the six hours recommended by the competent authority. The contents of this education included corporate governance practice development, enterprise intellectual property management strategy, reflection and outlook for risk management and anti-money laundering controls, the latest TCF developments in the financial industry, a brief introduction of the Financial Ombudsman Institution, ombudsman case analysis of insurance review, and IFRS 17 education and training.

Furthermore, the Company published a Corporate Governance Monthly Bulletin to provide directors with relevant news from the competent authority, new information on the interpretation of laws and regulations, notices of draft laws and regulations, sanction cases, and other current events, assisting directors to keep abreast of the latest laws and regulations.

Corporate Governance Monthly Bulletin

Taiwan Life publishes the Corporate Governance Monthly Bulletin to keep directors informed on relevant laws and regulations, with bulletin content including:

1. government announcements;
2. information on new interpretations of laws and regulations and notices of draft laws and regulations;
3. sanction cases; and
4. current events.

Symposiums for directors

In order to familiarize directors with developments in various business areas and establish smooth communication channels, the Company organizes symposiums on important issues, holding each once or twice a year. The following were the key issues discussed in 2020:

<p>Symposium for new directors 01</p> <p>The management team introduced the Company's business operations to the directors to enhance their understanding of its current business status.</p>	<p>Symposium on TCF 02</p> <p>Staff from CTBC Bank were invited to share the affiliate's experience in TCF, helping our directors to optimize Taiwan Life's TCF measures and increase their awareness of the Company's implementation of TCF, with the directors also invited to put forward their own suggestions regarding these efforts.</p>	<p>Symposium on communication between CPAs and independent directors 03</p> <p>Independent directors, the heads of Taiwan Life's financial department and accounting department, and CPAs were invited to discuss audit-related matters.</p>	<p>Symposium on internal control and auditing 04</p> <p>Independent directors and the heads of the audit department and corporate governance department were invited to discuss matters related to Taiwan Life's internal control system.</p>
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Rules for director performance appraisals and remuneration policy

Taiwan Life has established an Audit Committee and Risk Management Committee, each comprised entirely of independent Board members, and conducts performance evaluations of the committees every year. In 2020, the attendance rate of the Audit Committee was 100%, while that of the Risk Management Committee was 97.6%. In order to improve the performance of the Board of Directors, the Company has formulated the Regulations Governing Board Performance Evaluations. In addition to evaluating the overall operation of the Board of Directors and functional committees, each director also conducts a self-evaluation. The 2020 evaluation results have been submitted to the Board of Directors. For the items that do not reach the full score in the evaluation results, feedback from the directors has been collected and further improvement measures discussed. Our director remuneration policy is formulated based on two internal policies, namely the Non-Independent Directors Remuneration Policy and the Independent Directors Remuneration Policy. Director remuneration is determined with reference to market remuneration survey data and financial industry standards. The relevance of individuals to the Company's business performance and risk management is also taken into consideration by assessing their personal performance, the time they have invested in the Company, the responsibilities they have undertaken, and their contributions to the achievement of the Company's short- and long-term business targets as well as to the Company's financial position. Director remuneration is reviewed and approved by the Remuneration Committee and the Board of Directors. The Company reviews its remuneration systems in due course according to business operations and relevant laws and regulations, and it endeavors to maintain a balance between sustainable management and risk control.

Board of Directors and corporate governance guidelines

By recruiting diverse Board members, the Company is able to keep abreast of international financial and insurance trends and changes in the business environment, comprehensively supervise the Company and its subsidiaries, and devise timely response strategies. We work with the competent authority to support its Corporate Governance 3.0 - Sustainable Development Roadmap, specifically by constantly revising relevant corporate governance-related measures and procedures. In 2020, for example, we revised our Articles of Incorporation; Standards for the Division of Authority of the Board of Directors, Chairman and President; Corporate Governance Best Practice Principles; Code of Corporate Social Responsibility; Code of Ethical Conduct; Procedures for Ethical Management and Guidelines for Conduct; Regulations Governing Board Performance Evaluations; Subsidiaries Management Guidelines; Non-Independent Directors Remuneration Policy; and Measures for the Division of Authority for Approval on Capital Expenditure and Expense.

Ethical management

We are deeply committed to ethical management, which we are striving to foster in our corporate culture by placing integrity, transparency, and responsibility at the core of our self-evaluations and ethics requirements. One way we do this is by holding annual ethical management anti-corruption education and training, which was attended 9,910 times in 2020, with a companywide training rate of 100%. Furthermore, in 2020, neither Taiwan Life nor any of its subsidiaries had any cases involving ethical management violations, nor did they receive any report of illegal, immoral, or unethical conduct by a director, president, or manager or by senior personnel whose duties are equivalent to or above the senior vice president level, or any major incidents or illegal cases found through investigation.

The Company requires directors, managerial officers, employees, appointees, and persons authorized to manage the Company's affairs and sign signatures on behalf of the Company to act in a fair, ethical, and transparent manner in the course of conducting business activities in accordance with the Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, and Procedures for Handling Illegal and Unethical or Dishonest Behavior. In addition, they shall not directly or indirectly provide, promise, request, or accept any improper benefits, or commit a breach of ethics, unlawful act, or breach of fiduciary duty for the purpose of acquiring or maintaining an improper benefit for themselves. We have formulated the Code of Conduct, Code of Ethical Conduct, and other regulations to prevent the occurrence of such acts against ethical management. The implementation of such regulations is as follows:

1. The directors and senior management have signed the Statement of Compliance with Ethical Management.
2. Any director or manager who has an interest in a proposal made by the Board of Directors shall recuse themselves in accordance with the regulations.
3. The Chairman's Office is responsible for coordinating all units to engage in ethical management. It issues an Ethical Management Report to the Board of Directors every six months.
4. Annual ethical management education and training is organized for all employees and directors.
5. Donation and Sponsorship Regulations have been formulated. Any charitable donation, sponsorship, or political contribution by the Company must comply with the measures.
6. New employees must read the Code of Conduct, sign the Statement of Commitment for Employee Conduct, and agree to abide by all the regulations and fulfill their obligations.
7. We hold a supplier conference every year, to which we invite partners to attend and at which we remind them of their obligation to abide by relevant ethical management regulations. In accordance with the Company's Principles for Supplier Management, suppliers are required to sign a commitment to human rights and environmental sustainability when signing a contract with us.

Whistleblowing channel and whistleblower system

Our employee and corporate website each have a whistleblowing section, providing multiple channels to ensure smooth, confidential reporting, including via phone, email, and post. Online forms designed to solicit the most pertinent details are provided to facilitate and expedite reporting, and anonymous reports are accepted in order to protect whistleblowers.

We have established Procedures for Handling Illegal and Unethical or Dishonest Behavior, designated the Compliance Department to receive reports, and established a special committee to investigate and rule on the cases. The procedures clearly stipulate the confidentiality obligations of the personnel in the acceptance and investigation units, and prohibit the implementation of any adverse treatment of whistleblowers. In 2019, a mechanism allowing anonymous whistleblowing was explicitly included in the procedures to further deepen the Company's corporate governance.

3.2 Risk management

Management approach for material topic: Integrated risk management



Taiwan Life has built a sound risk management framework for identifying and controlling potential risk factors, utilizing three lines of defense for risk management as well as forward-looking risk management policies. Internal audits and controls are implemented so as to reduce the likelihood of uncontrollable risks and thus achieve the goal of steady growth.

Risk management

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We have formulated the Risk Governance Policy as the basis for the overall business risk management of the Company and its subsidiaries. We regularly identify and evaluate potential risks such as market risk, credit risk, liquidity risk, operational risk, asset-liability matching risk, and insurance risk. We identify the impact of such risks and their influence on our operations, implement management and control according to the risk assessment results, and formulate relevant policies. In response to the impact of climate change, we expect to revise our Risk Governance Policy in 2021 in order to strengthen the weight given to climate change when assessing various types of risk to our business. The risk management unit of the Company shall regularly prepare a risk integration report and submit it to Taiwan Life's Board of Directors and internal management as well as to CTBC Holding's the Chief Risk Officer and risk management unit, thus ensuring that those at all decision-making levels can grasp relevant material risk-related information in a timely manner.

Group risk appetite declaration

1. Taiwan Life and its subsidiaries will bear identifiable and manageable risk that fits the enterprise's sustainable operating strategy. For risk-bearing policies, changes in the political and economic environment must be clearly understood, and all risks must be carefully considered from the whole Company's perspective. In balancing risk and reward, various possible risks and their influence on capital requirements and capital allocation can be objectively evaluated.

Risk management organization structure



2. The various risks borne by the Company and its subsidiaries will be stable and reasonable. Furthermore, such risks will not involve business that damages the value or image of the enterprise.

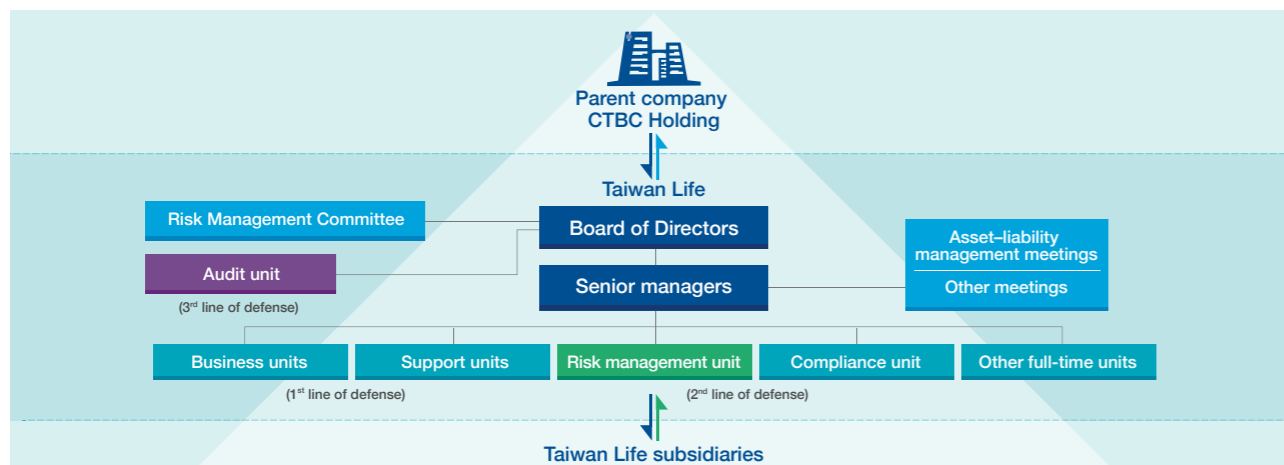
- A balanced asset-liability structure will be maintained, and risk exposure overly focused on high-risk or single targets will be avoided.
- The blind entering into price-cutting competition or predatory loans will be avoided. Product-pricing strategies and the selection of target customers will be carefully reviewed. The triggering of systematic risk or procyclical phenomena will be avoided.
- Business involving illegal organizations or terrorist activity is prohibited. No assistance will be provided to customers engaging in illegal, extra-legal, fraudulent, whitewashing, tax-evasion, or money-laundering transactions. Controversial business that may violate human rights (including labor rights) shall be avoided, and careful consideration should be given to business related to politics and military affairs. For customers planning to engage in stakeholder transactions or unconventional arrangements, whether they are reasonable and legal will be examined.

The Board of Directors is the highest risk management decision-making unit of Taiwan Life. It is charged with ensuring the effectiveness of risk management and is responsible for the final decision-making on risk management. The Company's Risk Management Committee is comprised entirely of independent directors and assists the Board of Directors in reviewing, supervising, and discussing various risk management-related matters. The risk management unit of Taiwan Life is responsible for planning the Company's risk management system, monitoring the implementation of the first line of defense, maintaining the independent management mechanism of the second line of defense, and the effectiveness of the operation of the mechanism. In addition to reporting directly to the Board of Directors, the risk management unit also regularly reports to the risk management unit of CTBC Holding in order to facilitate the control of overall risk in a timely and effective manner.

Three lines of defense in risk management

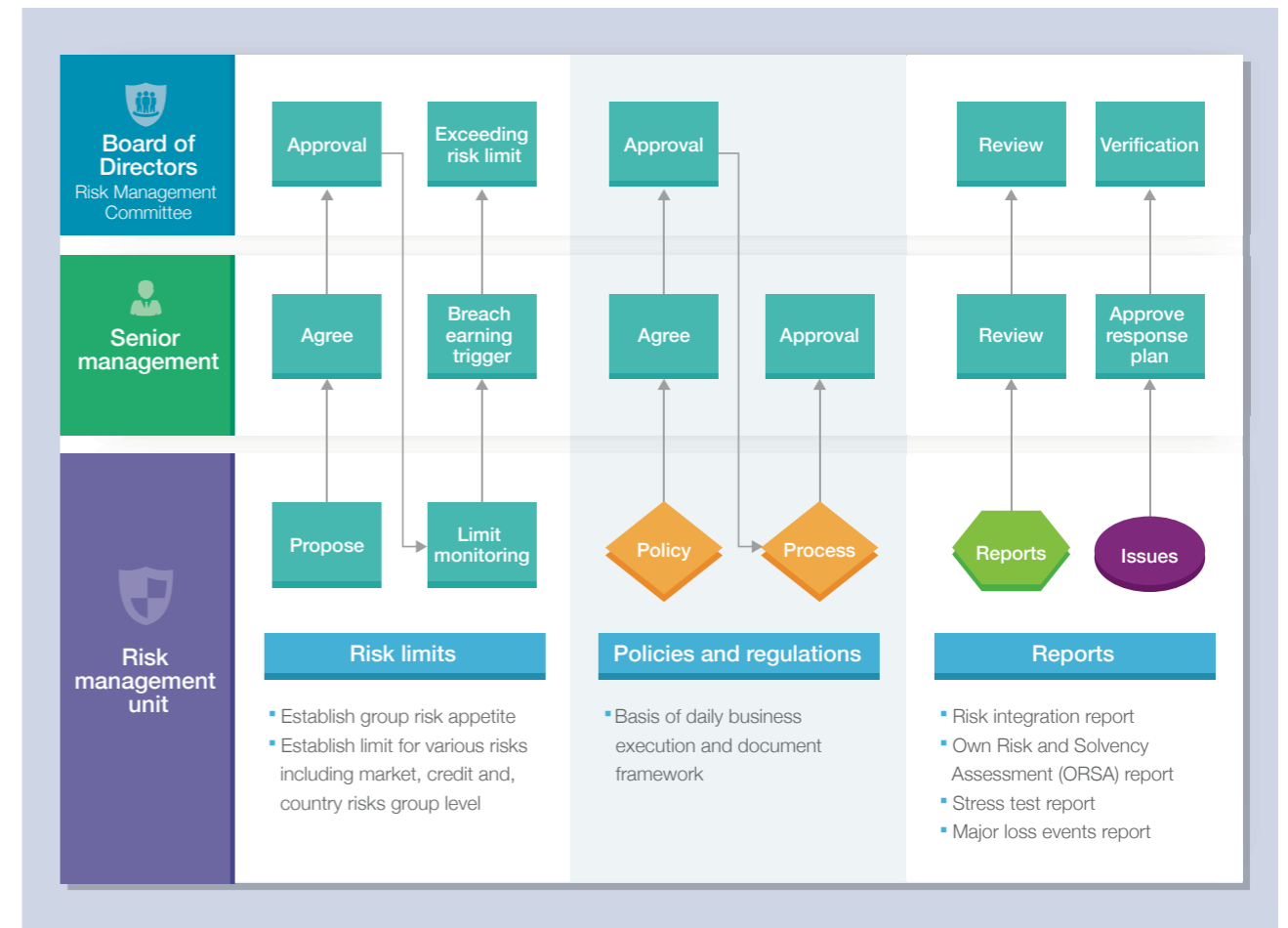
Risk management is a shared responsibility among all units. Through full coordination across units, the three lines of defense mechanism for risk management is formed. The first line of defense is the business units and supporting units ensuring that the implementation of operations abide by all risk management regulations. The second line of defense is the compliance and risk management, which is responsible for planning risk management systems and monitoring the implementation of the first line of defense and the effectiveness of risk management mechanisms. The third line of defense is the audit unit, which is responsible for confirming compliance with various risk management regulations and mechanisms. The second and third lines of defense communicate and discuss internal control matters as necessary.

Three lines of defense in risk management



First line of defense	Second line of defense	Third line of defense
Business units and support units <ul style="list-style-type: none"> • Formulate risk management policies, methods, procedures, and other systems and principles according to the Company's business strategy, compliance, reputation, and insurance business-related risk identification and evaluations and based on its business or management needs. • Confirm that all policies, methods, and procedures are updated in a timely manner in line with laws and regulations to ensure that the Company's operations comply with all laws and regulations. • Assist the Board of Directors and senior management to identify and evaluate potential risks, and put forward corresponding suggestions for material risks for reference in senior management decision making. • Work with the risk management unit on monitoring mechanisms and countermeasures. 	Compliance and risk management units <ul style="list-style-type: none"> • Examine business growth, risk and reward factors, and be responsible for planning and implementing risk appetite and risk management policies approved by the Board of Directors. • Monitor the implementation of the first line of defense and the effectiveness of risk management mechanisms. • Coordinate the division of responsibilities between the risk management unit and other units without violating the principle of effectiveness of risk control. Regularly review the appropriateness of the risk organization structure, and revise relevant risk management policies and systems in a timely manner. • Summarize the risk information provided by all units (including subsidiaries), and set risk management policies and limits. • Submit regular risk management reports to the Risk Management Committee. • Perform stress tests and back-testing. • Supervise and assist subsidiaries in their risk management business, material loss event management, and contingency measures. 	Audit unit <ul style="list-style-type: none"> • Check the implementation of risk management of each unit according to relevant laws and regulations, and control various operational risks of the Company and its subsidiaries.

Risk management operational framework

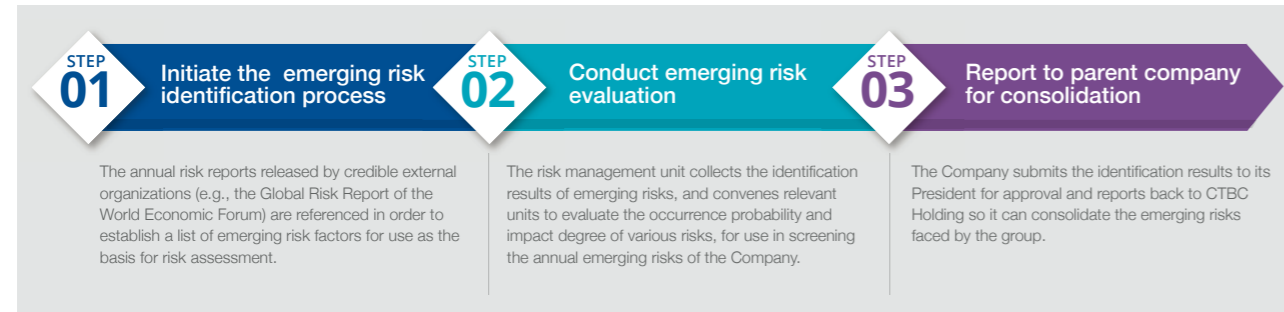


Emerging risk management

Global environmental changes and political and economic uncertainty may lead to different or unexpected emerging risks. Accordingly, Taiwan Life has established risk assessment procedures and management mechanisms to identify such risks faced by products and services and to integrate them into its operational decision-making processes.

Emerging risk identification process

The Company conducts an emerging risk identification process every year, with a scope including environmental, social, economic, technological, and other risk assessment aspects. In the face of global environmental changes and development trends, the establishment of emerging risk identification and management procedures will help the Company identify potential risks as soon as possible, and confirm that relevant units have developed control mechanisms to achieve the goal of sustainable corporate governance.



Emerging risk identification results in 2021

The responsible units related to emerging risks establish control mechanisms (mitigation measures or response strategies) or risk measurement indicators to facilitate regular monitoring according to the impact or influence of risks on our operations. When a risk monitoring indicator's threshold is exceeded, the unit responsible for management shall respond immediately and escalate the issue.

Risk factor	Risk identification/description	Impact on business operations	Key control mechanism factors (mitigation measures/strategies)
Infectious diseases	Prevent the spread of notifiable infectious diseases among employees in the Company.	<ul style="list-style-type: none"> The spread of such infectious diseases may prevent staff from coming in to work, thus increasing human and material resources costs. The Company's internal epidemic situation may affect the morale of staff. 	<ul style="list-style-type: none"> Monitor information releases from Taiwan Centers for Disease Control (CDC) and propose countermeasures in a timely manner. Provide health and disease prevention advice to staff via email. Engage in health advocacy with staff at all times in order to strengthen their understanding of infectious diseases. In accordance with the Contingency Plan for Major Infectious Disease Incidents announced by Taiwan Life's Pandemic Control and Response Team and Human Resources Department, implement relevant pandemic prevention measures.
Cybersecurity Risks	<ul style="list-style-type: none"> The Company is hit by a distributed denial-of-service (DDoS) attack and network connections are interrupted. A long-term advanced persistent threat succeeds, penetrating our internal network environment to steal sensitive data. 	<ul style="list-style-type: none"> The service interruption to customer-facing websites may lead to sanctions from the competent authority and damage to the Company's reputation. The leaking of confidential and sensitive data (including personal data) leads disrupted operations may cause major financial losses, legal damages, penalties imposed by the competent authorities, and damage to the Company's reputation. 	<ul style="list-style-type: none"> Work with network service providers to build DDoS defense capabilities and establish DDoS attack monitoring and network filtering mechanisms. Continue conducting annual DDoS drills to improve incident response abilities. The Company's network is designed with a defense-in-depth approach and deployed with multi-layer information security defense protections, and website penetration tests are regularly conducted to resolve weaknesses and reduce the risk of intrusion by hackers. Conduct social engineering drills and information security education and training to enhance employees' information security awareness.
Economic uncertainty risk	Due to the global economic instability caused by COVID-19 and trade wars, exchange rate risk is the main short-term risk factor.	If the exchange rate loss is too large, in addition to affecting the Company's net worth and capital adequacy ratio, it may also indirectly affect the Company's product sales performance and increase asset-liability matching risk.	Regularly monitor exchange rate fluctuations and issue relevant reports. In addition, increase the foreign exchange valuation reserve to address the exchange rate risk of the market.

Climate change risk

As a financial insurance company, we are deeply cognizant of the economic, social, and environmental risks and impacts of climate change. As such, in cooperation with our parent company, we have adopted the Task Force on Climate-related Financial Disclosures (TCFD) recommendations; accordingly, we are committed to publicly disclosing our climate-related financial impact and response strategies and are expected to revise our Risk Governance Policy in 2021 to strengthen the weight given to climate change when examining various types of risks.

In terms of investment and financing, we actively invest in green energy technology and renewable energy, and include environmental impact assessments in our investment and financing process. Furthermore, subsidiary CTBC Insurance has launched relevant insurance products covering climate change, aimed at helping policyholders to face climate risks with ease. Regarding our own operation, we have implemented various energy-saving and carbon reduction measures, held power-saving competitions, and conduct regular inventories of our Scope 3 greenhouse gas emissions.

We address the four core elements of the TCFD recommendations (i.e., Governance, Strategy, Risk Management, and Metrics and Targets) as follows:

1. Governance

The Board of Directors of Taiwan Life is responsible for approving major investment and financing applications and reviewing major risk loss cases each year in accordance with the Risk Governance Policy, and climate change-related risks and opportunities are important concerns. The Chief Risk Officer of CTBC Holding supervises the establishment of TCFD projects and the relevant management framework, and CTBC Holding's Risk Management Department has introduced TCFD projects and coordinate climate change-related issues with the relevant units of each subsidiary. Taiwan Life actively participates in the operation of TCFD projects and jointly review the current status and make progress. The risk unit of Taiwan Life is responsible for formulating and revising risk management policies and measures as well as for implementing climate risk measurement and climate risk reporting. The head of the risk management department reports to the Risk Management Committee and the Board of Directors.

- An annual climate change plan is formulated in line with the climate change strategy of CTBC Holding.
- Business and investment units are mainly responsible for finding or developing business opportunities related to climate change. Administrative and general affairs units formulate corresponding measures to ensure compliance with international carbon reduction and environmental protection trends and requirements of domestic regulations.

2. Strategy

The transition risk and physical risk of climate change pose significant uncertainty for business operations, such as from increasing claims numbers and amounts or decreasing investment profit.

According to the TCFD recommendations, we identify the impact of climate transition risk on specific industries through climate scenario analysis (taking iron and steel industry as an example), and the financial impact of physical risk on the real estate credit business.

Through such financial impact analysis, Taiwan Life is gradually improving its climate change strategies as follows:

- Continuing to promote ESG and low-carbon product businesses to reduce operational and unknown natural disaster risks.
- Gradually reducing the risk exposure of high carbon emission assets.
- Setting targets for the use of renewable energy, and disclosing the interim results.
- Setting carbon emissions targets for our investment and financing business portfolios and monitoring their performance regularly.
- Expanding our proportion of green financial services and products.



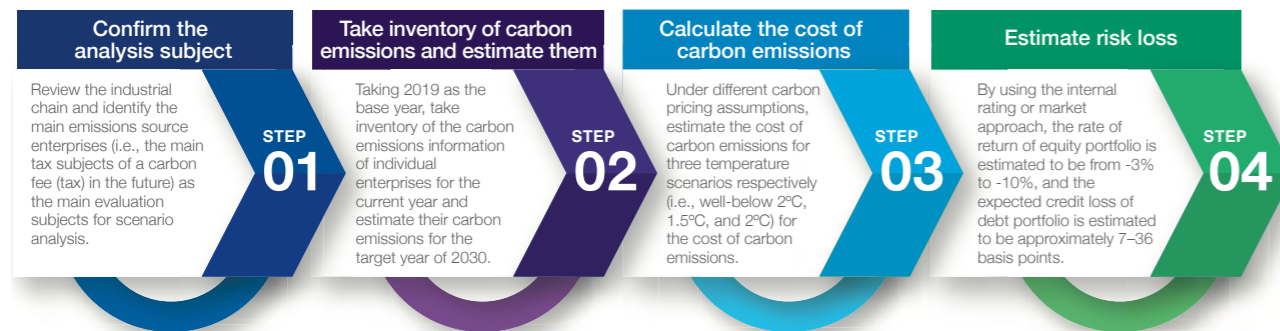
- Establishing a climate risk exposure control mechanism or risk limits based on our operational and management requirements.

3. Risk Management

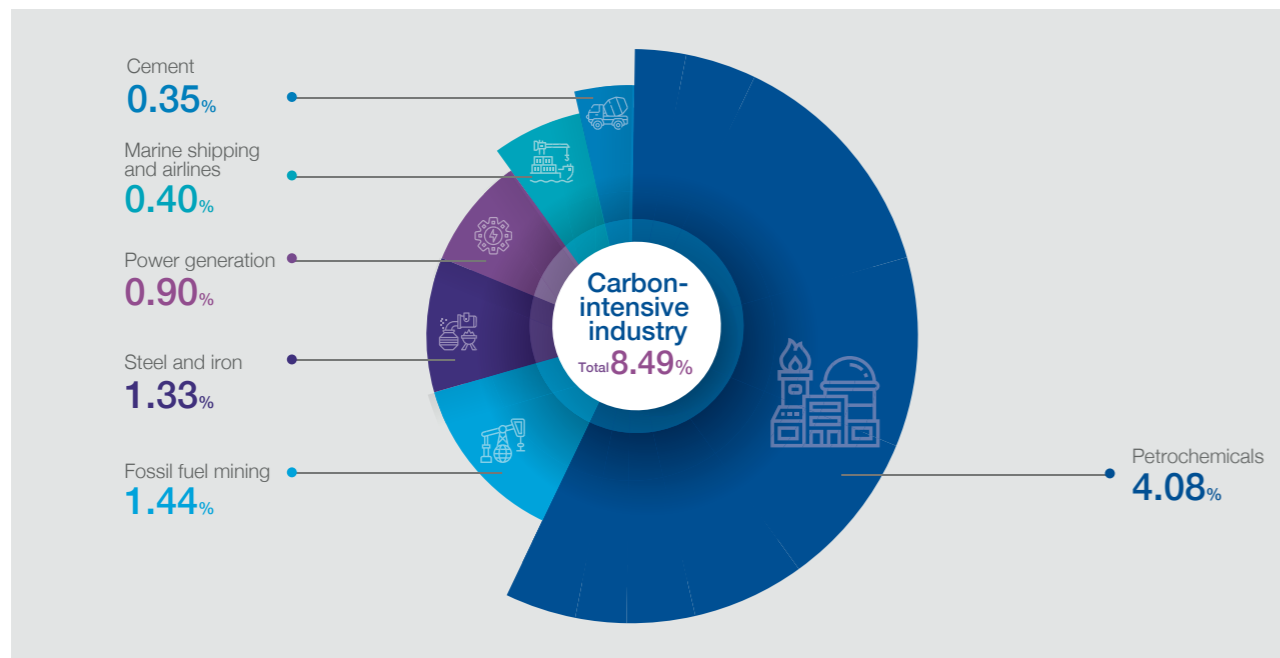
We follow the Risk Governance Policy and have in place mechanisms for climate change risk identification, climate change risk measurement, climate change risk monitoring, and reporting. Taiwan Life has accordingly established measures related to transition risks and physical risks as follows:

- Transition risk

In cooperation with CTBC Holding, we took the steel and iron industry as a pilot industry for scenario analysis. Using the three temperature scenarios of well-below 2°C, 1.5°C, and 2°C using the Science Based Targets Tool, we conducted a transition risk analysis to calculate the possible financial impact on the Company, specifically by determining how changes in carbon pricing costs may affect the Company's credit, stock, and bond investments.



