



Sustainability
Report
2021



CTBC HOLDING
TAIWAN LIFE

ABOUT THIS REPORT

Taiwan Life Insurance Co., Ltd. (hereinafter referred to as "Taiwan Life" "the Company," or "we") has long been committed to promoting sustainable development and implementing sustainable actions. This report is prepared in accordance with the Core option of the GRI Standards and follows the disclosure standards of 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). Our sustainability efforts are guided by the U.N. Sustainable Development Goals (SDGs). We issue a Sustainability Report every year as an important tool for reviewing our sustainability practices and communicating the results with our stakeholders.

Reporting period

This is Taiwan Life's second Sustainability Report. The information disclosure period of the report is Jan. 1, 2021, to Dec. 31, 2021. Any information for the periods before Jan. 1, 2021, or after Dec. 31, 2021, 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 are consistent with the scope of Taiwan Life's consolidated financial statements. All financial figures are denominated in New Taiwan dollars and certified by the certified public accountant. Some of the information regarding our environmental, social, and corporate governance (ESG) includes CTBC Insurance Co., Ltd. (CTBC Insurance) and CTBC Finance Co., Ltd. (CTBC Finance), and is noted as such.

Quality of information

This report was compiled in accordance with the six quality principles of the GRI Standards: accuracy, balance, clarity, comparability, reliability, and timeliness. In accordance with our internal management mechanism, the report was published after being reviewed and approved by the Chairman. The information in the report has been certified / assured by impartial third-party organizations listed below:

Information type	Compliance standard	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 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

Taiwan Life Insurance Co., Ltd. / Strategic Planning Department

- Address: 12 F., No.188-1, Jingmao 2nd Road, Nangang District, Taipei City, R.O.C.
- Tel: (02) 8170-9888
- Fax: (02) 2785-8091
- Corporate sustainability mailbox: sustainability@taiwanlife.com
- Taiwan Life website: <https://www.taiwanlife.com/>
- Corporate sustainability website: <https://www.taiwanlife.com/html/ESG/index.html>



CONTENTS

ABOUT THIS REPORT	01
LETTER FROM THE CHAIRMAN	04
LETTER FROM THE PRESIDENT	06
SUSTAINABILITY GOVERNANCE	08
SUSTAINABLE PERFORMANCE HIGHLIGHTS	11
AWARDS & RECOGNITION	12



01 ABOUT TAIWAN LIFE INSURANCE 13

1.1 STRATEGY AND DEPLOYMENT	15
1.2 OPERATING PERFORMANCE	16

02 STAKEHOLDERS AND MATERIALITY 19

2.1 STAKEHOLDER COMMUNICATION	20
2.2 MATERIALITY ANALYSIS	23

03 ETHICAL GOVERNANCE 27

3.1 ETHICAL MANAGEMENT AND CORPORATE GOVERNANCE	28
3.2 RISK MANAGEMENT	36
3.3 INFORMATION SECURITY	52
3.4 LEGAL COMPLIANCE	56



04 CUSTOMER CARE AND SUSTAINABLE INSURANCE 59

4.1 TREATING CUSTOMERS FAIRLY	60
4.2 DIGITAL FINANCE	66
4.3 ESG INSURANCE PRODUCTS	68

05 RESPONSIBLE INVESTMENT AND STEWARDSHIP 73

5.1 STEWARDSHIP POLICY	74
5.2 RESPONSIBLE INVESTMENT	78
5.3 RESULTS OF RESPONSIBLE INVESTMENT	81
5.4 ENGAGEMENT AND VOTING MANAGEMENT	83

06 DIVERSE TALENT DEVELOPMENT 89

6.1 TALENT RECRUITMENT AND CULTIVATION	90
6.2 EMPLOYEE RIGHTS AND WORKPLACE HEALTH	96



07 SUSTAINABLE ENVIRONMENTAL COMMITMENT 99

7.1 GREEN OPERATIONS	100
7.2 SUSTAINABLE SUPPLY CHAIN	104

08 INCLUSIVE SOCIETY 107

APPENDIX

PARTICIPATION IN PUBLIC ASSOCIATIONS AND EXTERNAL ORGANIZATIONS	112
OVERVIEW OF EMPLOYEE BENEFITS	112
UNPAID PARENTAL LEAVE DATA	113