For six carbon-intensive industries, the risk exposure of Taiwan Life is as follows:



For such carbon-intensive industries, if the risk exposure shows a significant and continual increase in the future, Taiwan Life will cooperate with its parent company to start a review process. For large credit customers or investment targets in a high carbon emission industry, we will work to understand the use of funds, the actual carbon emissions of the companies, and carbon reduction planning, or discuss whether to gradually reduce the risk exposure of specific high carbon emission industries.

- Physical risks

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Based on a rainstorm flood risk assessment model, we analyzed historical data related to flooding disaster severity and extreme rainfall probability. According to an Intergovernmental Panel on Climate Change assessment report, stress scenarios were determined and, based on reports from the National Science and Technology Center for Disaster Reduction (NCDR) and the Water Resources Agency, the probability and loss rate of flooding disasters in various regions were determined, with loss amounts then estimated through the inventory results.

Risk type	Time interval		Source of information	Inventory of business scope
	Base period	Future estimate		
Flooding	13.9%	End of century (2075-2099): 19.7%	NCDR Dr. A	<ul style="list-style-type: none"> Real estate collateral Mortgage Real estate investments Owned operation base
Slope hazards	3.2%	End of century (2075-2099): 3.2%		
Droughts	28.5%		Water Resources Agency data, April 2021	

Subsidiary CTBC Insurance addresses environmental risk management as follows:

- Launches earthquake and typhoon/flood products to help individuals and companies transfer risk, with climate change-related insurance products launched in 2020 seeing net premium income of NT\$784,524.
- Completes an Own Risk and Solvency Assessment (ORSA) report every year, with natural disaster risk capital (for earthquakes and typhoons/flooding) taken into consideration in assessing capital adequacy.
- For insured areas, a Hazard Module, Vulnerability Module, Financial Module, and the latest flood risk maps are used to evaluate the probability and possible maximum loss from earthquake and flooding disasters.
- Purchases reinsurance according to the possible risk exposure of policies, thus ensuring solvency by reflecting the retained risk of natural disaster business and the credit risk of reinsurance repayments.

4. Metrics and Targets

Taiwan Life currently tracks and monitors key climate indicators, including energy use, carbon emissions, water resources, land use, waste, and other air and water emissions, and adopts two major indicators that are compared with the base year and the number of employees as tracking management units. We have set 2020 as the base year, and set targets of reducing carbon emissions, water use, and waste each by 5% by 2025. In terms of carbon inventory, we have received ISO 14064-1 greenhouse gas inventory certification and disclose our related performance on our website every year.

Internal controls and internal audits

- Internal control system

In order to strengthen its internal control system, Taiwan Life evaluated the management supervision and control culture; risk identification and evaluation; control operation and management; information and communication; and supervision activities and corrective measures. Then, based on the results, it established three lines

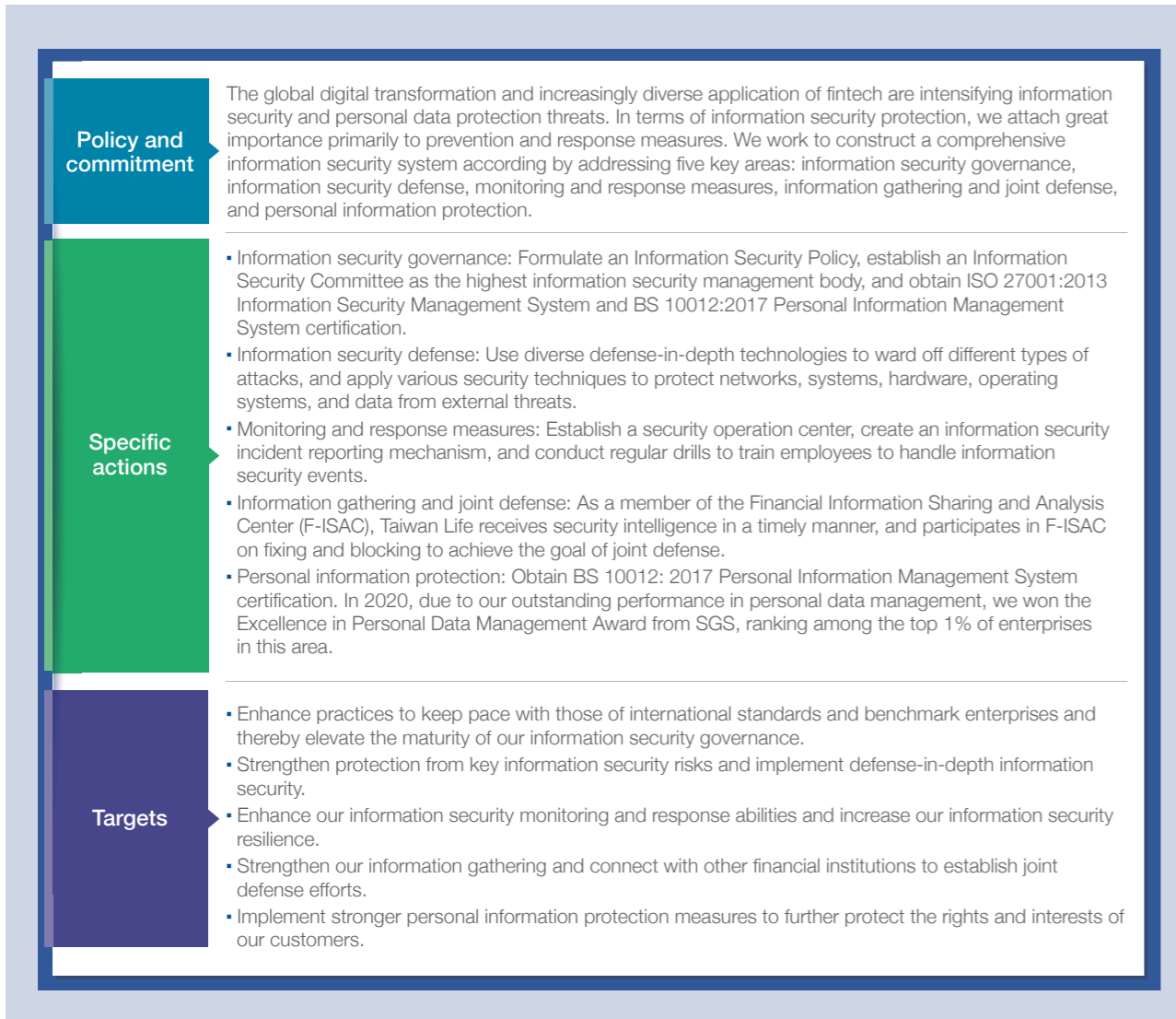
of defense for its internal controls, namely a self-audit system, a compliance system and risk management mechanism, and an internal audit system. In addition, to encourage staff to proactively promote the three lines of defense, we have added effort implementing the internal control system, information security, and compliance system to their annual individual performance appraisals.

• Internal audit system

We have established an internal audit system in accordance with the Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises. We have also set up an independent internal audit unit directly under the Board of Directors to assist the Board and management in evaluating the effectiveness of the internal control system and to provide timely improvement suggestions. The internal audit unit conducts a routine audit at least once a year according to the actual business operations and compliance system of each unit, and conducts special audits as needed. If any audit deficiencies are identified, they are tracked and reviewed, with follow-up reports submitted to the Board of Directors. Furthermore, the Board regularly reviews internal control deficiencies.

3.3 Information security

Management approach for material topic: Information security and customer privacy

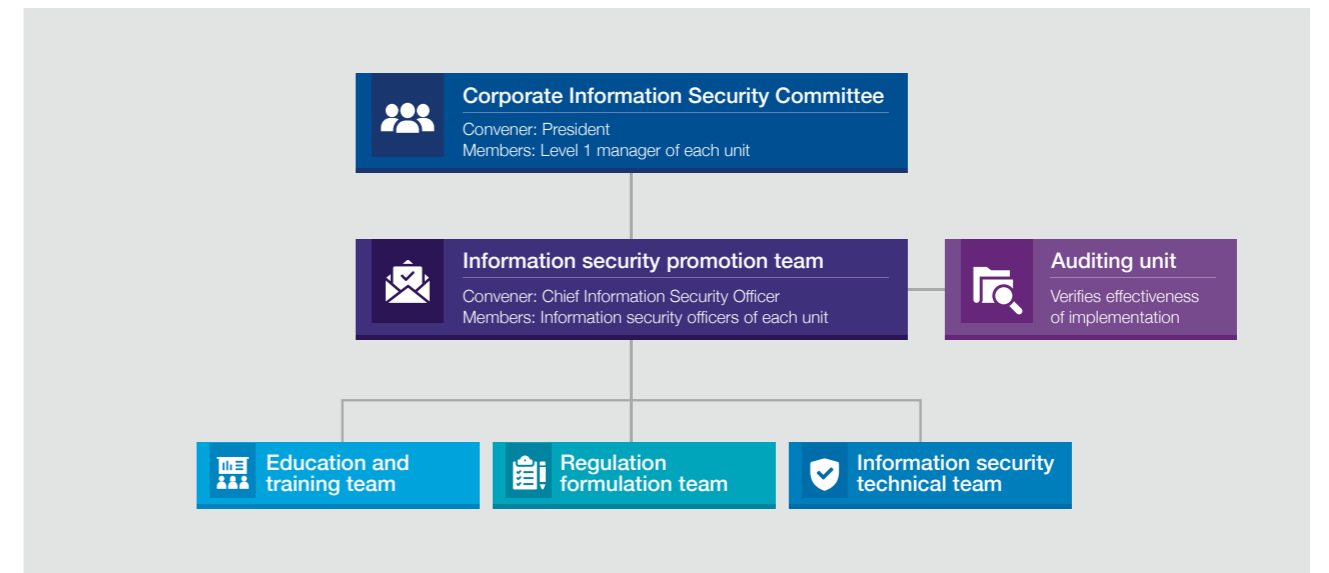


Information security governance

We have formulated an Information Security Policy and established an Information Security Committee as the highest information security management body, with the President serving as its convener and the chief information security officer, who is the highest manager of information security, serving as the executive secretary. Our information security department, which is directly under the President, oversees the implementation of our information security executive plan, emerging information security issues, and corresponding solutions and reports these to the Information Security Committee Meeting every six months. The department also reports any serious security issues to the Board of Directors, and it reports the execution outcome of the executive security plan to the Board every year to elucidate the effectiveness of Taiwan Life's information security controls. The highest manager of information security department also participates in the parent company's regular information security supervisor meetings, which are convened to review the effectiveness of information security controls across the group. In 2020, Taiwan Life's outstanding performance in personal data management won it the Excellence in Personal Data Management Award from SGS, ranking among the top 1% of enterprises in this area.



Information security committee



Information security defense

In the face of the rapidly changing cyberthreat landscape, we adopt diverse defense-in-depth strategies against different types of attacks, and apply various security techniques to protect our networks, systems, hardware, operating system and data from external threats. Our information security personnel are encouraged to obtain international information security certification to enhance their professional expertise. Furthermore, in order to strengthen the security awareness of staff, quarterly information security advocacy and social engineering drills are conducted. Since 2017, both the Company and subsidiary CTBC Insurance have adopted ISO 27001:2013 Information

Security Management System and BS 10012:2017 Personal Information Management System standards, and received certification for both. We have also formulated a comprehensive range of risk prevention, monitoring, and contingency measures to improve our information security management.

Introduction of international information security standards

International standard	Scope of verification
ISO 27001:2013 Information Security Management System	All system development, operation and maintenance, network management, data center, and information support activities as well as all operations of units responsible for information security.
BS 10012:2017 Personal Information Management System	Entire organization (including all departments of the head office, all branches, regional centers, and correspondence offices).

Monitoring and response measures

Taiwan Life has implemented Security Information and Event Management to monitor all changes in our internal system environment 24 hours a day, enabling us to detect and mitigate security threats in real time. We have also established a monitoring mechanism to protect all computers from network viruses and detect abnormalities as efficiently as possible.

Based on such security mechanisms, we have formulated standard operating procedures for handling security incidents. In addition, drills are held regularly to ensure that personnel can handle security incidents appropriately and in real time.

Information gathering and joint defense

Taiwan Life is able to utilize intelligence collected through its membership in the Financial Information Sharing and Analysis Center (F-ISAC) in order to resolve system vulnerabilities and adopt mitigation measures in a timely manner. We also actively strengthen our information security through red team/blue team exercises, including social engineering and intrusion drills. For external website services, a certified third-party information security company is appointed to conduct an information security assessment and penetration test every year to ensure the effectiveness of our security framework.

Personal information protection

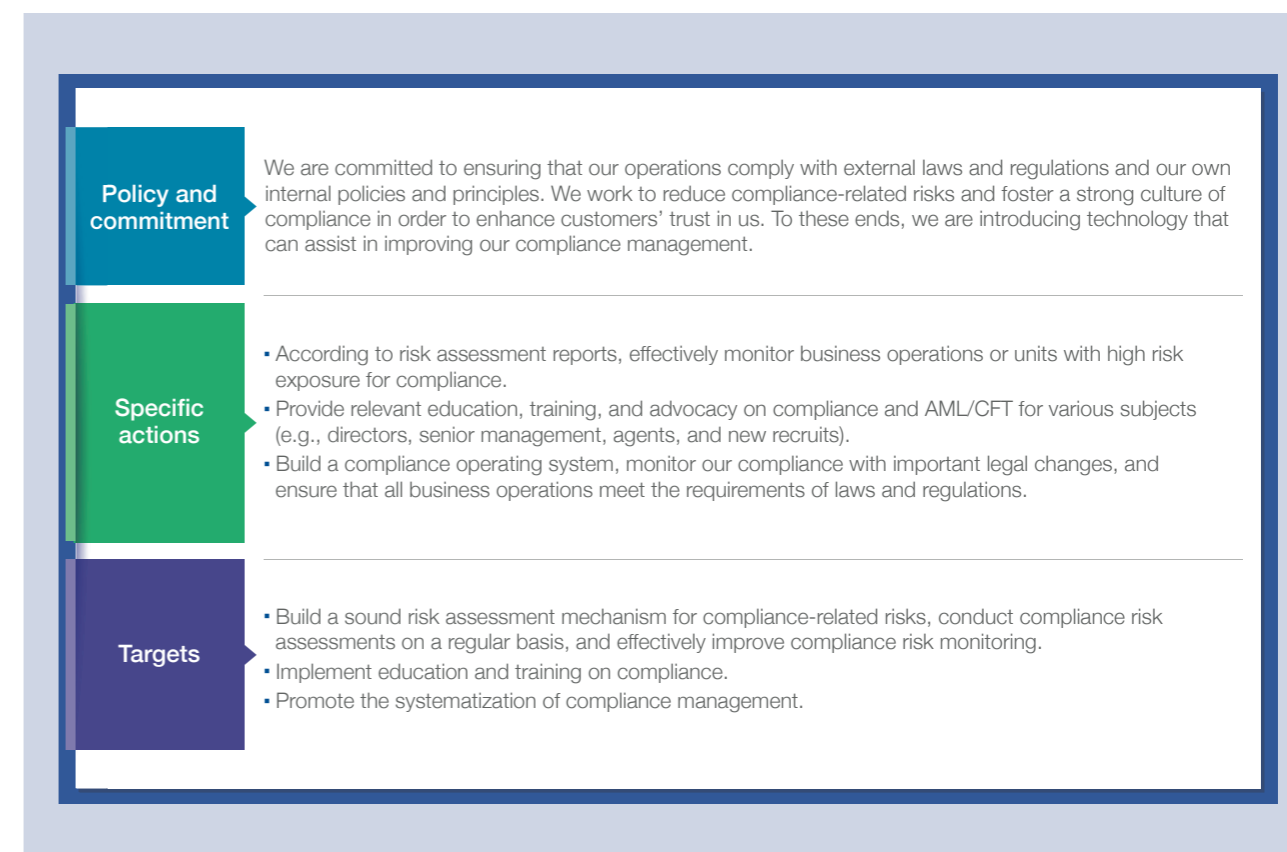
Taiwan Life has in place an Emergency Response Plan for Personal Data Breaches for use in the event of personal data infringement or security incidents. If an employee discovers or receives a report of a suspected information security incident, including one involving personal data, they are required to immediately notify the relevant units and assess the severity of the reported incident. If necessary, the incident response officer will immediately establish an emergency response team, notify a senior manager, and record the details of the incident. The emergency response team's officer position will be assumed by the Compliance Officer who will organize taskforces for communication and coordination, investigation and evaluation, and public relations and media management. The responsible unit will submit a detailed event report after the resolution of the event and conduct a root-cause analysis to reduce the likelihood of such an event reoccurring.

Taiwan Life strictly protects customers' data. For example, to reduce the risk of personal information overexposure, all systems are designed with user interfaces that display only the necessary information required

for the service being rendered. We also reinforce the defense-in-depth security of our infrastructure, such as through effective data classification, internet access control, data leak prevention (DLP), online browsing isolation framework, network activity monitoring, privileged account management, in order to prevent distributed denial-of-service (DDoS) and advanced persistent threat (APT) attacks. In addition, the effectiveness of protections against viruses, intruders, and data leaks is regularly monitored, and feedback given to responsible units in the case of substandard performance.

3.4 Legal compliance

Management approach for material topic: Regulatory compliance



At Taiwan Life, our core principles commit us to abide by all relevant laws and regulations. To this end, we continue to optimize our compliance system and relevant operating methods, and have formulated Compliance Risk Assessment and Reporting Guidelines to ensure the consistency of our internal practices. Furthermore, we conduct an annual compliance risk assessment and use the findings to monitor our business operations and units that have high compliance-related risk exposure. In April 2020, we submitted our 2019 Compliance Risk Assessment Report to the competent authority in accordance with the law.

With the trend toward increasingly strict financial supervision, we are systematizing our compliance management and utilizing our compliance operating system to clearly understand our compliance needs with regard to important legal changes, while the Compliance Department conducts monthly assessments of all units' internal specifications to verify that they are revised in a timely manner, thereby ensuring that all business operations meet the requirements of laws and regulations. In addition, we also actively organize education, training, and advocacy on compliance- and AML/CFT-related laws and regulations for directors, senior management, unit compliance officers, agents, and new recruits.

Material sanctions and improvement measures by competent authorities in 2020

Reason	Improvement measures
The FSC imposed a fine of NT\$1 million on Taiwan Life in accordance with subparagraph 3, paragraph 5 of Article 168 of the Insurance Act for having acquired undeveloped land more than five years prior and failing to use the land in a timely manner and with reasonable benefit, as required by paragraph 1 of Article 146-2 of the Insurance Act. (Letter No. Jin-Guan-Bao-ShouZi-10904936682, dated Sept. 15, 2020)	Taiwan Life has been actively engaged in attracting businesses to the land. By the end of December 2020, the rental rate had reached 70.24% and the annualized rate of return had reached 1.831%, as calculated using the statutory formula. It is expected to meet the relevant standards of real estate investment for immediate use and from which benefit is derived before June 30, 2021.

Note: This table discloses cases involving penalties of NT\$1 million or more.

AML/CFT policies and practices

In accordance with the Money Laundering Control Act, Counter-Terrorism Financing Act, and Regulations Governing Anti-Money Laundering of Financial Institutions, Taiwan Life has formulated a number of internal regulations to improve its AML/CFT system. We have also established an AML/CFT Committee, which is charged with ensuring that AML/CFT-related risks are controlled and related mechanism are implemented. The committee is also tasked with actively promoting AML/CFT-related education and training so as to improve the professional competencies of staff and thus increase the effectiveness of Taiwan Life's AML/CFT efforts. The committee is chaired by the President, with the first-level supervisors of relevant units serving as members, and it meets once a quarter, with four meetings convened in 2020.

AML/CFT mechanism

Pre-incident prevention	In-process controls	Post-inspection
<ul style="list-style-type: none"> Regulations Governance Training programs 	<ul style="list-style-type: none"> Name and designation validation Transaction monitoring Customer due diligence Large amount/suspicious transaction reporting 	<ul style="list-style-type: none"> Compliance inspections Self-checking of units Internal audit inspections

Note: Anti-Money Laundering (AML) / Combating the Financing of Terrorism (CFT)

Personal information protection

We have obtained BS 10012:2017 Personal Information Management System certification in order to establish and enhance our personal information management system. The relevant practices are as follows:

1. We promulgated a Policy for Personal Information Management and Personal Information Security Guidelines in accordance with the law, disclosed our privacy protection policy on our website, and disclosed our personal information protection objectives, management organization, and maintenance measures.
2. The personal information management committee meets regularly to assess the operation of our personal information management system.
3. We regularly evaluate the effectiveness of our personal information management objectives and the implementation of the overall personal information management system.

4. We conduct regular personal information education and training to ensure employees understand how the system operates.
5. We regularly scrutinize various units' business processes, risk assessment, and personal information checking as well as the Company's personal information flow and implementation of maintenance measures.
6. We regularly organize emergency response drills for personal information-related incidents and archive infringement incidents to ensure that all units can effectively implement contingency measures and discuss improvement plans.

Intellectual property right

To facilitate the development of Taiwan Life's fintech and innovation services, we engage external consultants to help us handle patent applications, stay on top of industry developments, and provide us IP-related insights. As of the end of 2020, we had obtained 7 invention patents, 19 utility model patents, and 1 design patent, for a total of 27 patents supporting the Company's online insurance, underwriting, claims, and other insurance operations. In addition to these, 18 other trademarks have been obtained.

In terms of IP management, we install Smart IT computer asset management software on each computer. This software collects data on the installation and use of software and hardware across the whole company and manages computer resources in order to ensure that only legitimate authorized software is used and to regularly scan the computer software of each unit to avoid the infringement of IP rights.

04



Thoughtful customer service

At Taiwan Life, we attach great importance to the voice of our customers. When it comes to product innovation, thoughtful service, and professional capabilities, we take meeting the real needs of customers as the starting point. As we pursue product innovation step by step under the leadership of the Board of Directors, “Treating Customers Fairly” is being internalized into the DNA of the enterprise; thoughtful, customer-centric services are being rolled out; case studies are being extended to common case solutions; and the customer journey is being optimized from the perspective of customers. In doing so, we are continuing to prioritize financial inclusion and micro-insurance, with our efforts in the latter having been affirmed by the competent authority for many years.



Treating Customers Fairly with zero sanctions

We implement Treating Customers Fairly and have achieved the goal of 0 sanctions by 2020.



Among 3 lowest rates of ombudsman applications

In 2020, we ranked among the three lowest rate of appeals to Taiwan’s financial ombudsman of major life insurer—a significant improvement from 2019.



Five awards in gov’t insurance competition

Our efforts in micro-insurance and small-amount whole life insurance earned us five awards in the FSC’s Insurance Competition—efforts that we are committed to expanding moving forward.



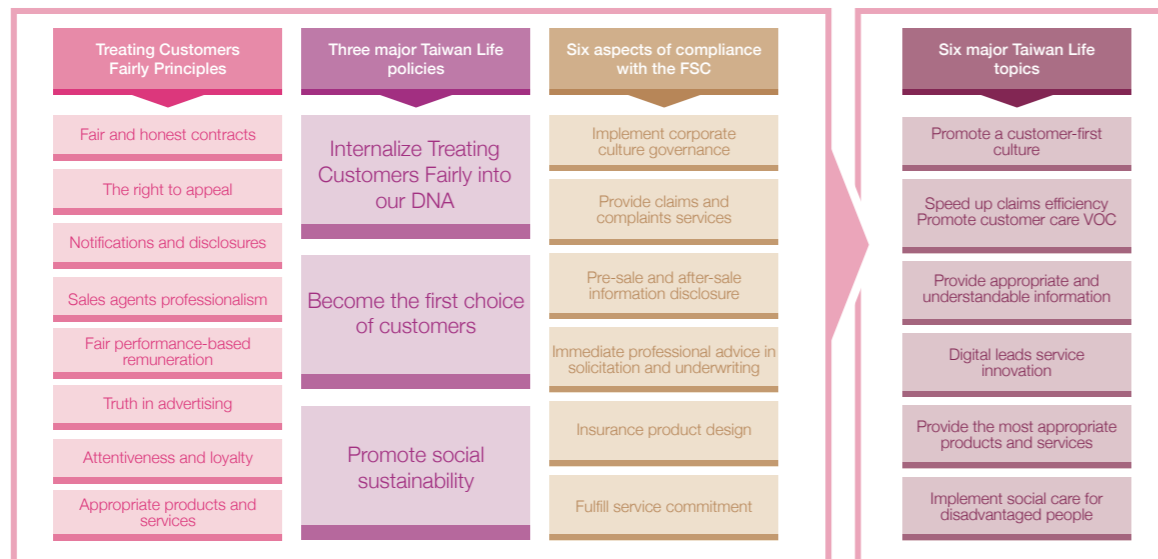
4.1 Treating customers fairly

Management approach for material topic: Customer rights maintenance and service quality

Policy and commitment	<p>We are actively working to implement the Treating Customers Fairly principles, listen to the voice of the customer, provide the best customer service experience, and become the life insurer with the leading customer experience and operational efficiency.</p>
Specific actions	<ul style="list-style-type: none"> Internalize Treating Customers Fairly into our DNA Establish an internal Treating Customers Fairly proposal mechanism to encourage internal innovation. Implement NPS-based experience management with rolling reviews to optimize the customer feedback loop. Use complaint management and customer care principles to address customer pain points. Become the top recommendation of customers Optimize product and proposal information to make customers understand clearly. Refine user interfaces to provide easy-to-understand and transparent information. Establish a customer experience team to review the usability of forms. Promote social sustainability Design exclusive products and services for seniors, people with a disability, and people with any of an extensive list of diseases. Develop financial inclusion-related and health spillover-effect products, and expand the product ecosystem. Initiate/participate in social public welfare activities and set social care service commitments.
Targets	<ul style="list-style-type: none"> Internalize Treating Customers Fairly into our DNA and establish an optimal organization, processes, tools, and capabilities. Become the top recommendation of customers and establish a mechanism to optimize customers' full-contact experience from end to end. Promote social sustainability and drive business strategy and customer segmentation through customer demand and social sustainability.

Under the guidance of the Board, Taiwan Life has established the "Treating Customers Fairly 360" policy framework. Through our three policies and six topics, we are gradually promoting Treating Customers Fairly, including by setting the goal of zero sanctions for Treating Customers Fairly by 2020. Furthermore, to fully implement the Treating Customers Fairly Principles, in each of our business areas, we have set up a cross-unit Treating Customers Fairly task force to connect product sales and service processes so as to ensure that customers are treated equally, reasonably, and warmly before, during, and after every transaction and that customers are provided with the most complete and thoughtful products and services.

Our blueprint for fostering a Treating Customers Fairly culture



Note: Taiwan Life does not apply the "sales principle of complex and high-risk products" (no sales of related products) in the nine Treating Customers Fairly Principles.

Striving for an insurance experience with peace of mind

The insurance service has started even before a policy is signed—that's why we also focus on the initial contact with customers before that point as well as the claims settlement and information query services afterward. We look deep into the insurance policy life cycle to focus on the customer experience from their perspective and to review every scenario in every customer journey. Through the continual improvement of our target operating model (TOM), we strengthen our application of digital technology, better connect customers with appropriate products, and accelerate and deepen the services offered to customers through digital tools. These efforts are aimed at ensuring that customers feel they are treated fairly, reasonably, transparently, and warmly throughout the insurance journey.

Transparent and reassuring insurance process

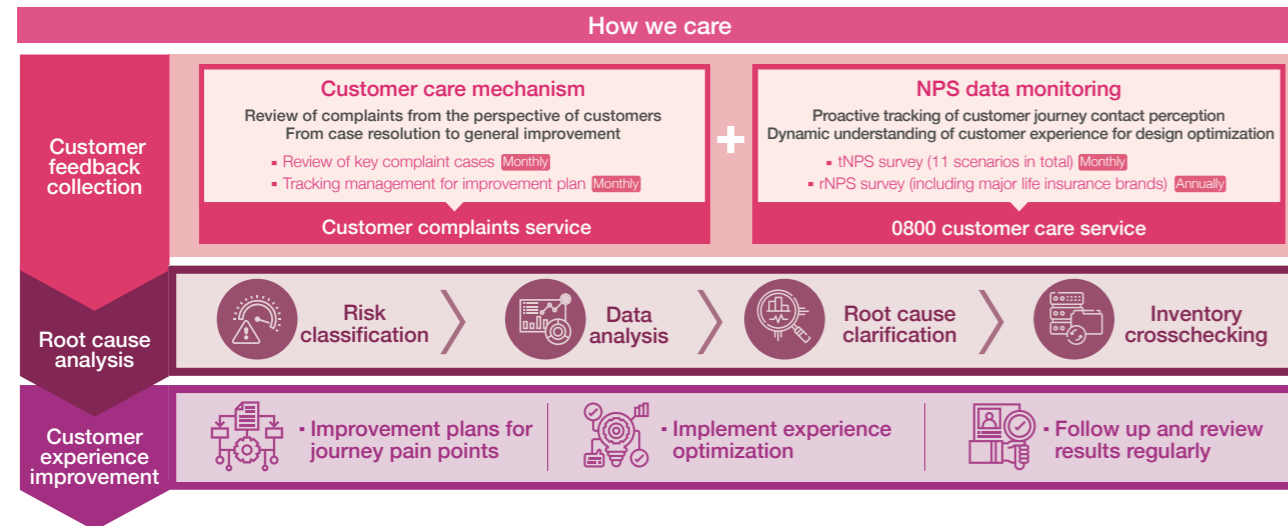
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Before insurance application	<ol style="list-style-type: none"> Insurance Policy Advisory System <ul style="list-style-type: none"> According to the family status and income of customers, we consider their existing assets and insurance policies to generate targeted insurance advice, accurately determine their protection gap, and provide customized services. Through our customer relationship database, we can quickly and accurately determine the most appropriate planning and product combination to meet customers' individual financial objectives, such as retirement planning, children's education funds, and specific financial managements. Website for safety, stability, and inheritance <p>With its fundamental objective of providing protection, insurance planning should fulfill the three main points criteria of providing safety, stability, and inheritance. With these points in mind, a new customer service website has been launched, offering two special sections to easily integrate Big Data into related daily life scenarios.</p> <ul style="list-style-type: none"> "AI fortune telling" section: By uploading photos of their palm prints, users can have their fortunes told through an AI-based palm-reading system, with these reports offering corresponding insurance planning suggestions. This unique, highly engaging service is provided in order to effectively increase the public's risk awareness and protection needs. "Nine-square division" section: From birth to retirement, customers' lives are divided into nine stages. After selecting their life stage, customers receive customized insurance plans and information, with basic, standard, and premium bundles provided for each stage. Insurance consultant matching <p>Through our online matching service, customers can choose the type of insurance they want to take out and their location, and Taiwan Life will match them with an insurance adviser accordingly. Since the launch of the platform, the cumulative number of visits has reached nearly 200,000, with a satisfaction rate of 90%.</p>
During insurance application	<ol style="list-style-type: none"> Mobile insurance app <ul style="list-style-type: none"> By automatically importing relevant data, the app autofills numerous fields for existing users when applying for policies, saving them significant time and effort. With the app's Insurance Policy Advisory System, it takes only 10 minutes for a user to apply for an insurance policy, from selecting the policy to completing the application form to providing their electronic signature. E-note system <ul style="list-style-type: none"> The e-note system offers a time-efficient alternative to sending hard-copy documents back and forth among Taiwan Life staff, reducing the risk of personal data leakage in the process. For example, an employee charged with underwriting a policy may send an electronic document via the e-note system, after which a colleague may reply directly online, saving substantial time and increasing internal operation efficiency.
After insurance application	<ol style="list-style-type: none"> Claims via blockchain <ul style="list-style-type: none"> Taiwan Life is the first insurer in Taiwan to use blockchain technology to implement measures preventing the counterfeiting, leaking, theft, and abuse of customers' medical data. Customers can directly apply for claims online using the blockchain service—eliminating the need to provide a hard-copy diagnosis certificate, receipt, and other documents. All authorization, transmission records, and medical certificate data provided by a hospital can be viewed at any time. This has reduced the average claims settlement time for such cases from 13 days (when using the hard-copy approach) to just four days. Convenient compensation via ibon <p>By cooperating with 7-Eleven, the largest convenience store chain in Taiwan, Taiwan Life allows policyholders to apply for claim settlements directly at the ibon self-service kiosks stationed in nearly every 7-Eleven location. The ibon kiosks are accessible 24 hours a day, every day of the year, allowing the claim settlement service to be accessible made anywhere, anytime. Claims expenses may be paid out in as little as 30 minutes.</p> Official LINE insurance service <p>Taiwan Life is leading the industry with its official personalized service on the LINE instant messaging platform, providing transparent and real-time information disclosure (with functions including claims amount predictor and contract change/insurance/claim progress queries), all without the need to frequently log in.</p> Function optimization for policy change applications <ul style="list-style-type: none"> Online changes: In response to increased customer autonomy and the development of digital tools, customers have become more accustomed to online inquiries and changes to their policies. Taiwan Life currently provides up to 21 items that can be applied for directly online, eliminating the need for customers to provide various documentation or to travel to a Taiwan Life branch. One-stop customer service: Customers can call our 0800 customer hotline to directly make policy changes.

Insurance process

Listening to customers

We regularly review the satisfaction level of customer service journeys (e.g., the insurance journey, payment journey, and claim journey). In doing so, we review the shortcomings of various processes according to customer feedback and formulate plans for improvement. As part of these efforts to continually optimize the end-to-end customer experience from sales to service, we introduced the Net Promoter Score (NPS) in 2019, using it to systematically manage customers' experiences and feelings, and optimize those with poor satisfaction levels in order to better meet our customers' needs.

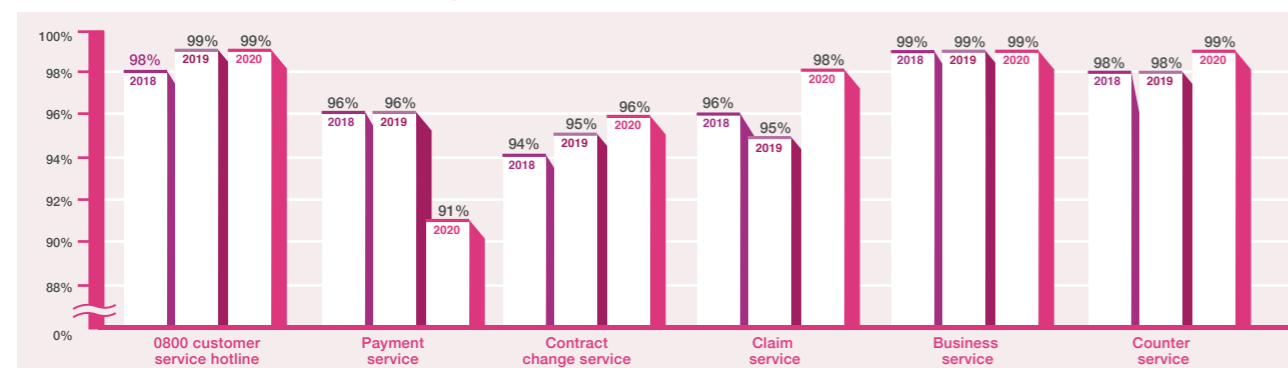


Note 1: Transactional NPS (tNPS) refers to the momentary level of recommendation of customers upon completing an experience of a product or service.
 Note 2: Relationship NPS (rNPS) refers to the overall level of recommendation of customers for brands, products, services, etc. in the same time interval (usually on a quarterly or annual basis).

1. Understanding the customer's opinion at the moment of truth

We attach great importance to the moment of truth, particularly at our six most frequent points of contact with customers, namely the 0800 customer service hotline, payment, change of contract, claims settlement, business service, and counter service. We collect customer satisfaction data and feedback through telephone interviews every month. The average customer satisfaction rate in 2020 was 97%, which we take as an important reference indicator of customer experience.

Customer service satisfaction over the years



2. Focus on all customer journey experiences

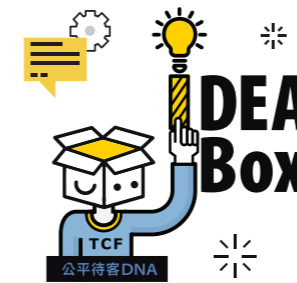
In order to optimize the service process, Taiwan Life comprehensively reviews 11 major customer journeys, including regarding daily contact, insurance, product selection, policy inquiries, conservation, payments, policy loans, benefits, claims, customer service, and policy surrendering, and sends more than 20,000 online questionnaires on average every month to determine the NPS trend for each journey. For customers who respond with a low NPS, we provide care through response calls in real time as well as monthly follow-up care. In 2020, the Company performed well in the three journeys that customers care most about, namely insurance (56 points), claims (43 points), and everyday personal interaction (36 points).

3. Striving to be the top recommendation of customers

Every year, we commission a third-party market research company to conduct a brand NPS survey to help the Board of Directors and the Company's senior management team accurately understand the current status of customer experience, systematically track achievements in customer experience over the years, and appropriately allocate resources to improve deficiencies.

According to the rNPS survey in October 2020, Taiwan Life ranked No. 2 in Taiwan's life insurance industry—up from No. 4 in 2019 and improving the most of all six major life insurance brands surveyed. The main improvement item was "satisfaction with after-sales service." Specifically, customers were most satisfied with the warm after-sales service provided by agents and the flexible customer complaint handling mechanism. A total of 1,214 valid samples were received, and the sampling controlled for age and gender according to Taiwan's population distribution.

Treating Customers Fairly has been internalized into Taiwan Life's DNA Innovative IDEA Box solutions



To encourage staff to internalize the Treating Customers Fairly spirit, we have integrated the Treating Customers Fairly Principles into our daily work, to which end we launched the IDEA Box contest in 2020. This monthly innovation contest encourages staff to stand in the customer's shoes when it comes to their own business operations—to think about what can be done better by Taiwan Life and how the customer experience can be optimized accordingly. To further encourage staff to propose innovative solutions, those whose suggestions are taken on board receive additional points in their performance evaluations. In addition, annual TCF awards are to be held, with Board members to serve as the judges in selecting the best Treating Customers Fairly proposals. In the three months since the inaugural contest was launched, more than 30 creative ideas have already been received. We are seeing front-line colleagues proactively identifying problems and pain points they encounter in their daily duties and formulating solutions based on the Treating Customers Fairly Principles. This is making Treating Customers Fairly not only a top-down policy goal of the Board of Directors but also a bottom-up campaign with real engagement from front-line employees.

Propose SOP

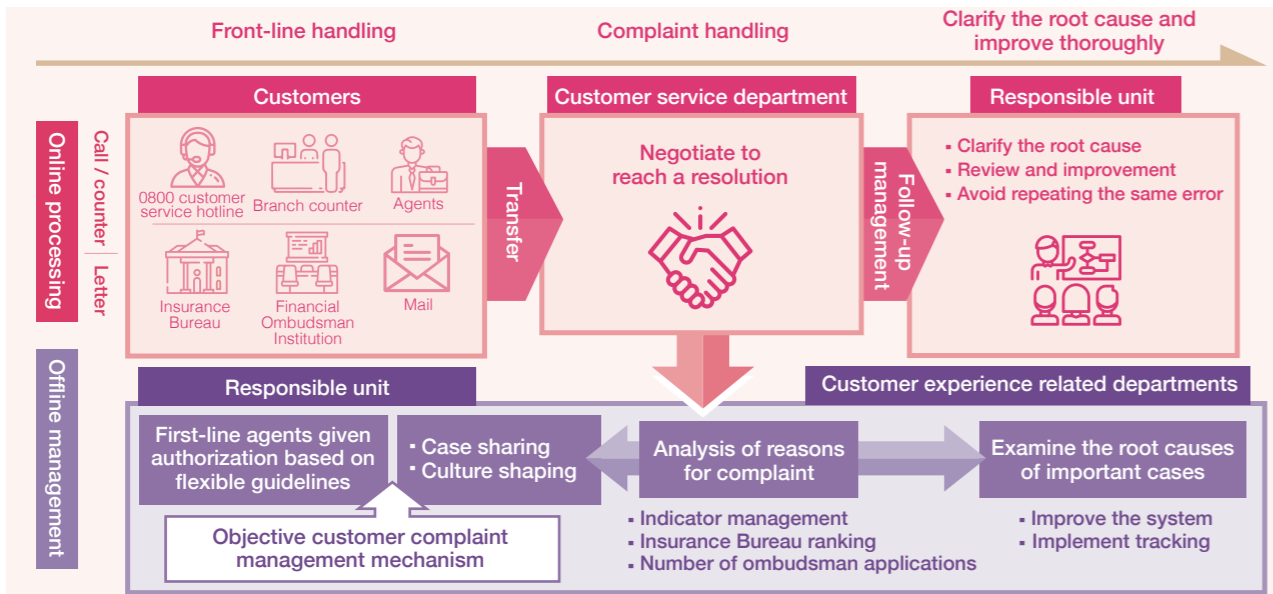


Handling customer feedback carefully

We provide multiple transparent complaint channels so customers can choose the one they feel most comfortable with. After a complaint is accepted, the responsible personnel contact the customer in question to clarify the problem and evaluate potential solutions in order to properly resolve the issue within the time limit. In the process of handling complaints, Taiwan Life also continues to review relevant service processes and carries out related discussion and adjustment measures.

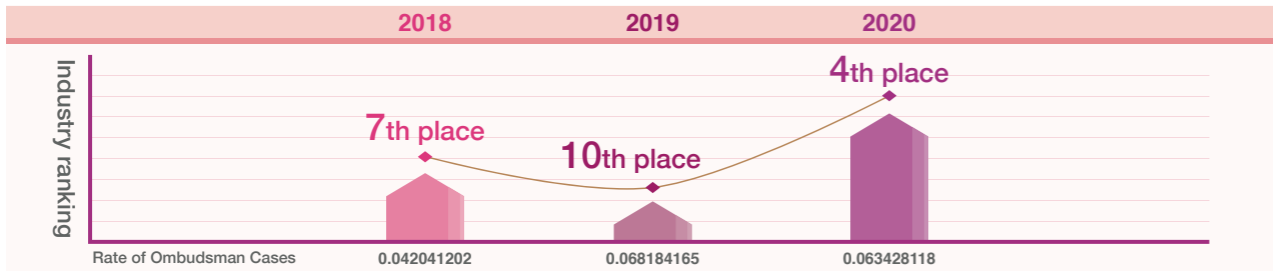
In order to improve customer satisfaction, the Company has formulated Management Measures for the Early Warning Mechanism of Customer Complaint Review Cases as well as a Complaint Service Management Mechanism. Accordingly, we analyze the business category of cases and the main patterns of disputes every month, and produce an early warning report with a light signal (red, yellow, or green) indicating the status of review cases every month, so as to effectively handle all the customer complaints and ombudsman cases. In addition, we conduct customer care by adopting a "suit the remedy to fit the case" approach. We propose improvement plans based on key complaint cases, the problems of which we extrapolate to common case solutions. For example, we use AI technology to autofill information in the event that a policyholder leaves a key field empty when making a payment—an error that would otherwise lead to a failed payment and thus potentially damage their rights and interests.

Strengthen the complaint service management mechanism



Ombudsman application rate

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Note: Rate of ombudsman cases = [number of ombudsman cases / total number of signed contracts] * 10,000.

Easy and multiple customer communication

Understanding that different customers have different preferences in how they receive information, Taiwan Life has established multiple communication channel to provide them complete, immediate, and clear insurance-related information while fulfilling our responsibility to inform and communicate with customers. We also interact with customers through a variety of channels to provide quick and appropriate responses and assistance.

Channel	Frequency	Discussion points
Official website	Any time	<ul style="list-style-type: none"> Helps customers understand the content of insurance products Matches insurance customers with advisers according to each customer's specific demands, saving them time
Official Facebook page Taiwan Life Like	Daily post	Promotes the brand image of Taiwan Life, including by providing important information such as customer-related activities, services, and product news
Policyholder e-newspaper	Monthly	<ul style="list-style-type: none"> Provides information to policyholders Consolidates and provides information for policyholders regarding exclusive services and their rights
Press releases	Occasional	<ul style="list-style-type: none"> Provides customer information and insurance-related knowledge Raises awareness of social issues and provides customers with financial information
Lectures and forums	Occasional	Provides customer health and financial information
Seminars on retirement-related issues	Yearly	<ul style="list-style-type: none"> Annual surveys are conducted on the pension, long-term care, medical care confidence, adequacy, and life satisfaction of retired and non-retired people in Taiwan, with the findings disclosed and discussed at a yearly seminar Fosters understanding and healthy approaches to retirement and raises awareness of new retirement philosophies in Taiwan's aging society
0800 customer service hotline	Any time	Provides customers with consultation on various policy issues
Official LINE account	Occasional	<ul style="list-style-type: none"> Pushes personalized notifications Provides the latest Company news and activity information Improves customer adhesion

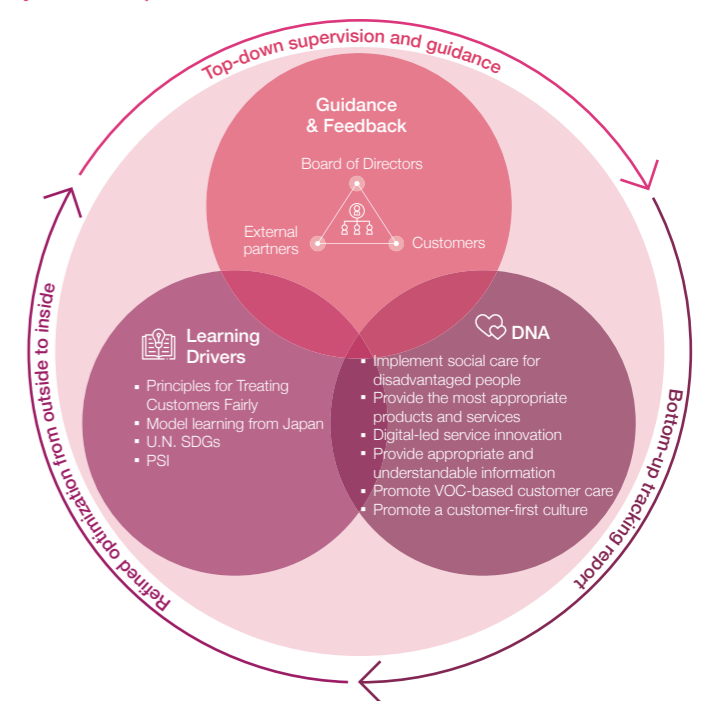
Dynamic loop optimization management

Regarding Treating Customers Fairly, Taiwan Life has formed a dynamic and optimized "loop mechanism." By utilizing top-down supervision and guidance from the Board of Directors and feedback from external partners and customers, we have formulated a specific action plan, implemented and tracked feedback bottom up, and optimized this loop from the outside to the inside through external model learning and continued cross learning and improvement to move toward positive cyclical growth. Moving forward, we will continue to take a customer-centric approach grounded in the Treating Customers Fairly 360 policy framework as we strive to treat customers fairly in the context of three core policies and six topics. Furthermore, as we pursue the goal of zero sanctions, we will continue to pay close attention to the needs of customers and carry out CTBC Holding's "We are family" spirit by using the loop mechanism to ensure continued improvement. These efforts are all born from the same commitment: to become Taiwan's leading life insurer with the best customer experience and operational efficiency.

4.2 Digital finance

As Taiwan Life strives to solve customers' pain points, actively invest in digital service innovation, and become the life insurer with the best customer experience, it takes digital tools for intelligent empowerment, digital platforms for complete service, and intelligent operation back-office support as the three main paths toward achieving these goals. We promote online and offline digital engineering and promote a consistent customer financial service experience for all channels. The EdgE digital process transformation project lab has been set up to develop a series of digital tools, including the iKASH smart assistant, Proposal System, and mobile insurance app, so that our agents can provide customers with fast and complete services through digital tools and become insurance advisers with all-round professional and digital capabilities.

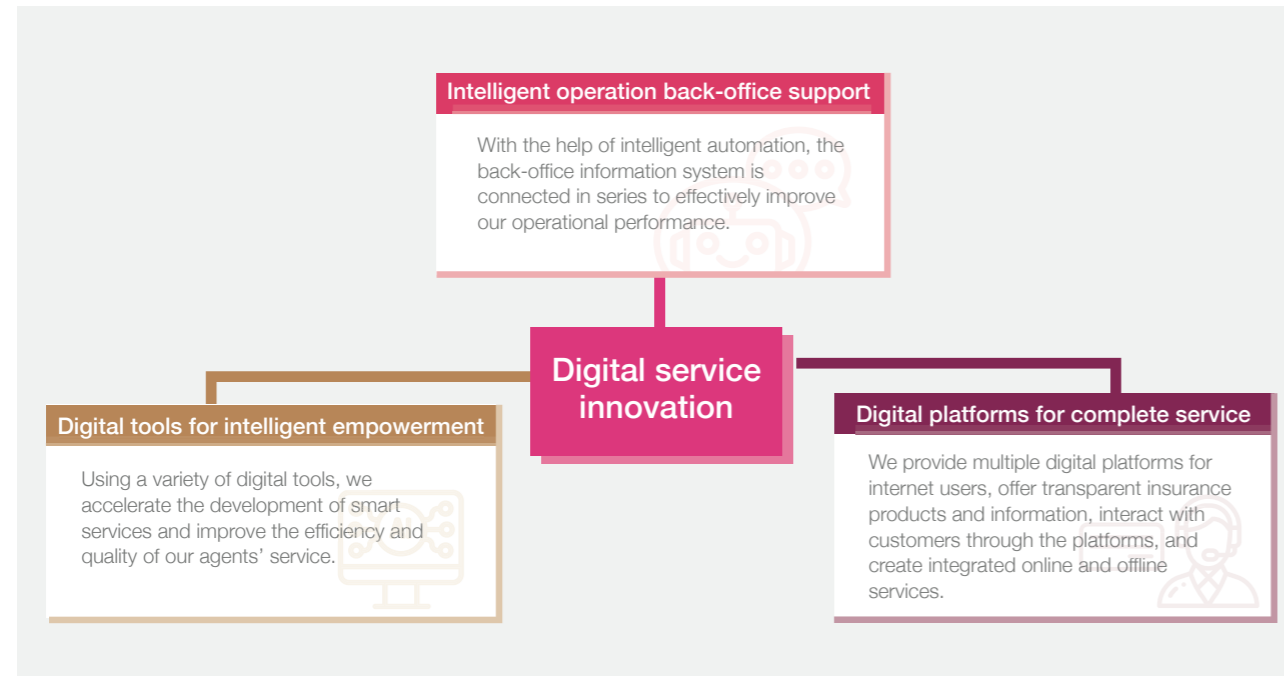
Dynamic loop mechanism



Management approach for material topic: Fintech applications

Policy and commitment	As customer-centric digital finance becomes ever more ubiquitous, we have adopted three major digital finance strategies: digital tools for intelligent empowerment, digital platforms for complete service, and intelligent operation back-office support. These strategies aim to promote the online and offline integration of digital engineering, create a service model that offers the industry's best customer experience, and provide an omni-channel digital financial service experience.
Specific actions	<ul style="list-style-type: none"> The average utilization rate of both our mobile insurance app and iKASH smart assistant exceeds 90%. With the launch of our official LINE account, insured customers can directly query personalized information via their LINE app. As of the end of 2020, 1.45 million people had added the account. The eClaim blockchain service was launched to save policyholders' time in preparing diagnosis documents and to provide robust protection of customers' personal information. The service has won seven claims-related awards at home and abroad. The Elite Agent Appointment Booking Service allows customers to make in-person appointments with agents online. Robotic process automation was introduced to conduct repetitive tasks and increase personnel performance.
Targets	<ul style="list-style-type: none"> Enhance customer service through multiple digital touchpoints, provide customers with the best digital experience, continually improve the new official Taiwan Life website, optimize the mobile app, and launch intelligent customer services and a health promotion app. Use digital and technological empowerment to build digital tools such as for a mobile policyowner service and mobile claims settlement, and leverage these by combining them with the warm, professional services of our staff. Build a cross-channel digital track platform, promote online and offline integration, and achieve an omni-channel service experience.

Digital service innovation



Digital tools for intelligent empowerment

Our insurance agents use our digital tools to accurately understand customers' needs, explain the content of products and services through mobile tools, smoothly complete insurance service tasks, track customers' progress, and take the initiative to address abnormalities. Nearly 100% of our insurance agents use our mobile insurance app, which greatly reduces the filing time and completes the underwriting process faster. Agents can also use the iKASH smart assistant to facilitate customer interviews, activity management, and customer management, further increasing their professionalism and capacity. As of the end of 2020, the more than 90% of the core personnel of our agent channel were using iKASH.

Note: "iKASH" is an acronym for "Knowledge," "Attitude," "Skills," and "Habit."

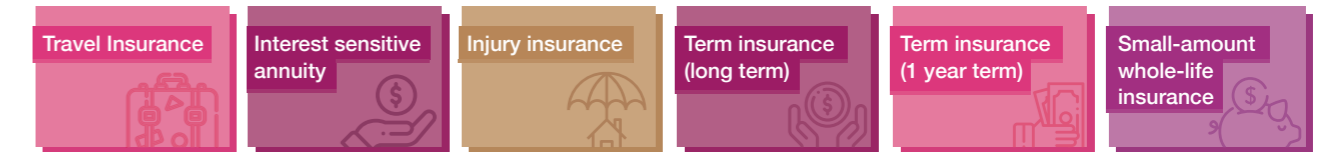
Digital platforms for complete service

Taiwan Life provides a digital financial experience with multiple scenarios, convenience and speed, and complete service. We were Taiwan's first insurer to introduce Apple Pay for online insurance payments and one of the first to launch online insurance. In 2020, the Company launched its official LINE account, which enables policyholders to directly query personalized information via the LINE app. When a special service is needed, our digital services are used for a seamless online-to-offline transition. As of the end of 2020, 1.45 million LINE users had added our account. To meet the product consultation needs of new generations of customers, Taiwan Life launched the Elite Agent Appointment Booking Service in 2019. With it, users can directly make an appointment with an agent online, and to meet them for consulting and policy application in person. In 2020, the number of bookings made with the service exceed 1,000. The Company's digital innovation efforts have been highly recognized. In 2020, the eClaim blockchain service won



seven awards at home and abroad, including at the IDC DX Awards, Insurance Asia Awards, and the National Brand Yushan Awards. With the rapid development of e-commerce, the Company will continue to enhance its various digital platform services in the future.

Online insurance services



Intelligent operation back-office support

Since 2018, Taiwan Life has been introducing robotic process automation (RPA) to assist staff to perform repetitive tasks and improve operational efficiency. Through intelligent back-office operations (i.e., "logic centralization," "human-computer collaboration," and "intelligent operations"), front-end digital tools and digital platforms are being flexibly supported. Indeed, in 2020, a centralized operation unit was set up and an image-scanning platform was introduced so that cases can be flexibly dispatched and supported across various regions. In addition, using data analysis technology, we have optimized our risk management control model and imported a visual AI application to this end. At present, the Company has 11 RPAs in operation.

Note: Logic centralization refers to the realization of cross-regional operation through a scanning and dispatching system, and the overall distribution of underwriting/conservation/claims cases among branches in northern, central, and southern Taiwan in order to achieve the optimal distribution of cases in each region and improve overall operational and management efficiency.

Digital financial services

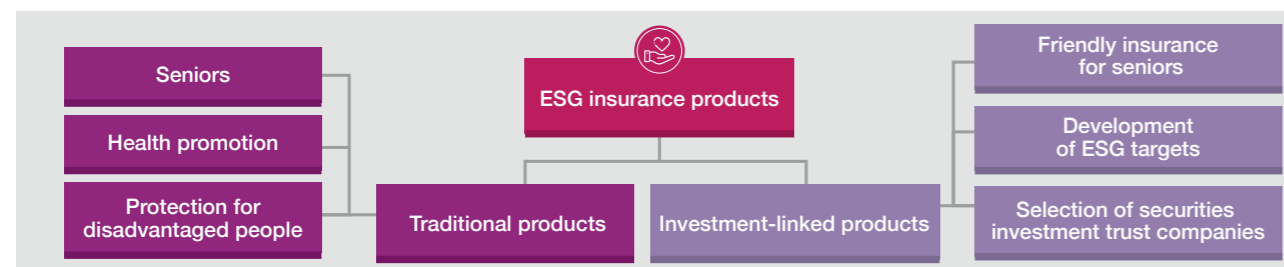
	Feature description	Number of users in 2020	Achievements in 2020
Smart insurance	iKASH smart assistant	Aimed at younger generations, this is an all-round intelligent assistant marketing tool for agents. It integrates digital thinking to offer functions such as list recommendations, customer management, visit maps, and activity management.	The usage rate by core personnel exceeds 90%. Facilitated first-year premium income of NT\$796 million
	Mobile Insurance app	With this app, agents can quickly submit an insurance application so that the insurance process is more convenient, simple, transparent, safe, and independent.	The usage rate by insurance agents is close to 100%. Saved 2.2 million sheets of paper from being printed
	Online insurance	<ul style="list-style-type: none"> 24-hour online insurance service Six types of products offered and new interface design launched First in industry to offer Apple Pay 	The number of new online members registered was 75,647, up 10% from 2019. <ul style="list-style-type: none"> First-year premiums of online insurance reached NT\$149 million Second largest share of online insurance market
Convenient services	E-Pay Snap Transfer	Remit claim settlement with one action (i.e., uploading an image of the claim application file), after which the claim expense will be reimbursed in as little as 30 minutes.	More than 2,800 cases. Shorten the original 15 day claim settlement process to 30 minutes.
	ibon convenience store claims	Upload application data through the ibon self-service kiosk at any 7-Eleven for real-time review, with application documents able to be sent concurrently.	
	Blockchain service	<p>eClaim blockchain An authorized hospital encrypts and transmits a customer's medical information to the Company using blockchain technology. This means the insured does not need to prepare application documents, such as a diagnosis certificate, and enjoys the most robust information security protection.</p> <p>Claims alliance and conservation alliance blockchain Through various channels (e.g., the official website of any insurance company participating in the alliance chain, an app, or an in-person agent meeting), customers can apply for a claim or conservation service. After being authorized by the insured, the application documents can be exchanged and shared between each insurance company participating in the alliance chain, with a convenient mechanism in place to avoid repeat payments.</p>	More than 8,800 cases.

4.3 ESG insurance products

Taiwan Life has always adhered to a customer-centric approach, striving to develop insurance products and pursue innovation in order to meet the needs of our customers throughout Taiwan and achieve financial inclusion. In this final regard, our traditional products have been targeted at three main groups: seniors, those with health problems, and disadvantaged people. More recently, as we have adapted to Taiwan's aging population, we have introduced a number of new insurance products catering to seniors. With the development of digital financial technology, we are increasingly able to connect digital tools with insurance services, launch spillover-effect health management insurance products, and continue caring for disadvantaged groups. In addition, we are actively developing ESG-related investment targets and incorporating ESG-related considerations into the selection process of securities investment trust companies, hoping to contribute to the common good through the strengths of our core business.

Management approach for material topic: Affordable and accessible products and services

Policy and commitment	We actively support the government's campaign to strengthen people's protection, making up for the lack of social insurance and social assistance mechanisms; to promote micro-insurance, small-amount whole-life insurance, inclusive financial products and services; and to develop online insurance products.
Specific actions	<ul style="list-style-type: none"> We won five awards in the FSC's insurance competition. As e-commerce consumption increases, we continue to develop online insurance products to improve service performance; the overall performance of our online insurance was ranked as the second best in the industry in 2020. We are building an online insurance system for investment-linked annuity insurance products. A financial friendly service system has been planned. In response to government policies, we provide a number of insurance products for seniors and disadvantaged groups, and have launched spillover-effect health management policies.
Target	<p>Traditional products:</p> <ul style="list-style-type: none"> We will improve insurance coverage for people in Taiwan and reduce the threshold of insurance for millennials. In line with increasing e-commerce consumption, we will continue to develop online insurance products, improve service performance, and implement inclusive financial products and services. <p>Investment-linked products:</p> <ul style="list-style-type: none"> Add new online investment-linked annuity insurance products in 2021 to enhance the diversity of online investment products. In addition, improve the functionality of online insurance products, giving customers access to automatic balancing and automatic profit-taking on investment targets and other endorsement terms to achieve the goal of long-term stable returns. Optimize the investment-linked products wealth management website and introduce a professional portfolio recommendation system.



Traditional products

With care and empathy, Taiwan Life actively responds to the government's campaign to improve the protections enjoyed by people nationwide. To this end, we are working to fill the gap in social insurance and social assistance, to promote micro-insurance and small-amount whole-life insurance, and to provide convenient insurance products through rigorous and thoughtful product design in order to offer optimal protection for seniors, those with pre-existing conditions, disadvantaged people, and other groups. With the aging of Taiwan's population, fewer children, changes in lifestyle and diet, and economic changes, preventive health care is also one of the core values driving our development of insurance products. Indeed, we have been gradually introducing a series of health promotion policies (spillover-effect policies) to reduce medical service treatment costs and expand insurance protection and social stability. As of the end of 2020, a total of 15 financial inclusion-driven policies had been developed.

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1. Seniors

The protection of older people is one of the long-term concerns of Taiwan Life. In 2020, we launched the industry's first group insurance for long-term care with payment-in-kind. In cooperation with Chunghua Senior Care Corp., we provide integrated services so seniors can enjoy old age at home. Professional care managers evaluate the living conditions of seniors and connect them with long-term in-home care services, easing the burden for them and their families.



In addition, we have launched a number of insurance products for seniors and provided friendly insurance conditions for seniors. For example, we have relaxed age limits for insurance products; more than 60% of our personal insurance products are now open to people over 70 years old. We have also launched long-term care and protection for people with cardiovascular diseases and other insurance products, and have optimized the insurance process for seniors so more of them can enjoy proper protection.

Products for seniors

Product type	Summary
Insurance products for seniors (including annuity, long-term care)	<ol style="list-style-type: none"> We provide annuity insurance that does not require a physical examination or health statement for middle-aged and older customers as a planning tool for retirement. To reserve future economic resources for seniors, the maximum age of such insurance is 75, with renewal guaranteed to 85 in order to meet the need of medical coverage in the aged phase. We provide long-term care insurance and other similar types of insurance to prepare for the costs of care in the future.
Small-amount whole-life insurance	To support the government's push to improve the basic protections available in Taiwan, we have launched small-amount whole-life insurance products with low premiums, low insurance thresholds, and no physical examination required and which can meet the basic insurance needs of Taiwanese people.

2. Health promotion

To encourage people to develop healthy long-term habits of exercise and health management, Taiwan Life has expanded the scope of its insurance from ex post compensation to ex ante prevention. Through the active development of digital financial services in recent years, we have developed Big Data analysis and cross-sector integration tools with medical institutions and private companies to provide innovative products that combine precision treatment, physiological data monitoring, and remote care. In addition, we combine digital technology and an interactive insurance experience products to directly embed health management rewards into the design of our products.



Health promotion products

Product type	Product name	Summary
Step-linked spillover-effect policy	Health Management Term Life (HM5)	We provide multiple application methods; policyholders can use any of three step-counting apps or connect with a wearable fitness tracker to perform health management anytime, anywhere. Those who reach their steps goals can enjoy premium payment discounts of up to 8%. The discount period can last for up to 57 years—the longest in the industry.
Health check-linked spillover-effect policy	Dread Disease Term Health Insurance (HCD1)	Health examinations are provided to policyholders. If the insured is deemed healthy, they can enjoy a lower premium rate for the next nine years and previously overpaid premium will be returned as a "health bonus," with a maximum rate of 20%.
Diabetes exclusive insurance policy	Substandard Diabetes Term Health Insurance	<ul style="list-style-type: none"> To encourage effective prevention of diabetes, "premium discount from the third year" and "health promotion reward" mechanisms allow policyholders to enjoy a premium discount of up to 35% as well as a health promotion bonus. Policyholders are encouraged to control their blood sugar over the long term and develop healthy living habits. If they regularly upload their blood sugar level and reach the set threshold, they can enjoy a premium discount of up to 5% every year from the second policy year.

3. Protection for disadvantaged people

To put the spirit of financial inclusion into action, we actively support government policies and provide the most basic accident protection for economically disadvantaged groups and other marginalized groups. Among these efforts, the performance of our micro-insurance has been affirmed by the FSC for three consecutive years. In 2020, we won second place in the Micro-insurance Contest Insurance Company Category as well as picked up the Micro-insurance Contest Sprint Award, Micro-insurance Contest Excellent Performance Award, Micro-insurance Contest Caring for the Physically and Mentally Challenged Award, and Small-amount Whole Life Insurance Excellent Performance Award. Over the years, the total number of people insured through our micro-insurance products has exceeded 160,000. In addition, we have launched a number of insurance policies specifically for patients with type 2 diabetes, hepatitis B, and specific mild to moderate physical and mental disabilities.



Achievements of protection products for disadvantaged people

Unit: NT\$

Product type	Summary	Results		
		2020	2019	2018
Micro-insurance policy	<p>Personal micro-insurance policy Taiwan Life provides basic protection for people with disabilities and disadvantaged people. We provide simple approval of insurance applications, free of physical examination. Customers only need to provide a copy of a disability certificate and pay a small premium to get protection.</p> <p>Group micro-insurance policy We offer group insurance with low premiums, low coverage, and protection that is easy to understand. This insurance provides medical protection for people from low-income groups or other marginalized groups in order to reduce the impact of sudden accidents on family finances and to protect family.</p>	Accumulated insured amount: NT\$ 35.05 billion	Accumulated insured amount: NT\$ 23.03 billion	Accumulated insured amount: NT\$ 15.1 billion
	<p>Policies for people with disabilities</p> <p>In 2014, Taiwan Life cooperated with Taiwan Lottery, administrator of the national public welfare lottery, to tailor products for its sales staff, the recruitment of whom prioritizes candidates who have a physical or mental disability or are from a low-income group, including single parents and indigenous people.</p> <p>We provide death protection and maturity benefits, which also serve as financial planning. The rider provides double protection for accidental death and major burn injury. People can be insured regardless of their gender or the type or degree of physical or mental disability, for age from 20 to 90. This insurance fully embodies the Treating Customers Fairly Principles.</p>	Accumulated insured amount: NT\$ 2.99 billion	Accumulated insured amount: NT\$ 2.98 billion	Accumulated insured amount: NT\$ 2.95 billion
Impaired-risk insurance	<p>In 2014, we approved the first policy for people with pre-existing conditions in Taiwan, providing exclusive term comprehensive medical insurance for patients with type 2 diabetes. We have also launched Taiwan's first exclusive comprehensive medical insurance for patients with hepatitis B, introduced preventive health insurance with health rebate benefits in order to encourage the insured to regularly track the condition of hepatitis B, promote health management, reduce the risk of severe liver disease, and provide death or funeral expenses benefits and survival benefit as the capital protection mechanism.</p> <p>In addition, exclusive whole-life medical insurance for 13 specific cancers (initial stages or mild severity) has been launched so that patients with cancer can still be protected.</p>	Accumulated insured amount: NT\$ 4.3 million	Accumulated insured amount: NT\$ 2.9 million	Accumulated insured amount: NT\$ 2.8 million

Investment-linked products

In the planning of investment-linked products and new investment-link targets, Taiwan Life provides ESG related targets for the public to buy, increasing the opportunities for the public to invest in the ESG industry. And through the selection mechanism of the Securities Investment Trust Companies, we work with the partners of the Securities Investment Trust to implement the ESG.

1. Development of ESG targets

In 2019, Taiwan Life introduced a target maturity fund with an ESG investment strategy connected to the investment-linked policy Xinfu 100 series. The fund raised NT\$1.23 billion and two new discretionary investment targets with ESG investment strategies were subsequently introduced in 2020. As of the end of 2020, the assets under management (AUM) of the latter two funds totaled NT\$2.147 billion. In the future, we will continue to utilize ESG strategic investment targets to launch new products.

2. Selection of securities investment trust companies

Taiwan Life is increasingly working with its partners to deepen its ESG-related practices. In February 2021, the Company revised its Measures for Securities Investment Trust Screening and Selection to specifically include ESG evaluation as a selection criterion.

3. Senior-friendly insurance

Due to the investment risks of investment-linked insurance policies, understanding the investment risks and the suitability of products can be difficult, particularly for seniors. In order to provide a more friendly insurance environment for seniors, Taiwan Life not only records consultations with older customers in accordance with the law but also limits the investment scope to "conservative" and "steady" investment targets for those over the age of 70.

05



Stewardship and responsible investment

As part of our efforts to promote sustainable investment, we voluntarily adhere to the U.N. Principles for Responsible Investment (PRI) and have established a sound system of responsible investment. By doing so, we hope to support invested parties on ESG-related issues while reducing our own investment risks in the process. Taiwan Life is responsible for leading the CTBC Holding task force on responsible development on behalf of the parent companies and its subsidiaries. Furthermore, CTBC Holding's Corporate Sustainability Office reports to its Sustainability Committee on issues related to sustainable finance policy, goals, and progress to facilitate the formulation of responsible investment strategies. Moving forward, guided by its comprehensive responsible investment strategy and processes, Taiwan Life will work to realize its commitment to the interests of clients, shareholders, and society; fulfill its responsibilities as an institutional investor; and better realize its investment and financing responsibilities.



The Asset Triple A Infrastructure Awards

We received the Green Project of the Year, Asia Pacific; ESG Investor of the Year for Insurers; and Green Project of the Year, Taiwan accolades from The Asset magazine's 2020 Triple A Infrastructure Awards.

Over NT\$32 billion in green investment and financing

The total amount of green investment and financing approved for Taiwan Life has reached NT\$32.687 billion.

5.1 Stewardship policy

In order to encourage similar actions by other institutional investors and to implement the spirit of responsible investment, Taiwan Life formally signed on to the Stewardship Principles for Institutional Investors on Aug. 24, 2018. As a signatory, Taiwan Life aims to better realize its responsibilities as a corporate citizen and to create sustainable value for the economy, environment, and community.



Stewardship policy



Management of conflicts of interest

We take our commitment to customers and shareholders seriously, which is the reason we strive to avoid conflicts of interest. In the process of carrying out our business, possible conflicts of interest include:

- I. a transaction or investment that adversely impacts a client or shareholder for Taiwan Life's own benefit; and
- II. a transaction or investment that benefits a particular party but is detrimental to other clients, shareholders, or stakeholders.

In order to avoid conflicts of interest, we maintain regulations on managing conflicts of interest; organize education and training programs; and have in place hierarchical responsibility, information control, firewall, and supervision oversight mechanisms. In 2020, Taiwan Life recorded no material conflicts of interest. To continue effectively controlling and preventing conflict of interest in the future, the following specifications are in place:

1. Management of conflicts of interest with stakeholders

Regarding the rights and relationships of stakeholders, the Company's Operating Procedures for Engaging in Transactions other than Loans with Stakeholders has been formulated and promulgated for implementation in accordance with Article 45 of the Financial Holding Company Act, the Insurance Act, and the Regulations Governing Transactions Other Than Loans between Insurance Enterprises and Interested Parties; if the Company conducts transactions with stakeholders in accordance with the relevant provisions of the Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises, transactions may only be carried out after the head office's chief compliance officer has signed and issued an opinion that the transactions comply with the relevant laws and internal regulations.

2. Management of insider trading prevention

In addition to establishing a Code of Conduct for employees, the Company has also formulated a Management Policy for Preventing Insider Trading, the contents of which are as follows:

- (1) Before engaging in any businesses, investments, or related activities that may constitute a conflict of interest between an individual and the Company, it is necessary to disclose the details to the unit supervisor and relevant departments and to obtain approval. Employees should avoid situations where a conflict of interest may arise, such as negotiating or transacting with the Company for themselves or their relatives.
- (2) It is not permissible to engage in activities that conflict with the interests of the Company through a third party (including relatives, partners, and friends) in order to circumvent the above guidelines or relevant operating rules and regulations.
- (3) Upon receiving any information that would have a material impact on the price of the securities of a public company, after the information has been noted, and prior to the public disclosure of such information or within 18 hours after its public disclosure, employees shall not purchase or sell, in their own name or in the name of another, shares or any other equity-type securities of the company. In addition, upon acknowledging any information that would have a material impact on the ability of the public company to pay principal or interest, after the information is confirmed and prior to the public disclosure of such information or within 18 hours after its public disclosure, employees shall not purchase or sell, in their own name or in the name of another, the non-equity-type corporate bonds of such a company that are listed on an exchange or over-the-counter market in order to receive improper benefits or avoid potential losses.

(4) Employees shall not directly or indirectly disclose any previously mentioned material information to others.

(5) For the Company's domestic equity product investment, relevant personnel shall be restricted from the following conduct:

- Disclosing information known due to their position to others or engaging in trading activities.
- Buying or selling for their own interests or the interests of the others when using insurance funds, or match orders with the insurance industry without proper reason.
- Promote the trading of individual domestic equity products in public places or media, or forecast the future price of individual domestic equity products.
- Other conduct that may affect the rights and interests of the insurance industry or business operators.

3. Management of insider trading prevention for investment business

To avoid even the appearance of impropriety, insider trading involving the trading of shares of a company that are listed on an exchange or over-the-counter market, or any other equity-type securities of such a company, or the selling of non-equity-type corporate bonds of a company for which material information is involved in the handling of investment business, Company employees shall follow the Guidelines for Handling Investment Business and Preventing Insider Trading when conducting business. The guidelines include control measures, such as notification of the suspension of trading, lifting of the suspension of trading, and investment performance evaluation and calculation of investment gains and losses in cases where transactions are suspended due to relevant internal regulations.

4. Prevention mechanism for conflicts of interest by domestic equity product investment-related personnel

To ensure the Company's domestic equity investment personnel follow the principles of loyalty and good faith, the Company has established a Prevention Mechanism for Conflicts of Interest of Domestic Equity Product Investment-related Personnel, the main points of which are as follows:

- (1) Before engaging in domestic equity product transactions, these personnel shall apply for and obtain approval from the relevant departments.
- (2) These personnel shall regularly report any domestic equity product transactions between themselves and a spouse, minor child, or person under whose name they trade, and the relevant units shall check the reported information.

5. Code of Ethical Conduct and disciplinary measures

If a director, manager, or person with the authority to manage and sign for the Company violates the Company's Code of Ethical Conduct, the Company shall handle and announce the incident in accordance with the Company Act, the Articles of Incorporation, and internal regulations. If domestic equity product investment personnel violate conflict-of-interest regulations, they will be disciplined according to the Company's Employee Incentives and Punishment Measures or other relevant measures.

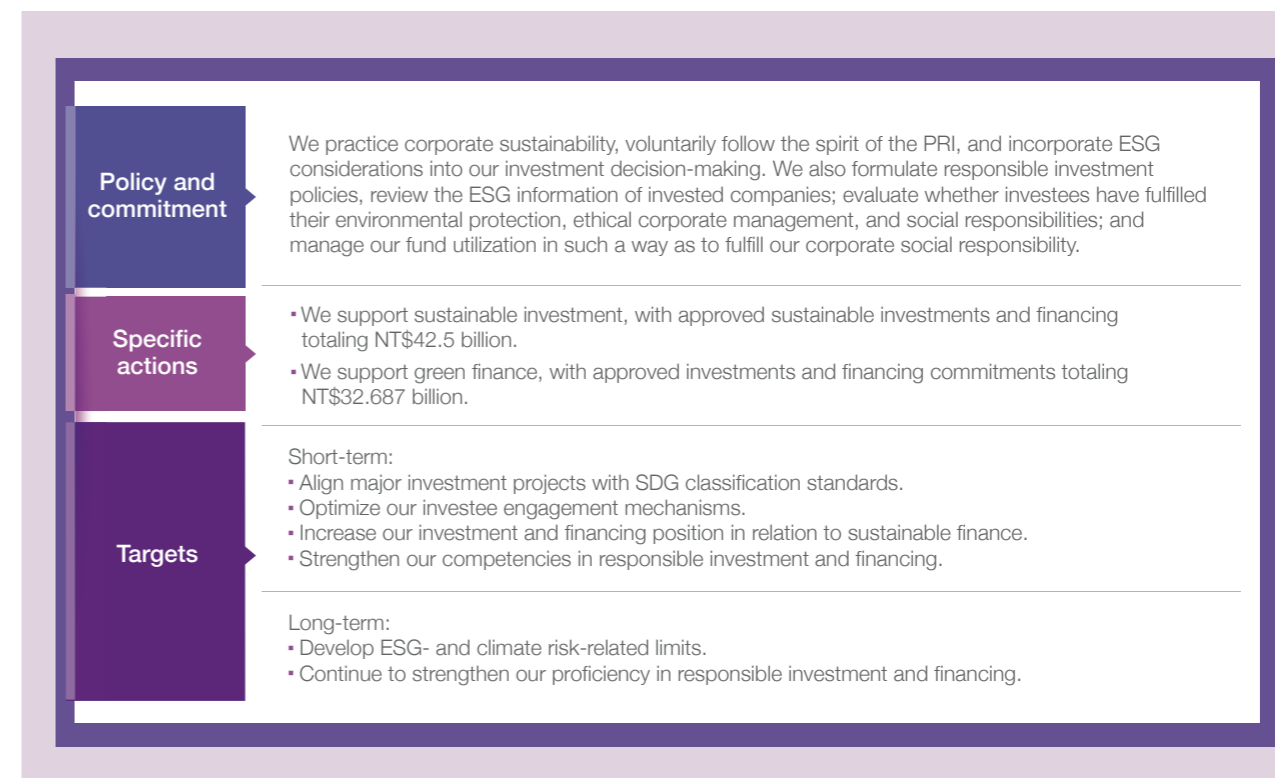
6. Disclosure of conflicts of interest

The Company shall, as necessary, summarize and explain to clients or beneficiaries the causes and handling of the material conflicts of interest.

5.2 Responsible investment

We have formulated a Responsible Investment Policy and Responsible Investment Regulations in accordance with the six principles of the PRI and in order to guide our daily operations. More than 100 employees from our investment unit participate in our internal responsible investment operations and carry out our ESG investment activities. Furthermore, we established a dedicated unit for sustainable investment in 2021, responsible for our sustainable investment strategy, policy formulation, and process optimization, and we actively participate in internal and external forums and training activities.

Management approach for material topic: Responsible investment and financing



Evaluation of responsible investment



Responsible investment process

<SASB:FN-IN-410a.2>

Taiwan Life has formulated corresponding responsible investment procedures for different investment types, and determines whether to proceed with investments or reduce investments based on the corresponding evaluation results. For various green, social, and sustainability bonds, fund utilization reports are strictly reviewed to ensure that funds are used to support environmental sustainability development. The scope of responsible investment covers stocks, corporate bonds, financial bonds, private equity funds, infrastructure funds, building under construction (BUC) cases, transaction counterparties, and investment service brokers. In the period between May 19, 2020, and Dec. 31, 2020, a total of 185 investments were made based on responsible investment assessment results.



- Domestic and foreign listed stocks and bonds
 1. Check exclusion list, level of involvement in material ESG issues, external ESG rating systems, and ESG risk assessment.
 2. Responsible unit(s) determine presence of risk and the need for further engagement and communication.
 3. Derive ESG negotiation results and decide to proceed or withdraw from the investment.
- Domestic and foreign unlisted stocks and funds
 1. Check exclusion list, level of involvement in material ESG issues, and ESG risk assessment.
 2. Responsible unit(s) assess risk mitigation and determine whether the risk may negatively impact the environment or society.
 3. Decide to proceed or withdraw from the investment based on the risk assessment.
- Real estate

For BUC investments, Taiwan Life conducts a responsible investment assessment during the evaluation and design of the case, and energy, water, waste, and stakeholder participation, among other aspects, are evaluated with reference to the principles of the Global Real Estate Sustainability Benchmark.

Note: Due to technical and regulatory restrictions, this is applicable only for BUC investment cases and excludes the purchase or sale of completed properties handled by Taiwan Life and related cases of its subsidiaries for special purposes.
- Transaction counterparties and investment service brokers
 1. Assess whether its investment policies and practices are in line with the spirit of Taiwan Life's Responsible Investment Policy, such as formulating an ESG investment policy, signing or voluntarily complying with the U.N. PRI, or annually assessing the ESG performance of its portfolio companies.
 2. Conduct engagement if assessment standards are not met.

3. Responsible unit(s) conduct risk evaluations and make decisions based on ESG engagement results.

Risk management for responsible investments

Taiwan Life maintains a list of prohibited industries for its investment portfolio based on its exclusion list and assessment of the level of involvement in material ESG issues. The ESG performance of an investment subject is evaluated using an external ESG rating system, and the investment subject is reviewed using an ESG risk assessment form. For enterprises that have failed to meet the standards, further engagement and communications are deemed necessary in order to reduce the possibility of investing in high-ESG risk enterprises. Investment amounts or the number of collaboration opportunities may be increased if improvements are observed after the engagement. Regular post-investment management is conducted to ensure that investment subjects regularly monitor their respective levels of involvement and ESG risk-related matters.

Risk management and evaluation for responsible investments

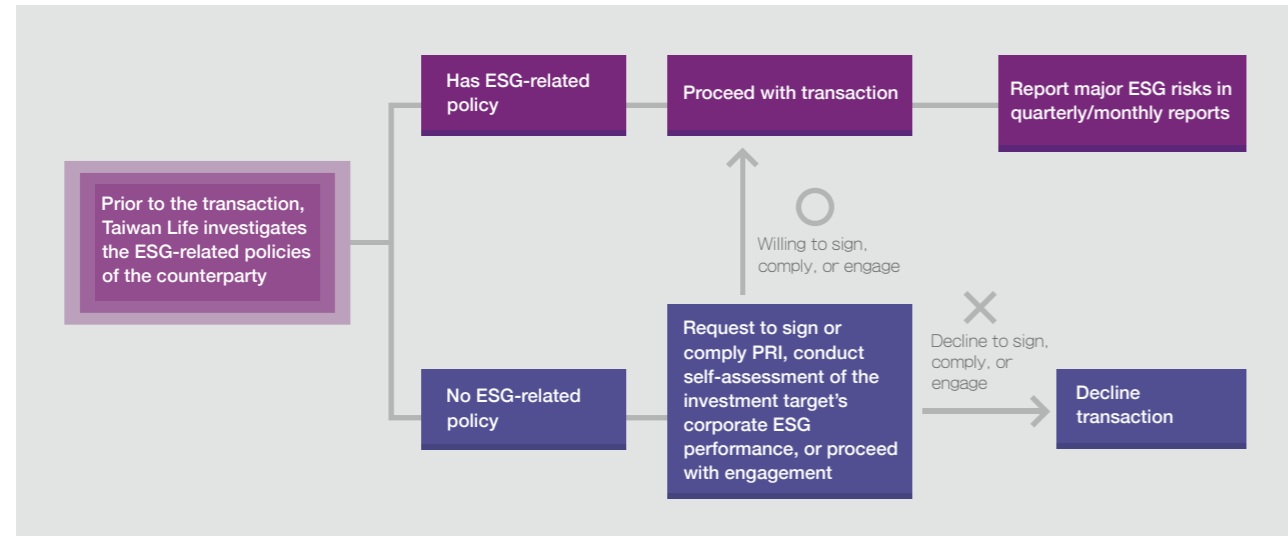
Evaluation item	Evaluation method
Exclusion list	Check whether an investment subject belongs to an industry on the Company's exclusion list.
Level of involvement in material ESG issues (Refer to 5.4 Engagement and voting management)	Leverage the in-house ESG news database to search for potentially negative news related to the investment subject. If the investment subject is involved in a major ESG issue, an ESG risk assessment form is checked and follow-up engagement conducted based on the assessment score.
External ESG rating system	Reference is made to ratings by global ESG rating organizations and by cross-checking with the ESG performance evaluation of the investment subject. If the rating cannot be found or is lower than the pre-determined level set by Taiwan Life, the ESG risk assessment form is referred to.
ESG risk assessment form	Public information on the investment subject is collected and assessed to elucidate all major ESG issues and their related financial impact. A comprehensive risk assessment is conducted and support is given to the investment subject to adopt the GRI Standards during the preparation of their sustainability reports.

We examine whether investment service brokers or counterparties not listed in the external ESG rating system are not applicable to the ESG risk assessment form in advance. We will further evaluate whether they have formulated ESG-related policies or measures and determine the feasibility of them signing on to and abiding by Taiwan Life's Responsible Investment Policy. During the early stages of an investment proposal, we seek to gain a thorough understanding of the potential investee's ESG-related policies, supervise its ESG risk management, and evaluate whether it is involved in an industry on the exclusion list or major issues of Taiwan Life. The investment trusts and asset management companies that Taiwan Life currently collaborates with all have ESG-related policies or measures in place, and they are required to report any major ESG risks of investment subjects to Taiwan Life in their monthly or quarterly performance reports. In addition, to facilitate our management of real estate construction investments, we require contractors and builders to issue regular reports on occupational health and safety incidents.

Real estate investment risk management: Occupational health and safety reports



Risk management process for external investment service brokers and counterparties



Responsible financing

In accordance with the Operating Regulations for Loan Credit Investigation, Approval, and Review, during the credit review and due diligence process, borrowers are investigated to determine whether they have best-in-class ESG practices and sound credit underwriting and evaluations, and to confirm whether they have been prosecuted for any cases involving ethical corporate management and social responsibility. These findings are required to disclose in the cover page of the credit approval package, so that all authorized supervisors can deliberate sound and proven decisions.

As a portion of financing businesses are domestic small and medium-sized companies and individuals, negative information filtering is mainly used in the due diligence process, such as to check whether the companies and representatives are involved in litigation, examine the general condition of the companies handling their employees' labor pensions, and determine whether any negative information or news about the company has been reported. For the post-investment management of these clients, the corporate entities, responsible persons, and guarantors shall be subjected to an interim review every six months after the transaction is approved in accordance with the Guidelines for Review Management. Interim reviews are required to repeat the credit investigation and evaluation of information related to changes in operating capacity, loan profile and credit records, anti-money laundering prevention, and ESG assessment.

Responsibility financing process



5.3 Results of responsible investment

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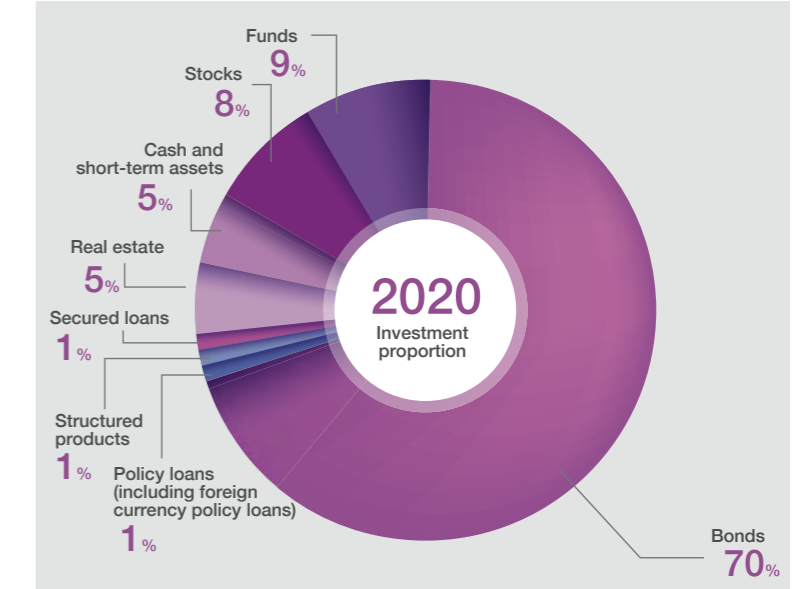
In recent years, Taiwan Life's investment portfolio has focused mainly on long-term holding and stable profit-making investments (domestic and foreign bonds), aiming to provide reassuring and stable income for the insured and safeguard their rights and interests with downside protection. In 2020, Taiwan Life's investment assets totaled NT\$1.9 trillion, with distribution by asset category as follows:

Investment assets in 2020 Unit: NT\$ thousand

Asset class	Amount
Bonds	1,349,590,738
Funds	177,494,100
Stocks	153,053,389
Cash and short-term assets	96,333,612
Real estate	85,779,137
Secured loans	27,430,215
Policy loans (including foreign currency policy loans)	25,342,125
Structured products	23,825,720

Note: Data current as of Dec. 31, 2020.

Investment proportion in 2020



In terms of sustainable investments, Taiwan Life adheres to the asset allocation principles of its overall investment portfolio, focusing on domestic and foreign bonds and project financing. As of the end of 2020, the cumulative approved investments in sustainable development totaled NT\$42.5 billion. We are continuing to explore investment subjects in order to support sustainable development as well as the government's Green Finance Action Plan 2.0 and "5 plus 2" industrial innovation policies.

Sustainable investments

Investment type	Description	Total			
		2020	2019	2018	
Sustainable bonds	<ul style="list-style-type: none"> Recognized by the International Capital Market Association (ICMA) and meeting the standards of foreign green bonds, social bonds, or sustainability bonds. Domestic bonds recognized by OTC as sustainable bonds. Issued by a bond issuer more than 50% of whose production capacity or revenue is in sustainability-related businesses/industries. 	Domestic	7,199,999	2,300,000	-
		Foreign	9,282,279	11,087,499	12,388,817
Equity and fund investments	<ul style="list-style-type: none"> Public investment: solar power generation, wastewater treatment, wind power generation, and low-carbon natural gas power generation Infrastructure funds: green energy funds 		9,543,694	5,748,875	2,198,875
Financing	Three offshore wind farm projects: Formosa 2 Wind Power, Changfang & Xidao, and Ørsted subsidiary Mercury Taiwan Holdings.		16,459,062	12,959,062	-
Total			42,485,034	32,095,436	14,587,692

Green finance

Long before adopting the PRI, Taiwan Life was actively involved in green finance. We are among the first in the industry to invest in solar power, which we have done since 2014, and we have astutely anticipated future market trends and best practices by investing in foreign private equity funds and infrastructure funds. In 2018, we invested in Copenhagen Infrastructure Partners (CIP) in order to understand the industrial development, risks, and practices of renewable energy. In 2019, we jointly established Taiwan Wind Investment Co., Ltd. with CIP to develop an offshore wind farm project toward which Taiwan Life contributed NT\$2.5 billion, representing approximately 43% of the equity. We also became the first life insurance company in Asia to be directly involved in offshore wind farms. Later in 2019, we participated in the Formosa 2 syndication loan for a 376-MW offshore wind farm off the coast of Taiwan's Miaoli County, becoming the first life insurance company in Asia to champion such task in a project finance and for which we received six honors at The Asset magazine's Triple A Infrastructure Awards, including ESG Investor of the Year. As part of our commitment to sustainability, we have proactively responded to the government's "Green Finance 2.0 Action Plan", focusing on investment in "Green Energy and Circular Economy." For example, in 2015, we invested in a low-carbon natural gas power plant with a capacity of 490 MW and annual electricity output of 2.1 billion kWh. This will reduce an estimated 230,000 tons of carbon emissions every year, with no heavy metal pollution harming the environment. Furthermore, we have invested a total of NT\$318 million in the construction of a wastewater treatment plant that, upon completion, will treat up to 31,000 tons of wastewater every day.

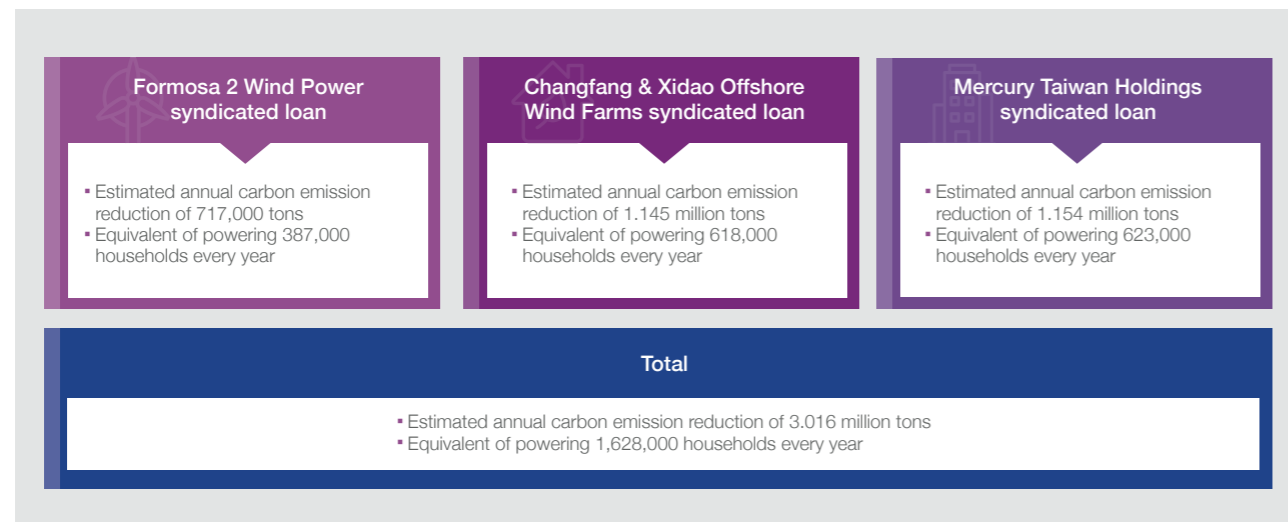


Green investment and financing in 2020

Unit: NT\$ million

Investment and financing projects		Accumulated approved investment and financing amount
Investments	Green bonds	16,228
Financing	Formosa 2 Wind Power syndicated loan	6,000
	Changfang & Xidao Offshore Wind Farms syndicated loan	6,959
	Mercury Taiwan Holdings syndicated loan	3,500
Total		32,687

Benefits of green finance in 2020



SDG investment

Taiwan Life leads CTBC Holding's PRI task force, coordinating the investment units of six subsidiaries (i.e., those of the banking, life insurance (including property insurance and leasing), securities, venture capital, securities investment trusts, and asset management subsidiaries) and periodically tracking performance with regard to each SDG. In its 390 equity and 318 bond investments at home and abroad, Taiwan Life's main priorities are SDG 11 (Sustainable City and Communities), SDG 8 (Decent Work and Economic Growth), SDG 3 (Good Health and Well-being), SDG 5 (Gender Equality), and SDG 10 (Reduced Inequalities). It is scheduled to add SDGs as an integral part of ESG investment evaluations in 2021.

Top 5 SDG investment goals

Ranking	SDG	Percentage of investment
1	SDG 11 Sustainable Cities and Communities	31.4%
2	SDG 8 Decent Work and Economic Growth	27.1%
3	SDG 3 Good Health and Well-being	25.0%
4	SDG 5 Gender Equality	22.2%
5	SDG 10 Reduced Inequalities	21.8%

Note: The same investment subject may correspond to more than one SDG.

5.4 Engagement and voting management

Engagement and communication

In accordance with our Responsible Investment Policy and relevant operating procedures, we will conduct an engagement plan with investment subjects which failed in the ESG assessment or not included in the ESG rating system, if needed. Our engagement methods include personal visits, online meetings, telephone interviews, and written communication.

If a significant ESG risk is identified during an evaluation, follow-up communication is carried out. For investment entities that decline to communicate and reduce the risk in question, we discontinue investment or gradually reduce our holdings. For less riskier investment entities, we communicate with their management or express our opinion by exercising our voting rights at shareholders' meetings. We also continue to communicate and track the ESG performance of relevant subjects, assess their risks, and track the impact of engagement on them.

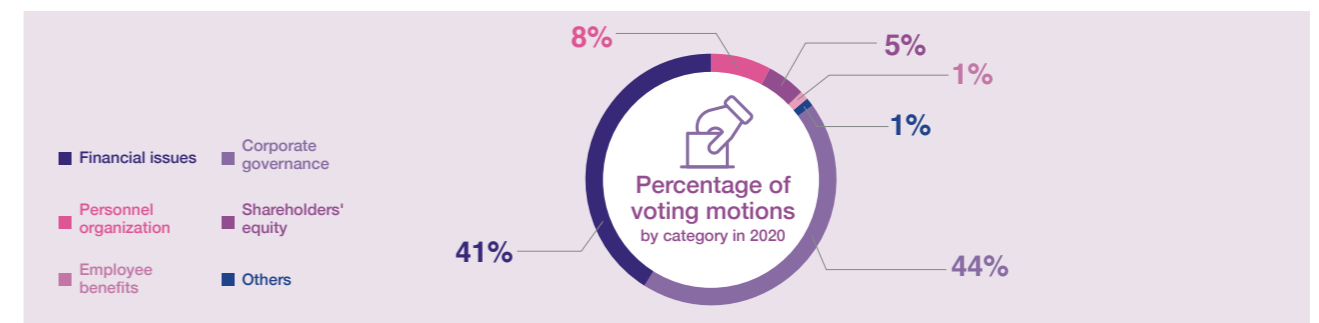
The Company holds regular meetings with its two partners that are investment trust and asset management companies. The discretionary contract stipulates that the trustees must consider ESG performance when investing and report to Taiwan Life in the event of a significant ESG-related issue. For example, in 2020, the Company communicated with the discretionary companies 21 times and attended real estate management committee meetings 39 times. During that period, no major ESG-related issues were found.



Engagement and communication in 2020

Type of counterparty	No. of times
Domestic stocks	192
Foreign stocks	19
Domestic funds	3
Domestic project investment companies	54
Discretionary investments	21
Real estate management committee meeting attendance	39

Percentage of voting motions by category in 2020



Engagement topics

Scope	Issue
Environmental	Major environmental issues we look for are climate change and biodiversity. After the investment review, we avoid the following industries: illegal logging, oil palm, coal mining, petroleum, and coal-fired power generation.
Social	The major social issues we look for are the protection of human rights in the workplace and occupational health and safety. If negative news exists, such as regarding an occupational accident or sanction for violation of labor regulations or occupational health and safety regulations, we check whether the investment subject company has any of the following violations before continuing with investment: child labor or forced labor, any form of discrimination or differential treatment, death or serious illness of workers due to overwork, major occupational accident, and negative news issues such as being sanctioned for violating labor laws and regulations or occupational health and safety regulations stipulated by the government.
Corporate governance	The major corporate governance issues we look for are integrity management and management suitability. During the investment process, we examine whether the subject company has been sanctioned for violating ethical corporate management principles or has any negative news regarding ethical violations by board members or senior management.

Example responsible financing evaluation in 2020

Financing project	Reason(s) for deviation	Follow up actions
A. Judicial dispute involving a construction and development project and a representative	The construction company was involved in a dispute with the government relating to a development project, and that company's representative was accused of bribing public servants and involved in other judicial cases. These lawsuits attracted public criticism, casting doubt on the ESG of the company during Taiwan Life's interim review of it.	In consideration of factors such as the company's sound financial structure, the forthcoming attitude of the new company representative to accept responsibility for the disputes, successful transactions with the company in the past, and that the value of the collateral had not been devalued, it was determined during the interim review to continue the business relationship with the company but to keep it under close observation.
B. Construction real estate-backed financing case	The collateral of this corporate borrower was found to be located on a dip slope, triggering outcry among residents in the surrounding communities over the safety of the construction development. This negative ESG information thus raised concerns from Taiwan Life during the financing process.	In consideration of the social responsibility and environmental sustainability issues involved, the loan application was declined.
C. Construction real estate-backed financing case	It was established that the principal shareholders and ultimate beneficiaries of this corporate client were either on the watch list or poor bond credit rating list of parent company CTBC Holding and thus deemed high-risk customers. This raised ESG-related concern in Taiwan Life during the credit review assessment in the financing process.	Issues related to poor corporate governance were identified, thus the loan application was declined.

Voting policy and ownership

In order to fulfill our stewardship responsibility as an institutional investor, Taiwan Life has formulated and follows operating procedures regarding the exercise of its voting rights. As a matter of principle, to protect the rights and interests of customers and maximize the interests of shareholders, we actively attend the shareholders' meetings of invested companies. Before each meeting, we carefully evaluate the motions on the agenda and related discussions. If necessary, we inquire and communicate with the management before a meeting to gain further understanding of each motion.

In addition to attending meetings in person to cast votes, we also exercise voting rights through electronic voting. In principle, the Company exercises its voting rights in order to express its opinions on a motion. To this end, Taiwan Life may evaluate whether a motion will impair the rights and interests of the proposer, insured, beneficiaries, or shareholders, but ultimately whether to support a motion is at its discretion.

In 2020, due to the impact of the pandemic, the Company participated in most of the 255 domestic and foreign

invested company shareholder meetings electronically. Specifically, it participated in 207 electronically and 48 in person, voting on a total of 1,117 motions.

If either of the following conditions is met, the Company may not attend a meeting to exercise its voting rights:

1. Taiwan Life holds less than 5% of the total number of shares issued by the invested company, and the purchasing cost of the shares was less than NT\$1 billion.
2. The reason for not attending the meeting has been stated and approved by the responsible person.

Explanation on the exercise of voting rights

Explanation of votes for	In respect of the professionalism of invested companies and to promote their effective operation and development, we in principle support motions proposed by their management.
Explanation of abstentions	According to Article 146-1 of the Insurance Act, insurance enterprises cannot vote in the election of directors or supervisors of investee companies. Therefore, we abstain from voting on motions on the election of directors and supervisors.
Explanation of votes against	We do not support proposals that hinder the sustainable development of an invested company or violate Taiwan Life's Responsible Investment Policy (i.e., proposals that hinder sustainable environmental, social, or corporate governance). In 2020, we voted against four venture capital companies' resolutions regarding a "Venture Capital Entrusted Operation and Management Contract." We did so in order to urge these companies to expedite the disposal of excess assets, which had already exceeded the contractual period, in order to protect the investment rights and interests of shareholders.

2020 voting results

Classification of motions	Major resolutions	Total votes	For	Against	Abstain
Financial issues	Approval of business reports and financial statements	222	222	0	0
	Earnings distribution or loss offsetting	236	236	0	0
Employee benefits	Issuance of new shares with restriction of employees' rights	12	12	0	0
	Issuance of employee stock options below market price	3	3	0	0
Shareholders' equity	Transfer of treasury stock below average repurchase price	0	0	0	0
	Company dissolution, merger, acquisition, share transfer, or division	14	13	0	1
	Capital increase (retained earnings, capital reserves, dividend distribution, or cash as capital for issuance of new shares)	27	27	0	0
Corporate governance	Private placement of securities	8	8	0	0
	Capital or cash reduction (for offsetting losses or cash refund)	9	9	0	0
	Amendment of articles of incorporation or operating procedures	343	342	0	1
Personnel organization	Lifting the ban on directors from participating in competing companies	143	141	0	2
	Execution of the right to recover short-swing profit from statutory insiders	0	0	0	0
Others	Election of directors and supervisors	84	7	0	77
	Dismissal of directors and supervisors	0	0	0	0
Total		1,117	1,031	4	82
		100%	92.30%	0.36%	7.34%

Note: For domestic companies in which Taiwan Life had an equity investment in 2020, the total number of voting rights exercised was 247.

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Diverse talent development

Our workforce is the foundation of our corporate operations, and as such, diverse talent development is critical to Taiwan Life's growth. Our parent company, CTBC Holding, entered the insurance market 10 years ago, subsequently seeing three major mergers and acquisitions (MetLife, Manulife, and Taiwan Life) in four years. Through an effective talent integration policy put in place after these reorganizations, the outstanding talent of these three companies were quickly integrated into the Company and other talent from across the industry was recruited to create new profit peaks. Fintech has subverted the traditional models of financial services. Our business development strategy is thus emphasizing digital transformation, such as by actively creating an environment suitable for digital talent, cultivating digital professionals, and accelerating the improvement of our customer experience and service efficiency. In order to adopt IFRS 17 in advance of being legally required to do so and to improve our asset-liability management methods, we are actively cultivating cross-domain professionals, ensuring that the relative impact of future adoption can be minimized and thus supporting sustainable operations.



12.8% drop in turnover

By offering better employee benefits, more competitive remuneration, and a friendly and healthy workplace environment, the average turnover rate of office staff in 2020 was 16.0%, down 12.8% from 2019.



19,100 participants in ESG-related courses

In 2020, we organized ESG courses such as environmental management, legal compliance, and corporate governance, with a total of 19,100 participants.

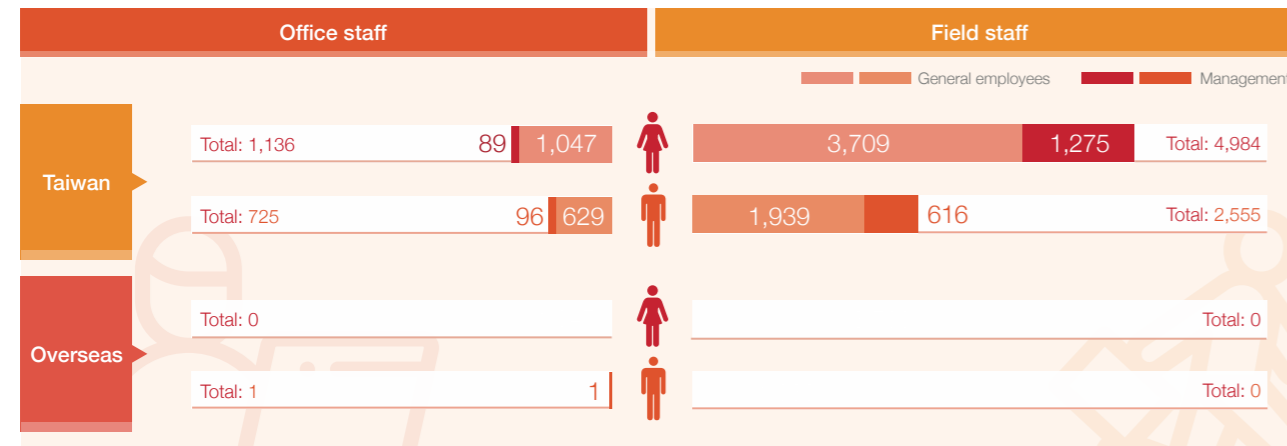
6.1 Talent recruitment and cultivation

Overview of employee structure

As of the end of 2020, Taiwan Life's employees totaled 9,401, comprising 1,862 office staff and 7,539 field staff, and with women accounting for 65.1% of all staff. We provide an equal-opportunity employment environment, including for indigenous people, those with a physical or mental disability, and foreign nationals, in order to foster a diverse workplace. In 2020, we employed 9 indigenous employees and 13 employees with a physical or mental disability.

Number of employees	
Office staff	1,862
Field staff	7,539
Total	9,401

Employee profile



Note 1: Management refers to supervisors who are responsible for supervision and management at or above the section chief level.
 Note 2: All employees of Taiwan Life are full-time employees.

Age distribution of employees

Office staff	Women			Men		
	30 or younger	31-49	50 or older	30 or younger	31-49	50 or older
General employees	203	681	163	126	375	128
Management	0	51	38	0	59	38
Total	203	732	201	126	434	166

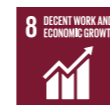
Field staff	Women			Men		
	30 or younger	31-49	50 or older	30 or younger	31-49	50 or older
General employees	615	1,798	1,296	585	910	444
Management	85	605	585	104	321	191
Total	700	2,403	1,881	689	1,231	635

Note: Management refers to supervisors who are responsible for supervision and management at or above the section chief level.

Talent recruitment

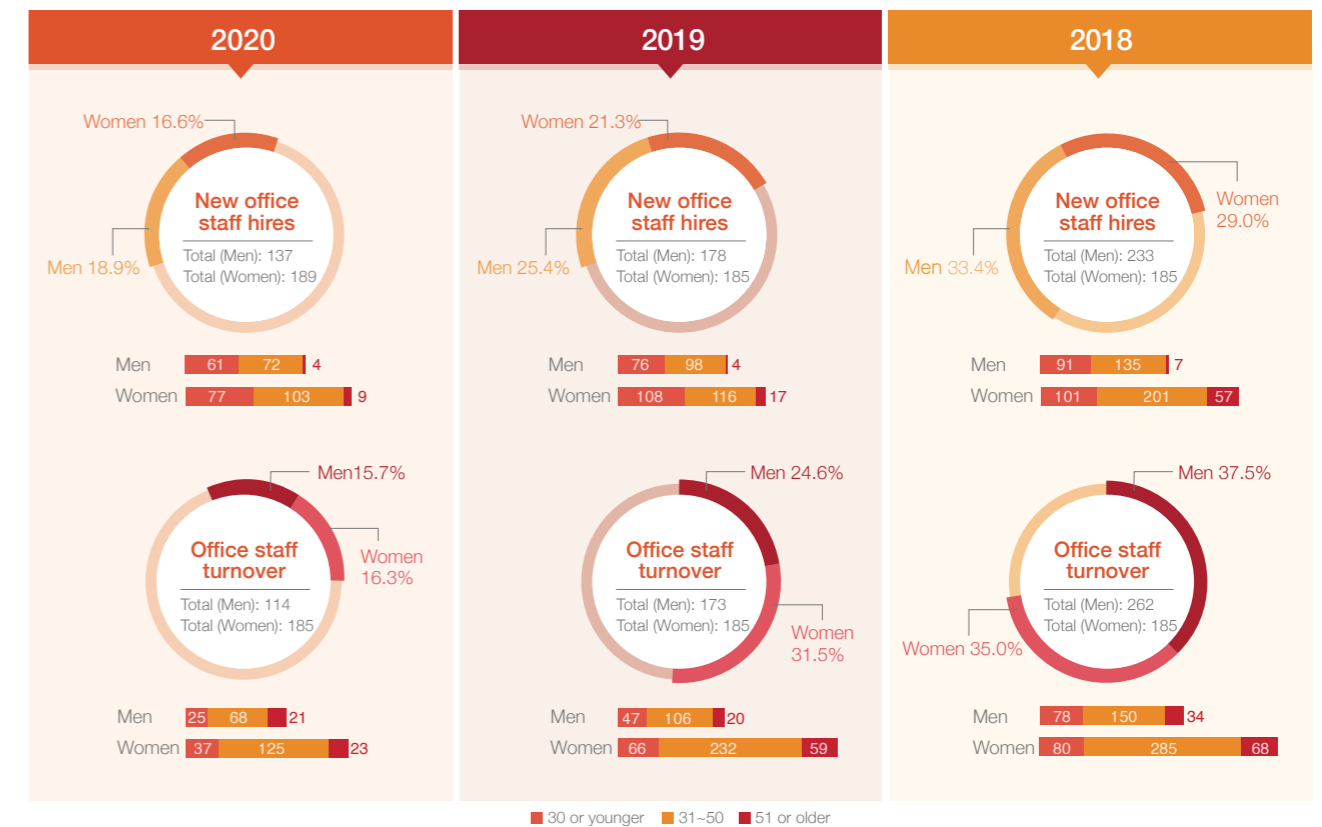
In order to smoothly adopt IFRS 17 and grasp the opportunities posed by fintech, Taiwan Life's overall talent recruitment strategy focuses on cross-domain, digital transformation talent. We actively recruit financial professionals in business planning, data analysis, and commerce application for pre-emptive preparation to enhance our competitiveness. In 2020, the total recruitment-related expenditure of Taiwan Life was NT\$4,647,951.

Since joining the parent company, CTBC Holding, in 2015, we have planned better employee benefits, provided a more competitive remuneration system, and created a solid talent foundation with a friendly and healthy



workplace environment. In the past three years, our turnover rate has decreased significantly, with an average turnover rate of 16.0% for office workers in 2020.

New hires and turnover of office staff



Management associate program

In addition to recruiting financial professionals, Taiwan Life has held an annual management associate (MA) program to recruit cross-disciplinary talents with diverse fields of expertise and nationalities and who display the "SMART" abilities of being savvy, mobility, ambitious, resilience, and a team player. The MA program offers us insight into the core development opportunities in the insurance field and provides a steady stream of investment and insurtech talent, laying a strong foundation for our future insurance business operations.

Internship program

Industry-academia cooperation is another important business direction of Taiwan Life in terms of talent recruitment policy. We cooperate with Chengchi University and CTBC Business School to provide internship opportunities to allow outstanding students to get real-world corporate experience and apply what they have learned. Furthermore, after graduation, many interns are provided with employment opportunities; of those who participated in the 2019 internship program, nine went on to take up employment positions in the Company. In 2020, we organized a two-month learning course focusing on the fields of products, actuarial, data analysis, digital finance, and business planning. All interns had a section-level supervisor as their internship tutor for one-on-one guidance, with our focus on practical projects bridging the gap between academic theory and practical work and offering the interns a comprehensive professional learning experience. In 2020, a total of 17 students participated in our internship program.

On-campus recruitment

We hold campus recruitment activities in March and April every year, mainly for our MA program and our CTBC Business School job-matching program. The MA program is promoted through campus exhibitions and campus seminars, with interactive activities and games organized to effectively engage students while raising their understanding of our corporate identity. For CTBC Business School employment matching, we invite CTBC Business School alumni to give speeches to share their work experience at Taiwan Life. In 2020, a total of 17 MA program enrollees and CTBC Business School students were recruited to work in Taiwan Life.

Employee remuneration system

Taiwan Life's offers competitive remuneration, with a range of diverse and fair packages that include a performance bonus, employee remuneration, employee stock appreciation rights, and employee welfare savings. Through this remuneration framework, key talent can be retained.



We uphold the principles of fairness and equality in the distribution of all benefits and awards. We do not have engaged in differential treatment or discrimination on the basis of gender, ethnicity, age, religion, political standing, marital status, or nationality. In order to maintain internal fairness and external competitiveness, we conduct market compensation surveys every year; adjust remuneration according to market compensation levels, economic trends and personal performance; and adjust the internal remuneration system as necessary.

In addition, we conduct a performance management review every year to accurately understand the work performance of our employees. As well as the necessary internal control, legal compliance, and compliance with information security, the audit indicators of each unit can include comprehensive indicators such as cost control, personal improvement and team management, as well as ESG performance. Through management by objectives (MBO) and in combination with the Company's strategic targets and organizational culture, the supervisor and employees jointly formulate development plans and individual performance goals (MBO) at the beginning of the year, which are reviewed and revised in the middle of the year. At the end of the year, feedback and evaluation are given on the achievement of various targets.

Diverse, long-term incentives

- Performance bonus: The bonus encourages employees to strive to achieve the Company's operating objectives and is determined by taking into account unit performance, personal performance, compensation level, position value, and job duties according to the Company's revenue performance and market competitiveness.
- Employee remuneration: To encourage employees to fulfill their potential and improve their business performance, this employee remuneration is allocated annually according to the relative contribution of their position and personal performance appraisal.
- Employee stock appreciation rights: A long-term incentive with a three-year deferral period, thus tying it to the Company's long-term operational performance as an employee retention strategy.
- Employee welfare savings: Employees may set aside a certain amount every month, and the Company will allocate a subsidy for the purchase of CTBC Holding shares that will be placed in a trust.

In 2020, the total number of full-time employees in non-supervisory positions of Taiwan Life was 1,695, with total salaries in 2020 of NT\$2,205,517,413. The average salary of full-time non-managerial employees has been increasing over recent years, with their median and average salaries as follows:

We provide various subsidies and protections to help our employees strike a healthy work-life balance. In addition to fulfilling the provisions stipulated by basic laws and regulations, we offer cash gifts and bonuses for

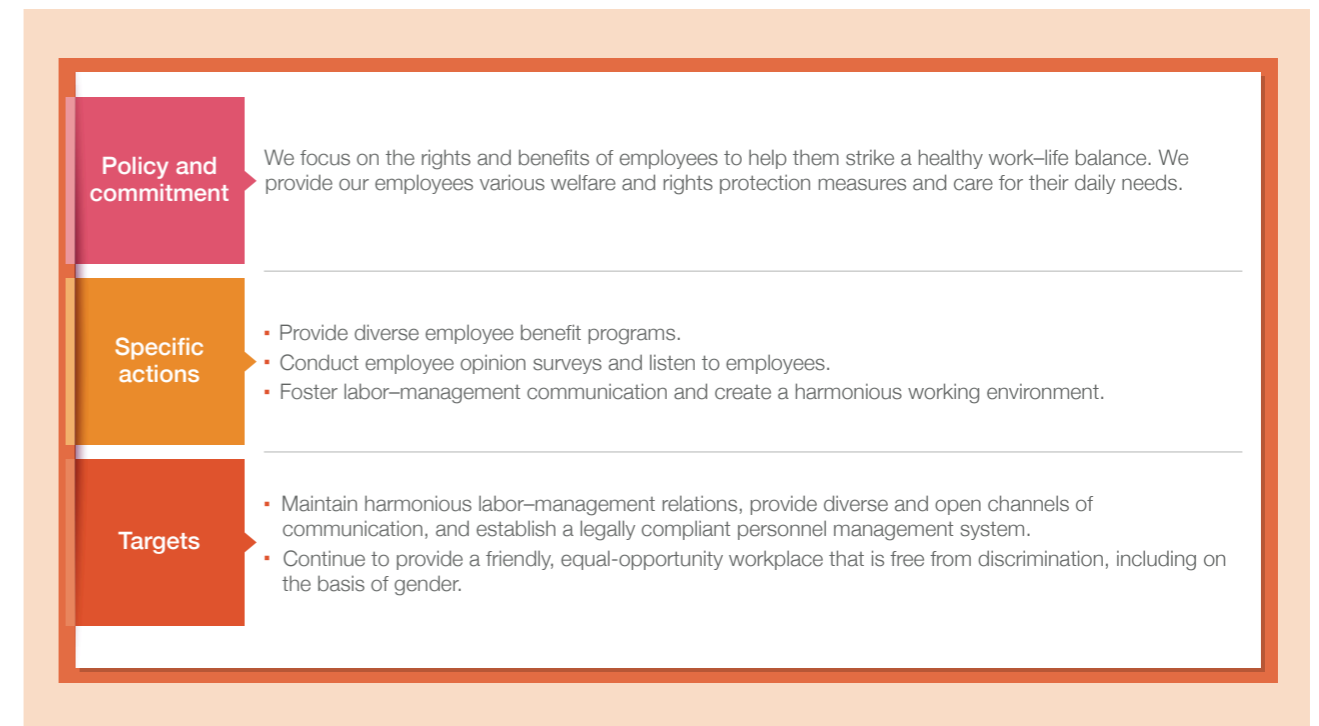
Salary status of full-time non-managerial employees

	2020	2019	2018
Employees	1,695	1,719	1,755
Average salary	1,301,190	1,273,946	1,104,244
Median salary	1,079,697	1,030,779	921,946

Unit: NT\$

Note 1: "Total salary" refers to the employee's salary for the current year, based on the accrual of rights and responsibilities and including recurring salary (basic salary and monthly fixed allowance and bonuses), overtime (whether taxable or tax-free), and non-recurring salary (e.g., non-monthly allowance, bonuses, and employee remuneration).
 Note 2: "Full-time non-managerial employees" refers to all employees excluding those in managerial positions, employees in overseas branches, part-time employees, and other employees who meet the criteria for exemption.

Management approach for material topic: Employee rights and benefits



major holidays and birthdays; subsidies for marriage, family funeral and childbirth; long-term service, retiree care, health care, education and entertainment benefits; preferential mortgage rates; and credit loans and group insurance. We also offer a points-based rewards system, which enables employees to redeem their points for products and services including daily necessities, gift coupons for department stores, food coupons and 3C household appliances, etc.

Overview of employee benefits

Unit: NTS

Employee benefit	Total in 2020	
Cash gifts for major holidays and birthdays	55,101,000	
Marriage, family funeral, and childbirth subsidies	4,117,800	
Long-term service benefits	4,253,693	
Retiree care benefits	122,780	
Health care benefits	Health check	7,106,397
	Medical subsidy for hospitalized dependents	5,121,721
	External psychological consultation cooperation project (Employee Assistance Program)	81,841
Educational subsidies	Children's education scholarships	2,179,500
	Certificate subsidy project	110,700
General perks	Flexible benefits	15,796,806
	Massage service	957,000

Office staff development

Taiwan Life is committed to cultivating a high-quality workforce, enhancing the basic competencies of all staff, and nurturing potential talent in order to support the Company's overall strategy. Every year, we use objective assessment methods to conduct a talent inventory for all key duties and positions and define the core competencies of different grades in different positions; we then use the results to determine talent gaps and plan training resource allocation accordingly. The inventory results also aid us in identifying potential talent, the work rotations, project experience, and professional/management training resources for whom are provided to optimize their career progression, thereby effectively improving the effectiveness of our training system.



Topic-based education and training courses in 2020

Course topics	Satisfaction rating (out of 5)
Changing the future through innovation	4.86
Problem analysis and solving	4.78
Orientation training	4.87
Innovative thinking strategies for new trends	4.87
Team decision management	4.56
Team leadership influence	4.63
Rational thinking skills	4.87
Average satisfaction	4.70

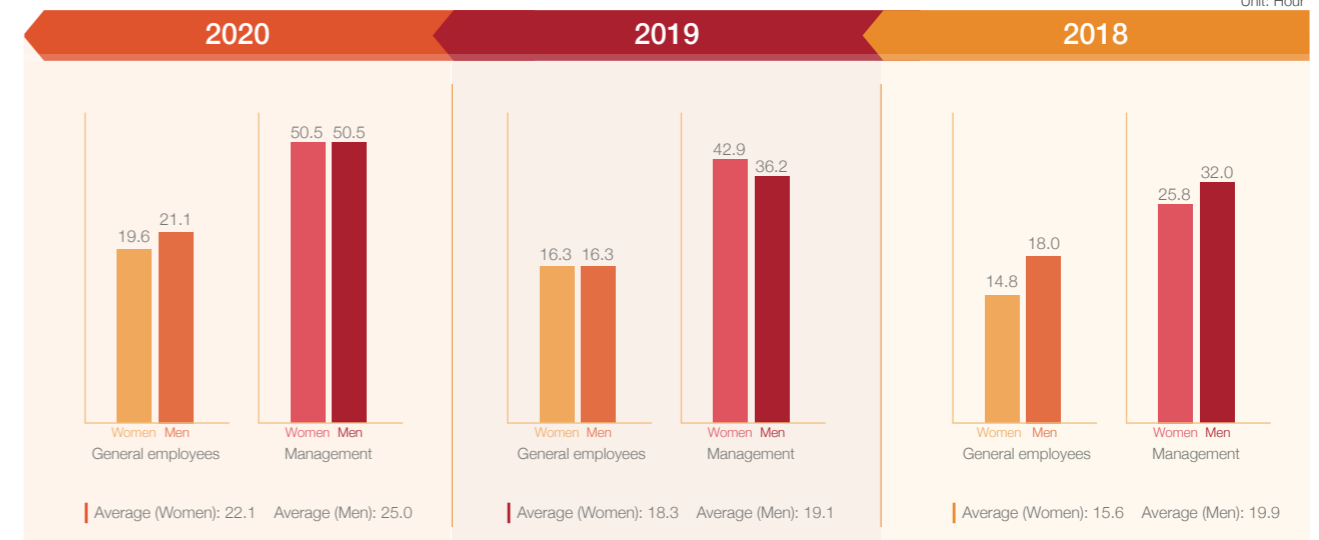
In 2020, Taiwan Life's staff education and training expenses totaled NT\$6,449,246, with 5,047 participants in general courses and 19,100 participants in ESG-related courses. In addition, we organized cross-unit and cross-domain project teams, cooperated with professional consulting companies, carried out professional training activities, planned agile development courses, implanted transformative thinking, created a common language for team communication, and accelerated the achievement of project milestones. Satisfaction questionnaires are conducted prior to the completion of training courses to elicit participants' suggestions and feedback for reference in future curriculum planning. In the courses held in 2020, the overall average satisfaction rating was 4.7 out of 5.

Education and training course highlights

Course name	Sessions	Course content	Participants
Harvard Case Discussion, Decision-making Tools	4	Through Harvard case discussions, decision-making methods are introduced and participants learn how to conduct group decision-making so as to leverage potential synergies and avoid adverse effects.	163
Changing the Future through Innovation	2	Renowned expert Logan Hsu gave these lectures on innovation, including on practical innovative thinking skills. Participants learned that innovation "is not a wild horse" and can indeed have an SOP, and that a common language of internal innovation can be established to enhance the innovative capacities of an organization.	167
Agile Development Education and Training	9	With courses designed for different positions from the president to section chiefs, this course taught agile thinking and practical agile development methods. By establishing review communication groups during the course, organizing after-class discussions, and encouraging participants to solve real-world problems with the instructor, the course fostered an agile culture of innovation and efficiency in Taiwan Life.	235

Average annual office staff training

Unit: Hour



Note: Management refers to supervisors who are responsible for supervision and management at or above the section chief level.

Field talent development

To elevate the professional competencies of our agents, we have launched the Superorganic Taiwan Life Agency Reactivating System (STAR). This business training program covers product knowledge, licensing and certification lessons, customer needs identification, policy consultations, and customer service and provides three levels of training: basic, advanced, and premium.

For field business supervisors, our training start with junior supervisors, strengthening their management skills step by step through agent recruitment and scouting, agent cultivation and guidance, and operating management. Through this standardized, systematic, and professional training system, field supervisors will be equipped with comprehensive understanding of business and insurance development concepts. Overall, the average STAR training of our field agents exceeds 30 hours. By providing financial subsidy for obtaining certificates, we encourage field agents to enrich their financial and insurance knowledge, so they can convey precise insurance information to the policyholder.



Average annual field staff training and expenditure

Unit: Hour

	2020		2019		2018	
	Men	Women	Men	Women	Men	Women
General employees	36	31	39	35	44	35
Management	31	27	32	30	38	34
Average	34	30	37	34	43	35
Annual training expenses	NT\$7,385,340		NT\$8,963,540		NT\$8,437,726	

Note 1: Management refers to supervisors who are responsible for supervision and management at or above the section chief level.
 Note 2: In 2020, due to the impact of COVID-19, many planned physical courses were cancelled or changed to online courses. We expanded our training resources accordingly, such as live broadcasts and our e-learning platform, in order to provide employees with a diverse learning environment free from time and space requirements.

To elevate the professionalism of our agents, we have been actively promoting and transforming our digital learning offerings. In addition to physical courses, we provide a diverse range of learning channels. Through the online courses on our e-learning platform and video clips available through our TOP Channel video platform, our agents can increase their study frequency and thus leverage learning synergies and achieve continuous learning. Agents can register for and take classes online for subjects ranging from compliance to products to certifications. In 2020, 149 online courses were conducted, the accumulated learning hours for which reached 240,773.8 hours. With internet access, agents can learn anytime through various devices, including smartphones. In 2020, 623 people completed the training for the qualification certificate for life insurance agents, 596 people completed the training for the sales certificate in foreign currency-denominated non-investment-linked life insurance products, and 592 people completed the training for the sales certificate for investment-linked insurance products.

E-learning platform participants and learning hours

Item / year	2020	2019	2018
Online courses	149	155	102
Learning hours	240,773.8	309,541.5	261,244.5

Note: Extra compliance courses were added in 2019 in accordance with government policy, and the study hours of field staff for the year increased as a result.

6.2 Employee rights and workplace health



Taiwan Life continues upholds CTBC Holding's "We are family" brand spirit, corporate mission to protect and build assets, and brand values of being caring, professional, and trustworthy. In doing so, we adhere to the five values of integrity, innovation, professionalism, teamwork, and care and prioritize the safety of our employees.

To provide our employees with the best possible working environment, we have a three-pronged commitment to "Risk-based thinking," "A healthy future," and "A culture of safety." These guide our efforts to ensure healthy and safe working conditions, prevent injuries and adverse health effects in the course of our business activities and services, reduce workplace hazards, actively implement occupational health and safety performance management, and reduce occupational health and safety risks. Specifically, we are working to:

01

Comply with the requirements of relevant regulations and obligations, and implement a safety-driven procurement strategy.

02

Conduct regular education and training to raise awareness regarding occupational health and safety.

03

Integrate relevant resources and implement a plan to eliminate hazards and risks.

04

Continually improve workplace health and safety, with regular reviews to achieve the goal of a friendly workplace.

05

Expand and leverage the influence of the Company to encourage surrounding enterprises to participate in the formation of an ecosystem that values occupational safety.

Employee communication and surveys

We conduct regular employee surveys. The most recent such survey, in 2019, received valid responses from 1,483 employees, with a response rate of 97%. The survey is designed to accurately gauge the opinions of employees, comprising questions on 18 topics from organizational, strategic, and management perspectives. Through regular follow-up surveys, we evaluate employees' perception of corporate culture and the effect on their conduct of corporate culture-related activities. To further elucidate any gaps in values between employee groups (e.g., by unit, length of service, age, or job level) and industry standards, we track changes in their engagement levels and formulate action plans for "customer care," "performance management," and "work-life balance" in order to provide them with a better workplace experience and support sustainable, long-term organizational performance.

Employee surveys

Listen to employees

Collect employees' opinions on the Company's policies and organizational operations through regular surveys.

Measure corporate culture

Gauge employees' recognition and practice of the Company's corporate culture and five major values.

Implement action plan

Work to enhance the management performance of all levels and to foster a stronger identification among employees with the Company's culture.

Track activity effectiveness

Compare results with those of previous surveys to track the effectiveness of the action plan.

In addition, we hold labor-management meetings (at least one every quarter) to report labor trends and an overview of business operations, discuss labor-management-related issues, facilitate communication and dialogue between labor and management, and engage in consensus building.

We also maintain a channel for employees to lodge and appeal complaints. This provides an easy means for employees to smoothly resolve issues they face, thus fostering a happier, more harmonious work environment.

Overview of labor-management communication in 2020

Communication frequency	Key issues discussed	Outcome of communication
5 labor-management meetings	<ul style="list-style-type: none"> Discussion of work rule changes Number of employees Business overview Changes in management representatives Changes in labor representatives 	Complete revision of work rules

Note 1: Labor-management meetings are attended by eight representatives from each side. Of the labor representatives, six and two are from office and field staff, respectively, and more than a third are women.

Note 2: In 2015, the Taiwan Life Labor Union signed the first collective agreement in Taiwan's life insurance industry to protect the rights and interests of employees, with a coverage rate of 8.35%.

A healthy workplace

Since 2016, our Head Office, Taichung Branch, and Kaohsiung Liuhe locations have successively obtained Healthy Workplace Certification and Health Promotion Workplace Certification, while the Tainan Branch has obtained Healthy Start Workplace Certification. In order to promote employees' health and improve their work efficiency, the Company also encourages employees to establish regular exercise habits, and has received the Taiwan i Sports Certificate of Corporate Wellness from the Sports Administration every year since 2017 for its efforts to implement health awareness activities.

In terms of mental health, we have set up a workplace harassment complaint mailbox to provide an accessible, transparent complaint channel for employees and protect them from abuse of power and unfair treatment.

Furthermore, a dedicated medical team has been assigned to formulate annual health management plans and health promotion activities, including annual health checkups, on-site doctor consultations, health seminars, blood donation drives, and physical fitness activities. These are all based on the analysis results of employee health examinations and health management effectiveness and organized using the combined resources of the Company, public authorities, and cooperating supply partners. We provide care and follow-up for employees with abnormal health examination results and potential health risks that warrant further health consultations, in order to help them bring their test results back within normal range or effectively control their diseases.




For our workplace health activities held in 2020, the overall satisfaction was 96%. Twenty-four on-site doctor consultations were held, distributed at our locations around Taiwan according to the distributions of our employees, with a total of 275 people receiving consultations. The team of doctors and nurses also formulated a health protection plan to improve employees' health and raise their awareness to enable them to engage in self-health management, with areas of focus including ergonomic and musculoskeletal issues, maternal health, and unhealthy workloads.

Workplace health activities

Activity	2020	2019	2018	
On-site doctor consultations	Sessions	24	17	16
	Participants	275	142	145
	Satisfaction rate	95%	98%	98%
Workplace health seminars	Sessions	98	32	30
	Participants	4,000	1,280	1,166
	Satisfaction rate	96%	92%	95%
Health promotion activities	Sessions	155	78	37
	Participants	4,774	3,043	1,341
	Satisfaction rate	98%	99%	98%
Health education	Articles	39	22	18

Taiwan Life regularly maintains and updates its workplace health and safety facilities. These efforts have included introducing an Employee Assistance Program to let employees work in a healthy work environment so that their bodies and minds can be relaxed in a timely manner. We have also set up a massage service station where employees can take a break and enjoy the services of a professional massage therapist for only a small fee, which is donated to the CTBC Charity Foundation.

Workplace health and safety measures and effectiveness

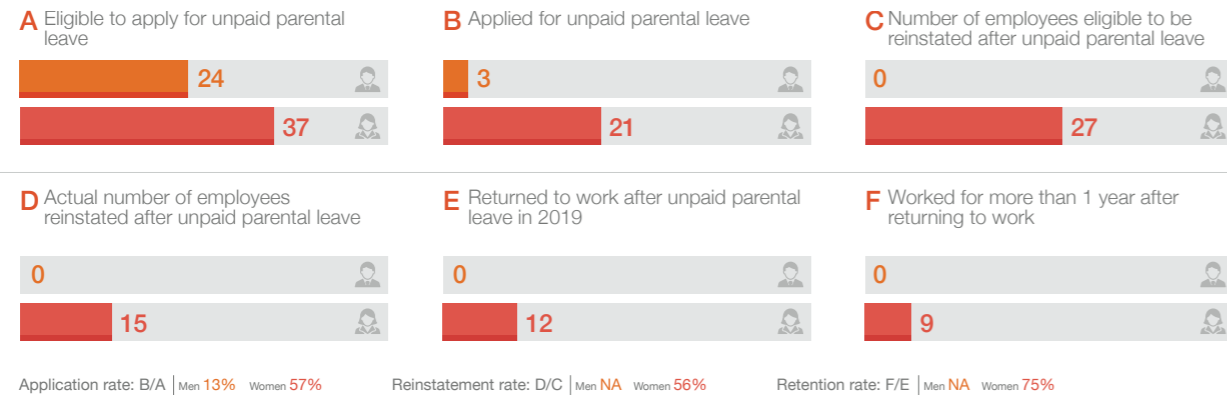
Category	Measures and results
 <p>Healthy work environment</p>	<ul style="list-style-type: none"> We maintain barrier-free spaces, with barrier-free toilets and ramps on each floor and widened first-floor entrance gates. Access control ensures office areas are accessible only by relevant personnel. Healthy office lighting, constant CO₂ detection, and semiannual workplace disinfection. There are 30 automated external defibrillators across our locations, and 43 seminars on their use and on CPR were held in 2020. We promote a smoke-free workplace and have prohibited smoking in office areas. All employees are equipped with adjustable-height seats to increase their comfort and prevent backaches.
 <p>Workplace benefits</p>	<ul style="list-style-type: none"> Nursing room: Both the head office and branch offices have set up nursing rooms, which were used by 76 people in 2020 and have received Nursing Room Excellence Certification from Taipei City's Department of Health. Medical room: A medical room is located in the head office, providing a private and safe environment where employees can ask questions about health education. They are also equipped with blood pressure monitors, scales, and beds. Massage service: Employees can enjoy the services of a professional massage therapist at our massage station for only a small fee, which is donated to the CTBC Charity Foundation. In 2020, 1,349 people used the service, contributing NT\$67,445. Employee Assistance Program: This program nurtures employees' physical and mental health through health assessments, online testing, and consultations. Sports discounts: We provide occasional information and ticket discounts for sporting events. The employee cafeteria serves meals every workday, including Chinese, Taiwanese, and Japanese set meals, all using porcelain, stainless steel, and other environmentally friendly tableware in place of single-use products.
 <p>Employee health checkups and health promotion plans</p>	<ul style="list-style-type: none"> We provide public holiday and health checkups benefits superior to those required by law. Employees aged 40 and older receive a paid checkup every year, while those under 40 receive one every two years. Employees whose checkups place them in a high-risk group and those with long work hours receive follow-up screenings and have health promotion plans tailor-made by medical staff.

Unpaid parental leave

To ensure its employees can achieve a healthy balance between work and family, Taiwan Life encourages staff to apply not just for paid parental leave but unpaid parental leave, too, from both of which they can return to work at any time. In 2020, a total of 61 employees were eligible to apply for unpaid parental leave; 13% of eligible men and 57% of eligible women did so. Seventy-five percent of employees who had taken unpaid parental leave returned to work in the Company in 2021. In addition, we offer a NT\$4,000 childbirth subsidy per child, and issued a total of NT\$324,000 in such subsidies in 2020.

Unpaid parental leave in 2020

Unit: People



Occupational health and safety management

Taiwan Life adopted ISO 45001 Occupational Health and Safety Management System standards in 2019 with the goal of achieving 100% certification across its locations. We have established an Occupational Health and Safety Committee; it convenes every quarter and is charged with reducing workplace safety risks and maintaining a healthy and safe work environment. We have also designated three occupational health and safety administrators, 6 nurses, 14 business supervisors, 19 fire prevention administrators, and 66 first-aid personnel to build a complete occupational safety net to reduce workplace hazards as much as possible. In addition, there are a total of 30 automated external defibrillators in the head office, branch offices, self-owned buildings, and communication offices to ensure emergency first-aid can be carried out immediately if necessary.

In 2020, 10 people applied for occupational injury leave and 160 days of occupational injury leave were granted. Of those people, 5 were injured in traffic accidents on the way to or from work, 4 cited a fall during a business outing, and 1 was injured when improperly carrying an object. In 2020, we received no disability injury notifications from contractors.

Occupational hazard data

Year	2020		2019		2018	
	Men	Women	Men	Women	Men	Women
Total workdays	176,296	280,449	172,845	292,876	174,288	309,800
Employees with a disabling injury	3	7	2	11	2	4
Lost days due to a disabling injury	89	71	3	57	206	124
Disabling injury frequency rate	0.82%	1.92%	0.54%	2.95%	0.52%	1.03%
Disabling injury severity rate	24.36%	19.43%	0.81%	15.3%	53.19%	32.02%
Disabling injury absence rate	38.97%	31.09%	1.29%	24.48%	85.11%	51.23%
Absence rate	0.019%	0.016%	0.001%	0.012%	0.043%	0.026%

Note 1: Persons with a disabling injury = number of employees who were temporarily unable to return to work due to a work-related injury.
 Note 2: Lost days due to a disabling injury = days when employees were temporarily unable to return to work due to work-related injury.
 Note 3: Total hours worked = total number of employees × number of hours worked per day × actual number of days worked in a year; total workdays = total number of employees × actual number of days worked in a year.
 Note 4: Disabling frequency rate = number of employees with a disabling injury × 1,000,000 / total hours worked.
 Note 5: Disabling severity rate = number of days lost to a disabling injury × 1,000,000 / total hours worked.
 Note 6: Disabling injury absence rate = total number of lost days due to a disabling injury / total workdays × 200,000.
 Note 7: Absence rate = days absent / total workdays × 100%.

Sustainable environmental commitment

Taiwan Life actively promotes energy conservation, carbon reduction, and environmental sustainability in order to minimize the negative impact of its daily operations on the environment. Starting by focusing on our energy conservation and carbon reduction as well as our resource management, we organize relevant training courses, advocate environmental protection issues, regularly review our energy and resource utilization, and introduce various environmental and energy management projects. We are also expanding our procurement of products with energy-saving and environmental protection labels and leveraging our supply chain to foster the wider practice of environmental sustainability.

Furthermore, in accordance with CTBC Holding's Environmental Sustainability Policy, we have established an Environmental Sustainability Management Manual to promote efforts such as ISO 14064-1 Greenhouse Gases Inventory, ISO 14001 Environmental Management Systems, and ISO 50001 Energy Management Systems adoption and to realize our various environmental commitments.



National Golden Award for Architecture dual prize winner

Our build-operate-transfer project for the Cultural and Creative Industries Hall in Kaohsiung Main Public Library won the top prizes for "planning and design" and "construction quality" at the 22nd National Golden Award for Architecture event.



100% of suppliers signed ESG commitment

All of our suppliers have signed the CTBC Supplier Human Rights and Environmental Sustainability Commitment, and we regularly hold supplier sustainability meetings.



Gold EEWB Green Building Candidate

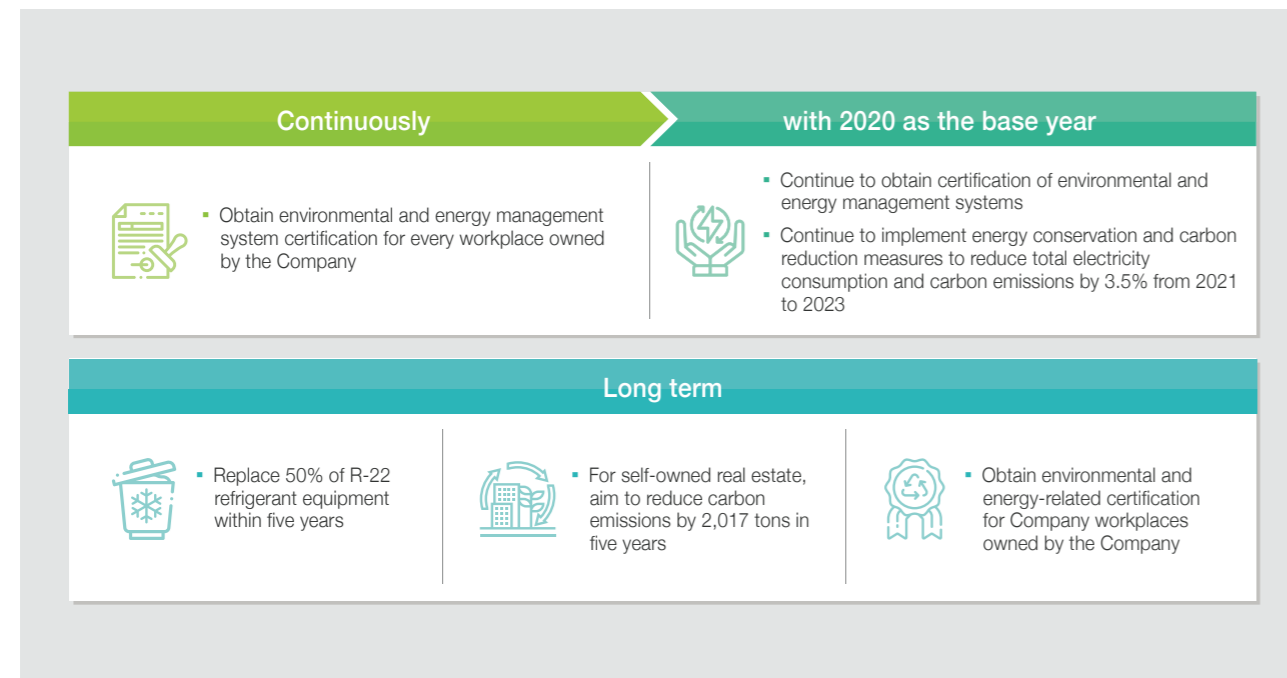
The development project in Taipei City's Nangang District obtained a Gold EEWB Green Building Candidate Certificate.

7.1 Green operations

Environmental Sustainability Policy



Green operation goals



Environmental management systems and certifications

The Company and its subsidiaries have obtained ISO 14001 Environmental Management Systems, ISO 50001 Energy Management Systems, and ISO 14064-1 Greenhouse Gas Quantification and Reporting certification, with a coverage of 100%. In 2020, a total of NT\$1,649,500 was invested in the management system guidance, verification, education, and training. According to the plan-do-check-act management cycle model, we constantly strengthen our spontaneous management mechanism to reach new energy conservation and carbon reduction goals. As a financial and insurance company, our daily operations involve only general waste and resource recycling, with no hazardous waste produced.



100% ISO certification coverage rate

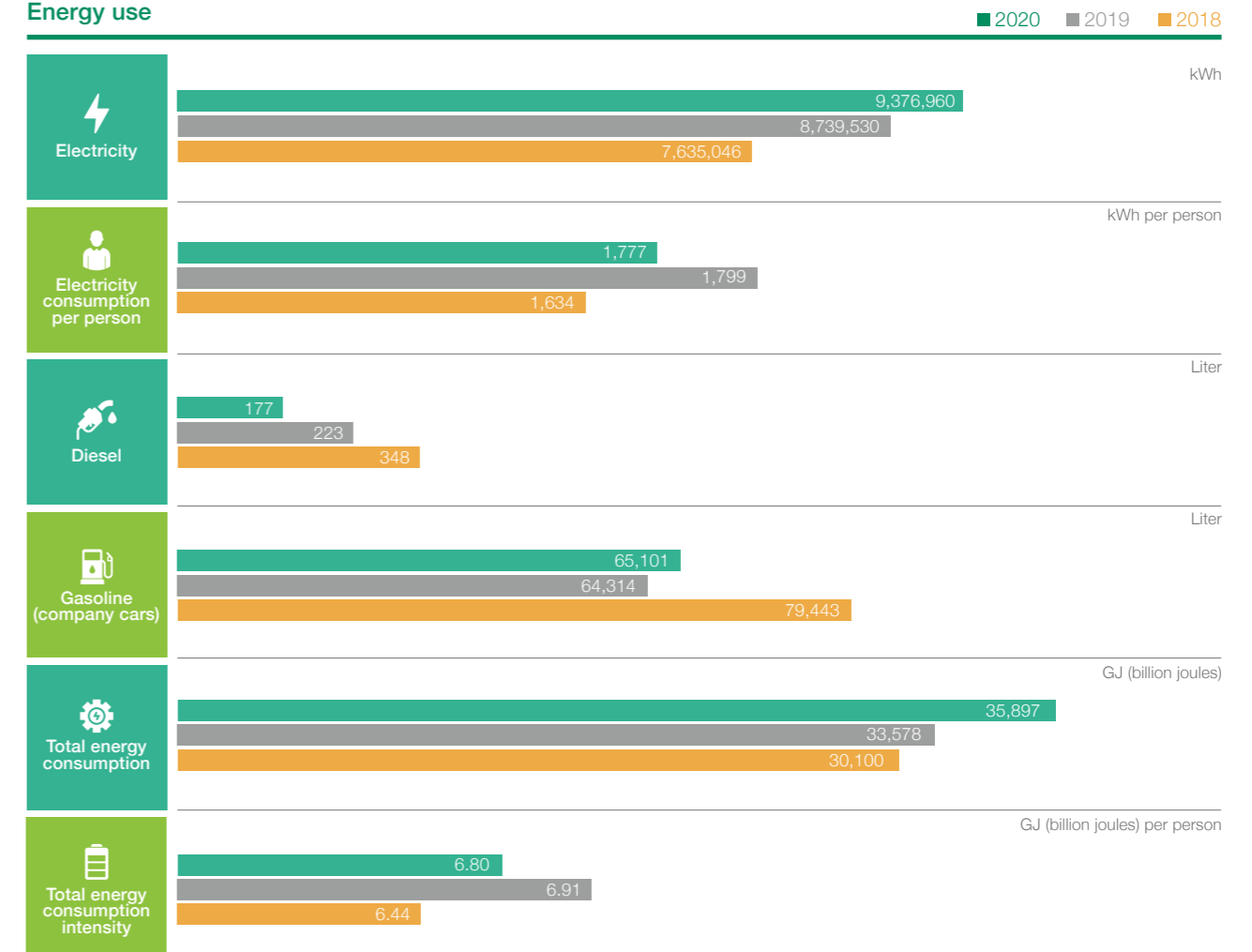
Management system	Coverage
ISO 14001 Environmental Management Systems	10 sites, namely head office, 7 branches, and self-owned buildings
ISO 50001 Energy Management Systems	
ISO 14064-1 Greenhouse Gas Quantification and Reporting	Head office, 7 branches, self-owned buildings, and overseas representative offices

Note: Coverage rate = certified business operation sites / total number of sites.

Energy and greenhouse gas management

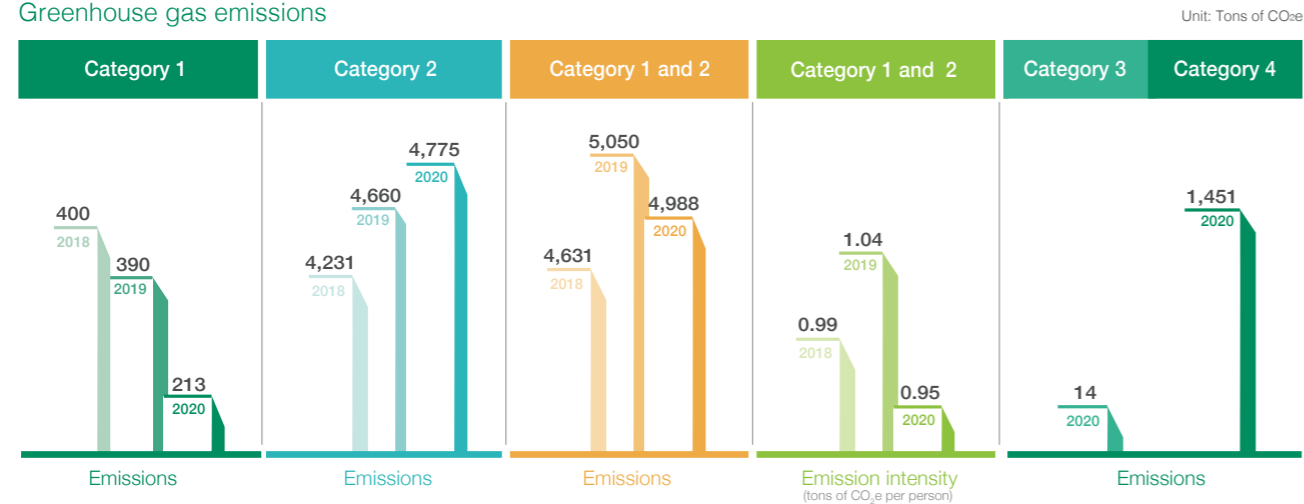
Taiwan Life regularly inspects the energy use of its daily operations. In 2020, electricity consumption (kWh/person) decreased by 1.22%. Through the joint efforts of all our departments, we are gradually improving the energy consumption of equipment in various locations, implementing energy conservation measures in our daily lives in the form of an energy-saving contest, and making smart energy use a daily habit of all employees. In order to achieve the long-term goal of a 5% energy reduction over five years, we regularly maintain and repair the air-conditioning and lighting systems of the office buildings that we own.

Energy use



Electricity use is our main source of greenhouse gas emissions. In 2020, our category 1 and 2 greenhouse gas emissions totaled 4,988 tons of CO₂e. Furthermore, we include business travel in our greenhouse gas inventories. Moving forward, we will evaluate our overall medium- and long-term emission reduction targets and increase the proportion of renewable energy use in accordance with the guidelines of CTBC Holding. We also plan to introduce products with ISO 14067 carbon footprint certification and carbon emission labels.

Greenhouse gas emissions



Note 1: Inventory boundaries were set using the operation control method.
 Note 2: The Category 2 emissions are for power use, with factors of 2018:0.554, 2019:0.533, and 2020:0.509 kg of CO₂e/kWh.
 Note 3: In 2018, there were 4,672 employees at 14 certified sites, and in 2019, there were 4,859 employees at 15 certified sites.

Expand energy conservation and carbon reduction

In recent years, we continue to introduce energy-conservation measures to achieve energy conservation and carbon reduction by optimizing our energy efficiency and replacing old lighting equipment. By promoting the use of electronic documents, our Mobile Insurance Application Platform, online insurance, and e-policies, paper use has been substantially reduced. Furthermore, we have launched an R-22 refrigerant equipment replacement plan for self-owned real estate, with the target of replacing 50% of such equipment within five years. For our self-owned real estate, the replacement of office lighting equipment in branches and self-owned buildings was implemented in 2020, aiming to reduce 50,740 kWh in electricity consumption every year. Moving forward, we will also begin the replacement of air-conditioning systems with the goal of cutting their carbon emissions by 2,017 tons within five years.

Energy conservation measures

Year	Improvements	Energy reduction (kWh/year)	Carbon reduction (tons of CO ₂ e)
2019	Connected the water chiller pipelines on different floors, improved the water chiller load rate, and reduced the power consumption of cooling water pumps and fans	28,593	14.55
	Replaced lighting equipment for a total of 78 8W LED lamps	8,199	4.17
2020	Replaced lighting equipment for a total of 452 6.5W LED lamps and 241 7W LED lamps	50,740	25.82
Total		87,532	44.54

Paperless measures

Measure	Performance indicators	2020	2019	2018
Promote electronic official documents and their distribution	Proportion of electronic distribution of official documents	100%	100%	100%
	Proportion of electronic versions of official documents	About 76%	About 72%	About 72%
Promote the Mobile Insurance Application Platform	Usage rate of Mobile Insurance Application Service (cases from Mobile Insurance Application Platform/all cases accepted by agents)	Nearly 100%	Nearly 100%	Nearly 100%
	E-operation of insurance policies for payment notices and slips	1,413,595	1,221,867	946,664

Note: Our Mobile Insurance Application Service includes the Mobile Insurance Application Platform, mobile proposals, policy consultations, and demand analysis; when using these, a small number of customers request printed applications, which are also necessary when the services are affected by system updates.





Green buildings

Taiwan Life is committed to supporting environmental sustainability through its real estate investment and construction, project applications, and public and social welfare investments, with the goal of achieving green building recognition for new construction projects. We implement and optimize performance and resource efficiency measures as we strive to reduce our environmental footprint through low-carbon operation and green procurement. In April 2020, our development project in Taipei City's Nangang District obtained a Gold EEWB Green Building Candidate Certificate. The total floor area of the development project is nearly 401,983.47 m². With the aim of building a Gold Green Building office complex, the project's design is guided by three main themes (i.e., "the continuity of urban textures, the connection of open spaces, and environment-friendly sustainability") and eight design indicators (i.e., greening, water conservation, water resources, daily energy conservation, waste reduction, carbon dioxide reduction, sewage and waste management, and indoor environment). Approximately 16,528.93 m² is reserved for open space on the ground floor. Along the base of the building, 231 large plants

will be densely planted (in rows of two or more) and irrigated by recycled rainwater. This greenery will mitigate the heat island effect in summer and dampen cold winds that blow on pedestrians in winter. As such, it will demonstrate how landscaping can improve the microclimate and create a safer, more comfortable space for recreation. In addition, by means of power regeneration, solar power generation, and energy-saving glass technology, significant energy-saving benefits will be generated.



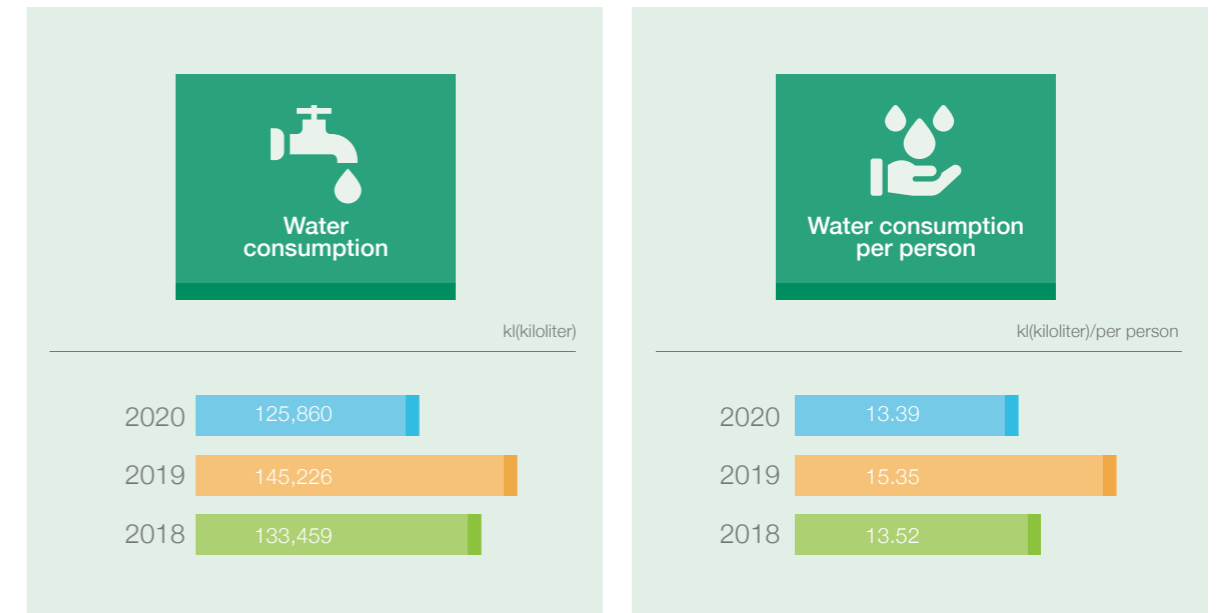
Green building overview

Project	Recognition
 Lot 15, Economic and Trade Park, Nangang District, Taipei land development project	<ul style="list-style-type: none"> Obtained a Gold EEWB Green Building Candidate Certificate in April 2020. Is expected to be completed in 2022 and to obtain the EEWB Green Building Label in 2023.
 Taichung Intercontinental Baseball Stadium build-operate-transfer (BOT) project	<ul style="list-style-type: none"> The project's multipurpose sports center and parking tower have obtained a Bronze EEWB Green Building Label. The project's shopping mall is expected to obtain a Silver EEWB Green Building Label after construction, according to its Environmental Impact Comparative Analysis Report.
 Taiwan Life's CTBC Holding Taichung Financial Building	<ul style="list-style-type: none"> Obtained a Silver EEWB Green Building Label in July 2020.
 Cultural and Creative Industries Hall in Kaohsiung Main Public Library BOT project	<ul style="list-style-type: none"> Obtained a Silver EEWB Green Building Candidate Certificate in September 2017 and its occupancy permit in March 2020, with the Silver EEWB Green Building Label to be applied for subsequently. Won the top prizes for "planning and design" and "construction quality" at the 22nd National Golden Award for Architecture event.

Water resources management

One hundred percent of the water resources used in Taiwan Life's daily operations come from state-owned utility Taiwan Water Corp. There is no use of groundwater or other natural water bodies. Wastewater is discharged into the sewer system, which has no significant negative impact on the use and discharge of water resources.

Utilization of water resources



Note 1: Water consumption is estimated based on water charges.
 Note 2: Calculated based on employee numbers of 9,868, 9,461, and 9,401 in 2018, 2019, and 2020, respectively.

7.2 Sustainable supply chain

In supply chain management, we strictly select partners who we are confident we can work with toward sustainable development and achieve win-win outcomes for enterprises and suppliers alike. To realize real environmental sustainability and fulfill its corporate social responsibility, our parent company has formulated the CTBC Supplier Human Rights and Environmental Sustainability Commitment, which guides the selection and management of suppliers so as to reduce ESG-related supply chain risks.



Supply chain management policy

We evaluate potential suppliers on three criteria, namely their human rights policy, environmental sustainability policy, and code of conduct. We also require them to conduct related self-assessments and to sign the CTBC Supplier Human Rights and Environmental Sustainability Commitment. If a supplier violates the commitment, we will ask them to improve in relevant areas and regularly their progress; in the case of a severe violation, we may terminate our business relationship.

Supplier management measures

- Supplier meetings: We hold meetings with suppliers in order to raise understanding of supply chain sustainability, and invite external experts and scholars to share international developments in supply chain management.
- Education, training, and promotion: We carry out supplier education and training, help suppliers to build their CSR management capabilities, and work with them to jointly fulfill their CSR.

3. Ethical management: We work with our suppliers to ensure that they operate in an honest and ethical manner that includes avoiding conflicts of interest, bribery, and counterfeiting.

We encourage our suppliers to actively promote sustainable practices, including by requiring them to comply with our supply chain management policy and prioritize the purchasing of products with environmental protection, energy-saving, green building materials, carbon footprint, and Programme for the Endorsement of Forest Certification labels and certification.

In 2020, Taiwan Life's green procurement expenditure totaled NT\$220 million (including green building procurement), the main suppliers for which included printing, business equipment leasing, transportation, and green building materials. There was no significant change in suppliers from the previous year. For the year, 99.7% of our procurement expenditure was with local suppliers, further reducing the emissions generated by the transportation process and supporting the development of Taiwan's green economy.

Green procurement

Unit: NT\$

Year	2020	2019	2018
Green procurement amount	47,266,287	22,983,801	18,116,471
Procurement amount of green building materials	173,586,916	1,642,670	1,171,831
Green procurement rate (including green building materials)	27.62%	2.40%	3.40%
Green procurement rate (excluding green building materials)	5.91%	2.23%	3.18%

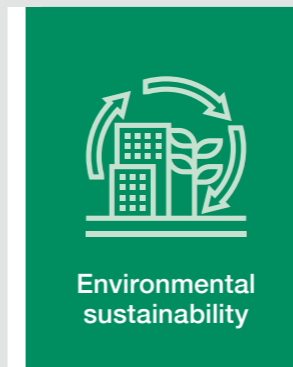
Supply chain procurement regulations

We have in place key criteria for selecting and managing suppliers and conduct an annual evaluation, screening, and filtering of suppliers' qualifications. We review and evaluate the human rights, environmental sustainability, code of conduct, and basic background information of suppliers as well as their goodwill, service content, transaction terms, procurement quality, cost, delivery time, and more for reference in our procurement decision-making, thus improving the overall quality of suppliers, reducing business risks, and establishing a sustainable growth partnership.

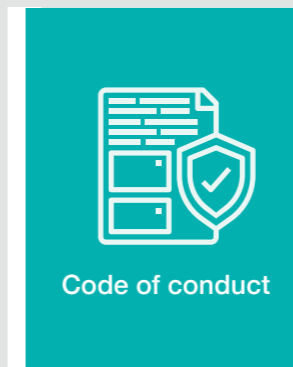
Screening supplier considerations



- The supplier shall be committed to establishing a diverse, open, equal, and harassment-free work environment. It shall not allow any violation of human rights, such as child labor or forced labor. It is also prohibited from discriminating against any individual on the basis of sex, sexual orientation, race, class, age, marriage, language, ideology, religion, political affiliation, family origin, birthplace, appearance, facial features, physical or mental disability, or former union membership. Moreover, it shall provide safe and diverse grievance reporting channels to protect employees' rights and interests.
- In addition to abiding by health and safety-related labor regulations, the supplier shall be committed to establishing a healthy, safe, and comfortable work environment.
- The supplier shall respect employees' rights to organize and join organizations. The supplier shall regularly organize labor conference representative elections and hold labor-management meetings as well as provide diverse communication mechanisms and platforms in order to ensure harmonious, mutually beneficial labor relations.



- The supplier's use of raw materials for its business operations shall be in accordance with the principle of protecting natural resources. In conforming to basic quality controls, effort must be made to minimize any negative impact on the environment, with preference during production given to using recycled resources or reusing existing resources and to eliminating the use of potentially hazardous materials.
- The supplier shall identify and manage all materials that may be hazardous if released into the environment, and it shall bear responsibility for protecting and managing the environment in the processing, storage, and disposal of these materials.
- The supplier shall conduct a greenhouse gas inventory and plan as well as establish a carbon management plan in order to reduce any adverse impact on the environment.



- The supplier shall conduct business in an honest and ethical manner, and its employees shall avoid conflicts of interest and other unethical conduct, including bribery and fraud.
- When the supplier obtains confidential information in accordance with its business needs, it shall protect this information and use it appropriately in order to avoid the privacy of Company or personal information from being compromised.
- The supplier shall abide by intellectual property rights and related regulations.
- The supplier shall comply with CTBC personal data protection management statement.

08

Social participation

With the goal of building an age-friendly society, Taiwan Life is committed to creating diverse public welfare action plans and participation channels for seniors, with focuses on aging in place and active aging as we also seek to encourage employees to participate in related activities. In 2020, these efforts earned us the Gold Award for Social Inclusion at the Taiwan Corporate Sustainability Awards and saw us win the Social Empowerment Category at the Asia Responsible Enterprise Awards. Moving forward, we will continue to aim our public welfare efforts at supporting seniors and implementing action plans.



Supported in-home bathing service, helping 1,659 people

For four years in a row, we have supported the in-home bathing services in remote areas, helping 1,659 seniors and people with a physical or mental disability.

110,000 participants in intergenerational walk

For the ninth year in a row, a series of activities for the Three-Generation Walk for Health were held, with a total of 110,000 participants.

8.1 Public welfare for seniors

Concept

Aging is a growing issue of concern worldwide. Unlike many other issues that impact only a small number of people or groups, aging affects the very structure of societies and families. Taiwan, one of the fastest-aging countries in Asia, is set to become a super-aged society in 2025, with one in five people aged 65 or older. As such, the problems arising from aging cannot be ignored. Indeed, aging is a key concern of Taiwan Life, and we seek to invest resources directly to address related challenges, which we also do by cooperating with relevant organizations, social welfare groups, and social enterprises. For example, we promote a variety of action plans to encourage the public to enhance seniors' awareness of self-health management through family support, thus boosting their willingness to exercise, slowing their decline into ill health and disability, and creating opportunities for inter-generational interaction and achieving positive outcomes for the public, the community, and enterprises.

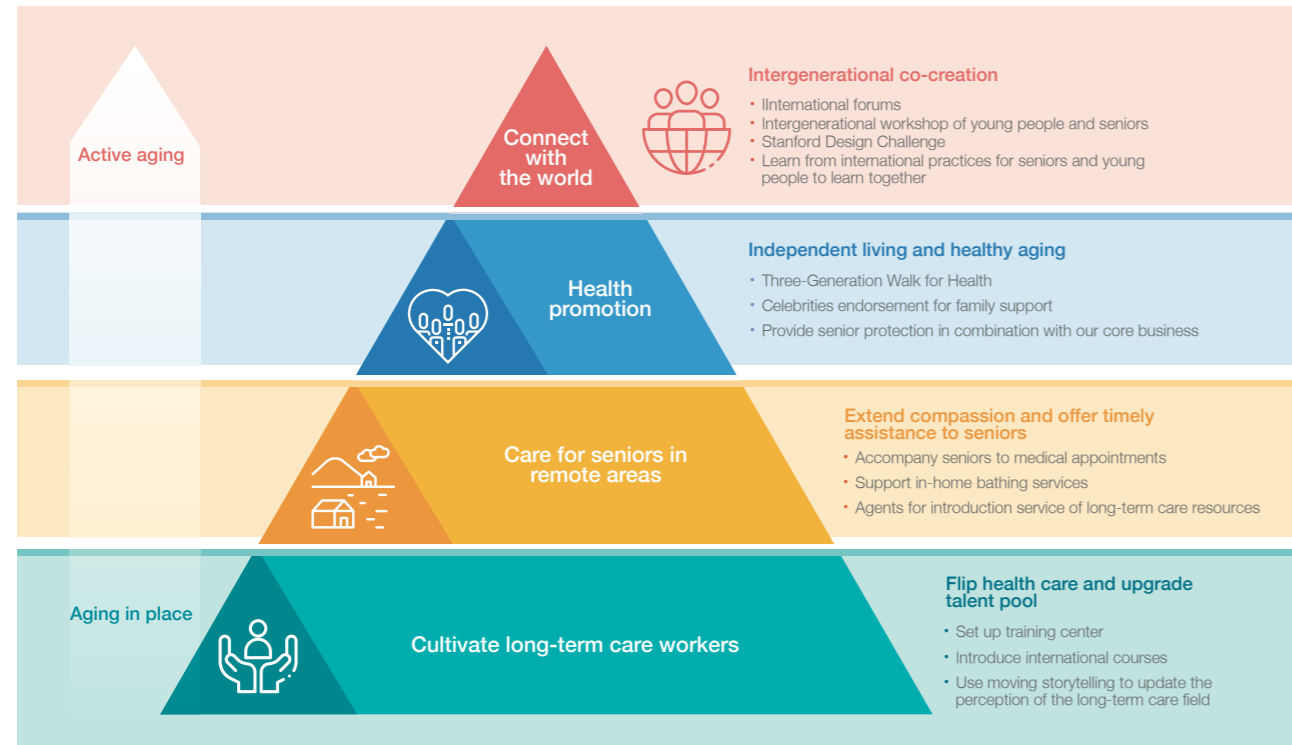
Strategy: Aging in place

To address the rapidly aging population, Taiwan's government is actively promoting various long-term care policies. We also have a long history supporting innovative public welfare programs aimed at seniors and aging-related issues. Specifically, we promote aging in place, such as by supporting the cultivation of long-term care workers, making long-term care systems sounder, and caring for disadvantaged seniors who are not protected by existing long-term care policies.

We also actively promote active aging by working with social welfare organizations, schools, and other institutions to raise awareness of health promotion and independent aging. By introducing new long-term care-related concepts and practices, we are confident that we can modernize traditional concepts of senior care in Taiwan. In addition, we have long cooperated with academic institutions to research the retirement landscape in Taiwan and promote early retirement planning. By doing so, we hope to turn Taiwan into an Asia-Pacific leader in aging-related innovation. With such innovation, we hope more people will recognize the problems posed by Taiwan's aging society, thus encouraging more people and enterprises alike to work together to build an age-friendly society.



Public welfare strategy for seniors



Aging in place

1. Cultivating long-term care workers

Supporting long-term care worker training center

Since 2017, we have supported the Hondao Senior Citizen's Welfare Foundation to build six home care environments simulating different economic conditions in a training center. Replacing traditional teaching and class methods, these realistic simulations increase the authenticity of training, improve the self-confidence of care workers, reduce their injuries, and improve their retention rates.

In order to improve the professionalism and care quality of care workers, Taiwan Life has supported the introduction of international care courses, such as courses covering bowel movement and adult diaper best practices from Japan. We have also provided scholarships for care workers to go abroad to receive training in proper foot care. After such workers return to Taiwan, we have also organized for them to share their knowledge with others through workshops, thus expanding the influence of their international courses and enhancing the standards and confidence of domestic care workers.



Flipping traditional SOPs through moving storytelling

In order to increase public understanding of the role of care workers, improve their social and economic status, and modernize outdated aging-related SOPs, Taiwan Life joined hands with Hondao to publish the book "Care Worker Rushing Forward" in 2018. Through its engaging and touching story, the book has served as a practical educational and awareness-raising tool regarding the hard work, innovation, and dedication of care workers. Taiwan Life also sponsored the sending of 1,000 books to school campuses, supporting Hondao's efforts to have young people better understand the care service field and to consider a career in it.

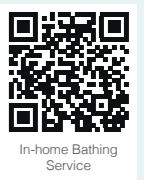
2. Supporting long-term care services in remote areas

In-home bathing service

Pingtung is a vast area with high temperatures all year round, rough terrain, inconvenient transportation, and a lack of resources. For people with a disability, a usually trivial matter such as bathing is not only a luxury for them but a great challenge for care workers and family members. The alternative of cleaning them only through sponge baths is far from optimal, as it can cause health problems in the long term for recipients and have a large psychological burden on care workers.

Since 2017, we have supported the Pingtung Bjorgaas Foundation to provide in-home bathing services. We also maintain a professional three-person bathing team, one of whom is a nurse, to relieve the pressure on care workers by giving them breaks and timely nursing consultations. Although there are in-home bathing services in different counties and cities, bathing needs in Taiwan's remote areas still cannot be fully met, and many people do not know that there are such long-term care services specifically for bathing. Therefore, in 2018, Taiwan Life filmed "In-home Bathing Service," a video documenting Bjorgaas Foundation staff's travel to remote areas, from mountainous villages to coastal townships, thereby raising awareness of the service and of the need for more funding to support such in-home bathing services.

Due to the high demand and frequent use of the in-home bathing service, its service car and equipment age rapidly. As such, Taiwan Life joined hands with partners in 2020 to source a new service car and other equipment in a timely manner to ensure service continuity.





Medical travel companion service

Seniors who live alone often delay medical treatment due to psychological factors, inconvenient transportation, or having no one to accompany them to appointments. These barriers to treatment affect not only seniors in disadvantaged families but also seniors who live in non-urban areas, where bus and taxi access is limited. Given this situation, Taiwan Life launched a medical travel companion service for seniors who live alone in 2017, as part of which it also launched awareness-raising efforts, including through a documentary, to encourage members of the public to reach out and assist seniors who live alone to seek medical treatment.

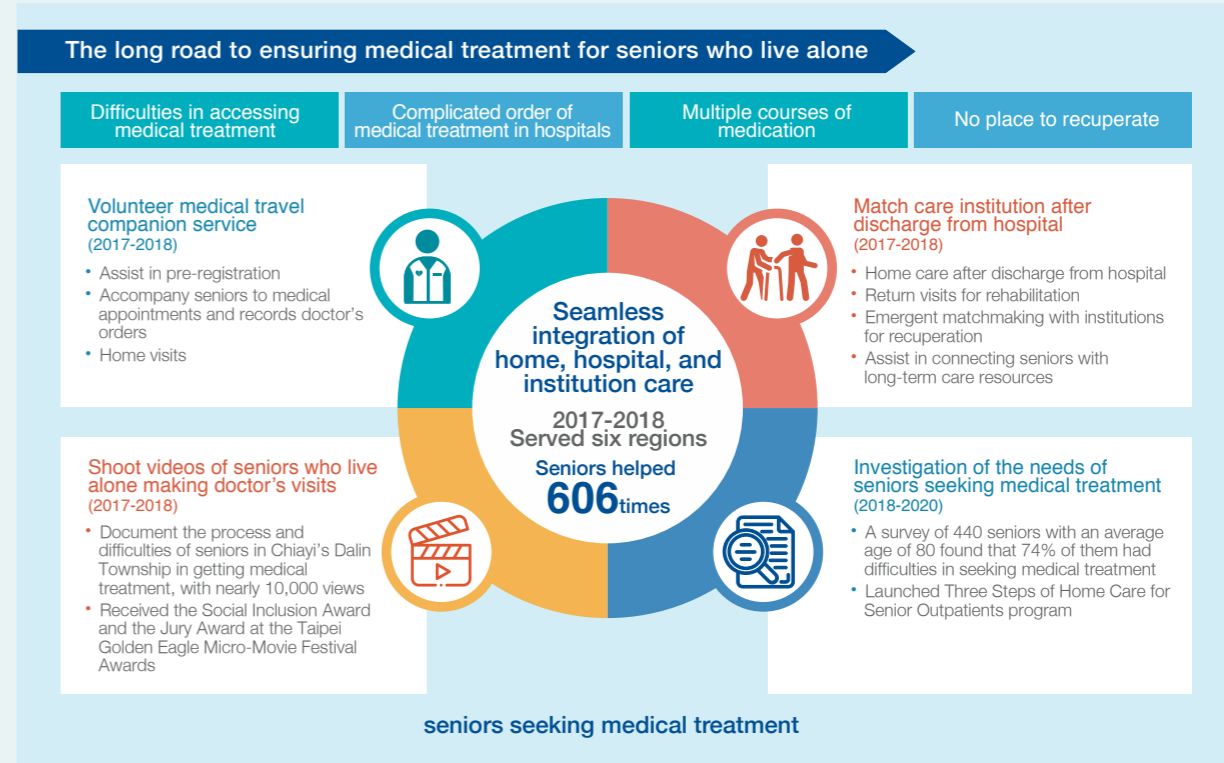
- Medical travel companion service: Many seniors find receiving medical treatment difficult in part because of the repeated checkups required and the need to travel between various parts of large hospitals for different treatment and testing purposes. In addition, those who have difficulty reading may take medications incorrectly. To address such issues, Taiwan Life supports the Hondao Senior Citizen's Welfare Foundation, together working with community volunteers to accompany seniors who live alone and who have an insufficient family support system or are economically underprivileged to make regular and follow-up visits for medical treatment, understand their medication, and connect with post-hospitalization care-giving institutions so they can return to living a healthy, independent lifestyle.

- Public appeal: We know that social problems such as this cannot be solved by a single enterprise or social welfare organization. That's why we also urge the public to join our efforts to help address such issues together. In this case, Taiwan Life and Hondao Senior Citizen's Welfare Foundation jointly filmed "A Long Way to Medical Treatment for Seniors Living Alone." By showcasing the hardship seniors in Chiayi County's remote Dalin Township face in seeking medical treatment, the video drives home the current status of long-term care services in Taiwan as well as the needs and difficulties of seniors who live alone.



- In 2018, we conducted a survey on the needs of seniors seeking medical treatment, receiving responses from 440 seniors with an average age of 80. Seventy-four percent of those surveyed said they encountered difficulties going to the hospital, including with regard to waiting time for medical treatment and return visits, needing assistance and companionship from others, and inconvenient transportation. In addition, some 60% of respondents reported forgetting to take their prescribed medication or disliking having to take multiple medications. Therefore, in 2019, we launched the Three Steps of Home Care for Senior Outpatients program, comprising confirming their medical orders, tracking their medical conditions, and connecting them with resources. The program was adopted at 33 of Hondao's volunteer stations across Taiwan, helping volunteers to better fulfill the actual needs of seniors.

Build a seamless care network for seniors who live alone



Sending long-term care resources to policyholders' homes

Taiwan Life uses its core business advantages, face-to-face service infrastructure, and countrywide service presence to connect policyholders with long-term care resources. Since 2018, we have been working with Hondao social workers and care workers to tailor the teaching materials of the "Taiwan Life long-term care resource integration course" for our agents. We have conducted the course in physical classrooms in Taipei, Taoyuan, Taichung, Tainan, Kaohsiung, and Hualien. We have also digitized the course and put it on our internal online educational platform, "TOP Channel", through which more than 5,000 agents have completed the course.

In 2019, we once again joined hands with Hondao to hold an advanced form of the course, which we have promoted through physical and online training by integrating the best practices of the Federation for the Welfare of the Elderly's Guardian Angel Certification Course for the Elderly with Dementia. All Taiwan Life agents—more than 7,000 people—have completed the advanced training course, ensuring they can provide practical care services to customers and people in need across Taiwan, including in remote areas, and thus become a bridge linking long-term care resources and care workers with those in need of such care.

Increasing quality of life through liver disease prevention and treatment

Chronic liver disease and cirrhosis are among the top 10 causes of death in Taiwan every year, with most of these cases caused by hepatitis. In order to reduce the incidence of liver diseases and enable people to receive a liver disease diagnosis and treatment early, Taiwan Life has supported the Liver Disease Prevention & Treatment Research Foundation to hold screening activities for hepatitis and liver cancer in remote areas for six consecutive years. In doing so, we are calling on agents all over Taiwan to conduct free "liver disease screening", and cooperating with local governments and health units to encourage people to participate in the screening, and we advocate the concept of protecting liver and keep away from the threat of liver disease.

Most people who have hepatitis B are excluded from insurance coverage because of their physical condition. However, Taiwan Life believes that as long as appropriate medical assistance is provided, the disease can be effectively controlled and the health of patients can be maintained. Therefore, we designed the industry's first liver disease insurance policy (i.e., Taiwan Life Love Liver Whole-Life Insurance for people with pre-existing conditions), providing innovative management and payment services including drug treatment, local treatment, hospitalization, surgery, and convalescence.



Active aging

1. Adopting international, forward-thinking approaches to aging

This is an age of global aging, and we believe that Taiwan's aging-related ideas, attitudes, and practices should keep pace with relevant international developments. As such, "old" should no longer be equated with "weak" or "disabled." Everyone should rethink the potential value of aging and make it one of the leading factors in the development of the new economy.

• International trend exchange platform

Since 2017, we have organized the Aging Innovation Week - APAC Summit with social enterprise Silver Linings Global, inviting domestic and foreign industry, government, and academic figures, including from the U.S., Australia, Asia Pacific, the Netherlands, Belgium, and Taiwan, to share their insights on topics from old age care to preventive health management. They also share their perspectives on topics from "rebuilding the value of aging" to "aging innovation," introducing emerging aging-related concepts including innovative care models and healthy, independent lifestyles for seniors.

Since 2019, Taiwan Life President Tony Chuang has worked with industry, government, and academic leaders from home and abroad to host the VISION 2025 Senior Aging International Trends Forum in partnership with CommonHealth Magazine, proposing various analysis strategies for the aging problem in Taiwan. As part of the forum's 2020 edition, Taiwan Life shared insights on risk aversion strategies in consideration of longevity risk as well as financial preparation for retirement, helping the public plan for the future with peace of mind.

• Solving the "old" problem from a "new" perspective

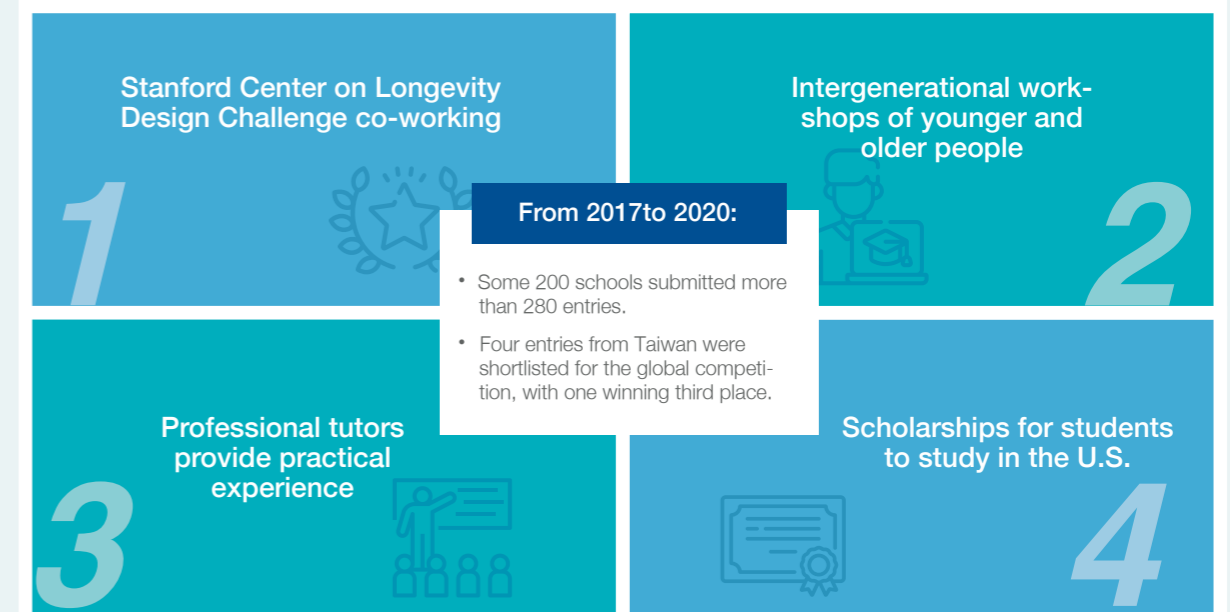
Taiwan Life, together with social enterprise Silver Linings Global, jointly holds the Stanford Center on Longevity Design Challenge Asia to encourage young people and seniors in Taiwan to form cross-generational teams for the contest. Competition teams, through the creativity and innovation of their

younger members and the experience and expertise of their older members, jointly design creative solutions for "old" aging-related problems from a "new" perspective.

Since 2017, four consecutive Asian regional competitions have been held, attracting nearly 1,000 entrants from Taiwan, China, South Korea, Hong Kong, Malaysia, and Vietnam to design submissions according to the global competition topic and rules set by the Stanford Center on Longevity. Over this period, nearly 200 schools have participated, submitting more than 280 entries. The competition proposals have included accessories, board games, financial tools, and music therapy. After the written entries are assessed, youth teams are invited to present their proposals in English to the jury, with seven seniors who are members of the jury offering feedback in real time.

The winning team of the Asian regional competition is then supported by Taiwan Life to go to the U.S. to participate in the global competition, giving young Taiwanese innovators a place on the international stage and further encouraging young people to seek work in aging-related fields. In 2018, the Taiwan Life Special Award was introduced to subsidize the shortlisted Asian team's participation in the global competition.

Among the four proposals entered into the global competition in the past four years, "Pillow Fight," a project under Taiwan Life's supervision, was the third runner-up in the global competition. In 2020, the competition's theme was "After the Pandemic: Designing the Next Version of Our World," receiving 223 entries from 37 countries. The Asian contest winner, "Intelligent Health Promotion Service System," was designed by a team from Taiwan's National Cheng Kung University and finished among the top 8 entrants in the global competition in April 2021.



2. Promoting independence among seniors

• Intergenerational family walks for nine years

For nine consecutive years, we have organized the Three-Generation Walk for Health, focusing on a short distance of 3 km, which is suitable for the whole family. Games and activities that are suitable for the physical fitness of family members of all generations are also provided at the activity site. We encourage the public to take the whole family outside and encourage seniors to maintain healthy habits.

In 2020, due to the impact of COVID-19, the activity was changed to a Facebook event: Three Generation

Meet-up for a Walk 2021. By facilitating the sharing of family travel strategies, inviting experts to teach how to prepare seniors' favorite recipes, encouraging grandparents and grandchildren to exchange their favorite forms of entertainment, and shooting family videos, the online event encouraged families to travel, dine, and bond together.



• **Bulao senior baseball league**

In order to help seniors develop healthy habits and increase their willingness to exercise regularly, Taiwan Life and the Hondao Senior Citizen's Welfare Foundation launched the Bulao Baseball League in 2019. By bringing teams of seniors together, the league fosters healthy physical and social activity by helping participants develop regular exercise habits and engage in group interaction. As of 2019, the league had 16 teams comprising 562 registered players, with an average age of 63 and 13 players aged 80 or older.

• **Lectures on public welfare for seniors**

To allow family care workers to feel greater social support and understand that they are not alone, Taiwan Life has held a series of lectures in recent years encouraging these care workers to engage in proper self-care in order to maintain their physical and mental health.

Lecture series topic	Speakers	Description	Number of participants and results
"Accompanying family care workers"	Family care worker and popular writer, Man-Chuan Chang Psychiatrist and popular writer, Hui-Wen Teng Doctor specializing in nutrition, Po-Jen Liu Muscle strength expert, Shu-Mei Peng	This lecture series was aimed at helping family care workers feel greater social support and encouraging them to practice proper self-care.	Attendees: 492 Results: • 84% overall satisfaction for the "Say love with company" lecture • 93% overall satisfaction for the "I'll be with you till the end" lecture
"Realizing the dream of retirement life"	Former Department of Health Director, Chin-Chuan Yeh Psychiatrist and popular writer, Hui-Wen Teng	With increasing life expectancy making for longer retirements, these speakers were invited to share their personal experiences on aging in a happy and healthy manner.	Attendees: 424 Results: • 98% were satisfied with the overall activity • 92% found the content helpful for their work and life
"The best way to take care is not to take care"	Bjorgaas Foundation CEO, Wen-Chen Chou Occupational therapist, Cihh- Yuan Wang Silver Linings Global COO, Wen-Chi Cheng	These lecturers were held to remind the public that one of the keys to the success of physical rehabilitation is family support. We invited the Bjorgaas Foundation to share modern concepts regarding rehabilitation and ways of helping seniors with a disability to regain their self-reliance.	Attendees: 51 Results: • 100% found the lecture helpful in revive the ability of seniors to live independently • 98% found the insights on life rehabilitation and the use of resources helpful

3. **Monitoring indicators of Taiwan's retirement landscape**

Since 2016, we have been paying close attention to Taiwan's retirement landscape and attitudes, tracking topics such as economic security, health care preparation, and the social lives of empty nesters. In partnership with the Risk and Insurance Research Center of National Chengchi University's College of Commerce, we conduct an annual survey to this end and hold a follow-up seminar, using the survey results to call on the public to pay closer attention to their retirement planning. In 2020, we established specific indicators for evaluating financial resources for retirement; long-term care; confidence in and adequacy of medical care; and life satisfaction of all retirees in Taiwan, and will continue to publish the results in these indicators for the next five years. According to the 2020 survey results, the age at which people are willing to start retirement planning has decreased to 37.87; this is 5.42 years earlier than in 2019, with the retirement preparation period also growing from 15 years to 21 years. These results reflects the public's growing recognition that retirement planning is a personal responsibility, and indicates growing positive behavior regarding retirement planning.



8.2 **Other social care**

In addition to public welfare efforts aimed at helping seniors, we fulfill our commitment to community engagement through various other means and fields. In doing so, we strive to leverage our position in the insurance industry to promote diverse and innovative social service projects, realize inclusive finance, and provide basic insurance protection in response to the real needs of the public. We also foster healthy community development by supporting sports—baseball in particular—at every level from the grassroots to the national stage.

1. **Promoting micro-insurance**

In 2014, in support of the government's push to strengthen the insurance safety net for underprivileged people, Taiwan Life launched the industry's most comprehensive line of micro-insurance products for individuals and groups. The total number of people insured by the products exceeded 166,000 as of the end of 2020, with a total insured amount of more than NT\$35 billion. In 2020, we won five major awards in the FSC's micro-insurance promotion competition—more than any other insurer. In addition, we donate insurance premiums to meet the needs of underprivileged individuals, families, and groups.

2. **Supporting baseball**

Taiwan Life has a rich history supporting baseball, Taiwan's national pastime. This includes sponsoring Taichung City Baseball Team and promoting baseball training—efforts aimed at fostering greater understanding of and participation in the sport as well as cultivating baseball talent and improving the public's overall physical and mental health. Such efforts have earned us recognition from the Sports Activist Awards for four years running.

Diverse talent development appendix

1. Office staff by gender and employment contract

Year		2020	2019	2018
Non-regular employees	Women	1,134	1,131	1,236
	Men	725	701	696
Regular or temporary contract employees	Women	2	2	2
	Men	1	1	2

Note: Employees with non-regular contracts are those who have no time limit and can continue to work unless they are laid off or leave voluntarily. Employees with a regular or temporary contract refers to employees whose employment has a fixed term and who can only continue working after expiration of the contract if the employer renews the contract.

2. Workplace diversity

Year		2020	2019	2018
Indigenous people	Number of employees	9	9	10
	Number in management	0	0	0
Employees with a physical or mental disability	Number of employees (actual)	13	13	13
	Number of employees (weighted)	20	20	20
	Number in management (actual)	0	0	0
	Number in management (weighted)	0	0	0

Note: Management refers to supervisors at or above the section chief level who are responsible for supervision and management.

List of association memberships

Category	Association	Category	Association
Industry and corporate governance	Life Insurance Association of the Republic of China	Industry and corporate governance	Taiwan Elderly Care Industry Association
	Insurance Society of the Republic of China		Asia Pacific Public Private Partnerships Association
	Risk Management Society of Taiwan		Engineering Insurance Association
	Nuclear Insurance Association of the Republic of China		Taiwan Residential Earthquake Insurance Fund
	The Pension Fund Association		Motor Vehicle Accident Compensation Fund
	The Non-Life Underwriters Society of the Republic of China		Financial Ombudsman Institution
	The Non-Life Insurance Association of the Republic of China		Joint Credit Information Center
	The Actuarial Institute of Chinese Taipei		Taiwan Insurance Guaranty Fund
	Chinese Insurance Service Association		Taiwan Insurance Institute
	China Credit Information Service Ltd.		Corporate governance
	Taipei Leasing Association, R.O.C.	Institute of Financial Governance and Compliance of Republic of China	
	Taiwan Insurance Law Association	Computer Audit Association	
	Taiwan Risk and Insurance Association	Institute of Financial Law and Crime Prevention	
	Taiwan Association of Energy Service Companies	Technology innovation and information security	Taiwan FinTech Association
	Financial Planning Association of Taiwan		Financial Information Sharing and Analysis Center
	Taiwan Depository & Clearing Corp.		

Note: The participating companies are Taiwan Life and CTBC Insurance.

GRI Standards index

GRI 102: General Disclosures 2016

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	102-48	Restatements of information			The Company has published its first Sustainability Report, with no restatements of information
	102-49	Changes in reporting			The Company has published its first Sustainability Report, with no changes in reporting
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	102-52	Reporting cycle	About this report	1	
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Material topic: Operating performance

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Anti-competitive behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		None
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Material topic: Integrated risk management

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Material topic: Information security and customer privacy

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Socioeconomic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	3.4 Legal compliance	45
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Material topic: Customer Rights Maintenance and Service Quality

Disclosure	Description	Reference section	Page	Note
Customer health and safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		None
Marketing and labeling	417-2	Incidents of non-compliance concerning product and service information and labeling		None
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Material topic: Employee rights and benefits

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Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	3.1 Corporate governance and ethical management	30
			6.1 Talent recruitment and cultivation	78
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken		None
Management approach	103-2	The management approach and its components	6.1 Talent recruitment and cultivation	78
	103-3	Evaluation of the management approach		

Corresponding SASB

Topic	SASB indicators	Disclosure chapter	Disclosure content																
Transparent Information & Fair Advice for Customers	FN-IN270a.1	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers Appendix Corresponding SASB	Cases related to customer product-related marketing and communication that were settled by the court in 2020 and improvement measures: <table border="1"> <thead> <tr> <th>Case</th> <th>Improvement measures</th> </tr> </thead> <tbody> <tr> <td>In 2020, Taiwan Life reached a settlement with a policyholder, paying a NT\$880,000 settlement for a case involving "marketing and communication related to customer products."</td> <td>The Company will strengthen the education and training of the agents, require them to perform solicitation in accordance with the regulations, and verify that the solicitation process is in line with the laws and regulations and that the insurance coverage meets the needs of the policyholder.</td> </tr> </tbody> </table>	Case	Improvement measures	In 2020, Taiwan Life reached a settlement with a policyholder, paying a NT\$880,000 settlement for a case involving "marketing and communication related to customer products."	The Company will strengthen the education and training of the agents, require them to perform solicitation in accordance with the regulations, and verify that the solicitation process is in line with the laws and regulations and that the insurance coverage meets the needs of the policyholder.												
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	FN-IN270a.2	Complaint-to-claims ratio 4. Thoughtful customer service	-																
FN-IN270a.3	Customer retention rate Appendix Corresponding SASB	In 2020, the customer retention rate of Taiwan Life was 97.50%. Note: Customer retention rate = [(total number of customers at the end of the period) - (number of new customers in the current period)] / [(number of customers in the previous period) - (number of customers terminated involuntarily)], all of which exclude employees.																	
FN-IN270a.4	Description of approach to informing customers about products 4. Thoughtful customer service	-																	
Incorporation of Environmental, Social, and Governance Factors in Investment Management	FN-IN-410a.1	Total invested assets, by industry and asset class 5. Stewardship and responsible investment	-																
	FN-IN-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment management processes and strategies 5. Stewardship and responsible investment	-																
Policies designed to incentivize responsible behavior	FN-IN-410b.1	Net premiums written related to energy efficiency and low carbon technology 3. Transparent corporate governance	-																
	FN-IN-410b.2	Discussion of products and/or product features that incentivize health, safety, and/or environmentally responsible actions and/or behaviors 4. Thoughtful customer service	-																
Environmental risk exposure	FN-IN-450a.1	Probable maximum loss (PML) of insured products from weather-related natural catastrophes Appendix Corresponding SASB	The PML of climate-related natural disasters of CTBC Insurance was calculated as follows: - The loss amount of the "20-year return period" was NT\$96.02 million, the risk mitigation amount of the non-proportional reinsurance contract was NT\$46.02 million, and the total net retained loss was NT\$50 million; the loss amount of "50-year return period" was NT\$188.79 million, the risk mitigation amount of non-proportional reinsurance contract was NT\$138.79 million, and the total net retained loss was NT\$50 million; the loss amount of "100-year return period" was NT\$294.33 million, the risk mitigation amount of non-proportional reinsurance contract was NT\$244.33 million, and the total net retained loss was NT\$50 million; the loss amount of the "200-year return period" was NT\$306.20 million, the risk mitigation amount in the non-proportional reinsurance contract was NT\$256.20 million, and the total net retained loss was NT\$50 million. - The calculation was based on the Insurance Industry's Scope of Calculating Total-adjusted Capital and Risk-based Capital and Calculation Formula for Natural Disaster Calculation Formulas issued by the Taiwan Insurance Institute; the data range was Oct. 1, 2019 to Sept. 30, 2020; and the average loss of insurance business was NT\$74.49 million, while the average loss of retention business was NT\$35.76 million.																
	FN-IN-450a.2	Total amount of monetary losses attributable to insurance payouts from (1) modeled natural catastrophes and (2) non-modeled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance) Appendix Corresponding SASB																	
	FN-IN-450a.3	Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of firm-level risks and capital adequacy 3. Transparent corporate governance																	
Systemic risk management	FN-IN-550a.1	Exposure to derivative instruments by category: (1) total potential exposure to non-centrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives For details, please refer to the Financial Statements of Taiwan Life for year 2020, "VI. Explanation of significant accounts". At present, the Company has no futures option position.																	
	FN-IN-550a.2	Total fair value of securities lending collateral assets Appendix Corresponding SASB	The total fair value of securities collateral was NT\$6,344,662,520.																
	FN-IN-550a.3	Description of approach to managing capital and liquidity-related risks associated with systemic non-insurance activities 3. Transparent corporate governance	For details, please refer to the Financial Statements of Taiwan Life for year 2020, "III. Liquidity risk management Mechanism".																
Activity metrics	FN-IN-000.A	Number of policies in force, by segment: (1) property and casualty, (2) life, (3) assumed reinsurance Appendix Corresponding SASB	<table border="1"> <thead> <tr> <th colspan="4">Number of valid policies</th> </tr> <tr> <th></th> <th>2020</th> <th>2019</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>1.Property & Casualty insurance</td> <td>612,845</td> <td>739,807</td> <td>768,212</td> </tr> <tr> <td>2.Life insurance</td> <td>3,798,271</td> <td>3,510,246</td> <td>3,195,160</td> </tr> </tbody> </table>	Number of valid policies					2020	2019	2018	1.Property & Casualty insurance	612,845	739,807	768,212	2.Life insurance	3,798,271	3,510,246	3,195,160
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Independent limited assurance report



安永聯合會計師事務所

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Taipei City, Taiwan, R.O.C.Tel: 886 2 2757 8888
Fax: 886 2 2757 6050
www.ey.com/taiwanEnglish Translation of a Report Originally Issued in Chinese**Assurance Report of Independent Auditors**

To Taiwan Life Insurance Co., Ltd.

1. Scope

We have been engaged by Taiwan Life Insurance Co., Ltd. (the "Company") to perform a limited assurance engagement in relation to and report on the selected sustainability information included in the Company's 2020 Sustainability Report ("the Report").

Regarding the performance information selected by the Company and their applicable criteria, please refer to Appendix A.

Management responsibility

The Company is responsible for the preparation of the Report in accordance with appropriate criteria, including compiling in accordance with the core options of the GRI Sustainability Reporting Standards ("GRI Standards"), referring to the disclosure standards issued by the Sustainability Accounting Standards Board (SASB) for the insurance industry, and for the design, execution and maintenance of internal controls in regard to report preparation to support the collection and presentation of the Report.

Independent Auditor's Responsibility

Our responsibility is to plan and perform limited assurance engagement in accordance with the SAES NO. 1 Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the Taiwan Accounting Research and Development Foundation.

2. Assurance

The procedures performed in limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement so that the level of assurance is substantially lower than reasonable assurance engagement. While we considered the effectiveness of the Company's internal controls when determining the nature and extent of procedures, our procedures were not designed to provide assurance and opinion on internal controls.



To conclude for limited assurance, our procedures performed included:

- Interviewing with the Company's management and personnel to understand the Company's implementation of GRI Standards and the reporting process
- Performing analytical procedures on the selected sustainability information, gathering and checking other supporting documentation and management information obtained, testing samples if necessary
- Reading the Report to ensure the overall implementation of GRI Standards is consistent with our understanding

3. 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, and it is not possible to detect all of the existing material misstatements whether resulting from fraud or error.

4. Quality and Independence

We are in conformity with Taiwan SAS No. 46 "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. We are also in conformity with related independence and other ethics requirements in Taiwan's Norm of Professional Ethics, whose basic principles are integrity, objectivity, professional competence, due care and professional behavior.

5. Conclusion

Based on our procedures and evidence obtained, nothing has come to our attention that causes us to believe that any material modifications or adjustments should be made to the selected sustainability information in accordance with applicable criteria.

Fuh, Wen-Fun
Ernst & Young, Taiwan
May 25, 2021

Notice to Readers

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



English Translation of a Report Originally Issued in Chinese

Appendix A:

No.	Article title	Remarks	Applicable benchmarking																																																			
1	3.2 Risk Management	The subsidiary CTBC Insurance has launched climate change related insurance products in 2020 with a net premium income of NT\$784,524.	Premium income from direct underwriting																																																			
2	4.3 ESG insurance products	Accumulated insured amount of micro-insurance policy over the years. <table border="1"> <thead> <tr> <th></th> <th>2020</th> <th>2019</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>Accumulated insured amount:</td> <td>NT\$35.05 billion</td> <td>NT\$23.03 billion</td> <td>NT\$15.1 billion</td> </tr> </tbody> </table>		2020	2019	2018	Accumulated insured amount:	NT\$35.05 billion	NT\$23.03 billion	NT\$15.1 billion	Insured amount of personal micro-insurance policy																																											
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Accumulated insured amount:	NT\$35.05 billion	NT\$23.03 billion	NT\$15.1 billion																																																			
3	5.2 Responsible Investment	In the period between of May. 19, 2020 to Dec. 31, 2020, a total of 185 investments were made based on responsible investment assessment results.	Number of newly added investment targets and counterparties																																																			
4	5.3 Results of responsible investment	Types of investment assets in 2020 <table border="1"> <thead> <tr> <th>Asset Class</th> <th>Amount (NT\$ thousand)</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Bonds</td> <td>1,349,590,738</td> <td>70%</td> </tr> <tr> <td>Funds</td> <td>177,494,100</td> <td>9%</td> </tr> <tr> <td>Stocks</td> <td>153,053,389</td> <td>8%</td> </tr> <tr> <td>Cash and short-term assets</td> <td>96,333,612</td> <td>5%</td> </tr> <tr> <td>Real estate</td> <td>85,779,137</td> <td>5%</td> </tr> <tr> <td>Secured loans</td> <td>27,430,215</td> <td>1%</td> </tr> <tr> <td>Policy loans (including foreign currency policy loans)</td> <td>25,342,125</td> <td>1%</td> </tr> <tr> <td>Structured products</td> <td>23,825,720</td> <td>1%</td> </tr> </tbody> </table> Investment amount of sustainable topic over the years (Unit: NT\$ thousand) <table border="1"> <thead> <tr> <th>Types of investment</th> <th>2020</th> <th>2019</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>Sustainable bonds (Domestic)</td> <td>7,199,999</td> <td>2,300,000</td> <td>-</td> </tr> <tr> <td>Sustainable bonds (Foreign)</td> <td>9,282,279</td> <td>11,087,499</td> <td>12,388,817</td> </tr> <tr> <td>Equity and fund investments</td> <td>9,543,694</td> <td>5,748,875</td> <td>2,198,875</td> </tr> <tr> <td>Financing</td> <td>16,459,062</td> <td>12,959,062</td> <td>-</td> </tr> <tr> <td>Total</td> <td>42,485,034</td> <td>32,095,436</td> <td>14,587,692</td> </tr> </tbody> </table>	Asset Class	Amount (NT\$ thousand)	%	Bonds	1,349,590,738	70%	Funds	177,494,100	9%	Stocks	153,053,389	8%	Cash and short-term assets	96,333,612	5%	Real estate	85,779,137	5%	Secured loans	27,430,215	1%	Policy loans (including foreign currency policy loans)	25,342,125	1%	Structured products	23,825,720	1%	Types of investment	2020	2019	2018	Sustainable bonds (Domestic)	7,199,999	2,300,000	-	Sustainable bonds (Foreign)	9,282,279	11,087,499	12,388,817	Equity and fund investments	9,543,694	5,748,875	2,198,875	Financing	16,459,062	12,959,062	-	Total	42,485,034	32,095,436	14,587,692	1. Types of investment assets in 2020: The amount of investment cost of each asset class at the end of December 2020 and its investment cost as a percentage of total investment; cost 2. Investment amount of sustainable topic over the years: the cumulative amount of approved investment in the field of sustainable development
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No.	Article title	Remarks	Applicable benchmarking
5	8.1 Public welfare for the elderly	In 2020, the Company has conducted a survey on Taiwan's retirement landscape and attitudes with the Risk and Insurance Research Center of National Chengchi University's College of Commerce.	Number of industry-university cooperative research
6	Appendix Corresponding SASB Transparent Information & Fair Advice for Customers	In 2020, the customer retention rate of Taiwan Life was 97.50%.	customer retention rate (%) = [(total number of customers at the end of the period) - (number of new customers in the current period)] / [(number of customers in the previous period) - (number of customers terminated involuntarily)], all of which exclude employees.
7	Appendix Corresponding SASB Environmental risk exposure	The PML of climate-related natural disasters of CTBC Insurance was calculated as follows: ● The loss amount of the "20-year return period" was NT\$96.02 million, the risk mitigation amount of the non-proportional reinsurance contract was NT\$46.02 million, and the total net retained loss was NT\$50 million; the loss amount of "50-year return period" was NT\$188.79 million, the risk mitigation amount of non-proportional reinsurance contract was NT\$138.79 million, and the total net retained loss was NT\$50 million; the loss amount of "100-year return period" was NT\$294.33 million, the risk mitigation amount of non-proportional reinsurance contract was NT\$244.33 million, and the total net retained loss was NT\$50 million; the loss amount of the "200-year return period" was NT\$306.20 million, the risk mitigation amount in the non-proportional reinsurance contract was NT\$256.20 million, and the total net retained loss was NT\$50 million. ● The calculation was based on the Insurance Industry's Scope of Calculating Total-adjusted Capital and Risk-based Capital and Calculation Formula for Natural Disaster Calculation Formulas issued by the Taiwan Insurance Institute; the data range was Oct. 1, 2019 to Sept. 30, 2020; and the average loss of insurance business was NT\$74.49 million, while the average loss of retention business was NT\$35.76 million.	Calculate the probable maximum loss and the average loss of insurance business and retention business within the data range from Oct. 1, 2019 to Sept. 30, 2020 based on the Insurance Industry's Scope of Calculating Total-adjusted Capital and Risk-based Capital and Calculation Formula for Natural Disaster Calculation Formulas issued by the Taiwan Insurance Institute.
8	Appendix Corresponding SASB Systemic risk management	The total fair value of securities collateral was NT\$6,344,662,520.	Fair value of securities collateral provided by the custodian bank.



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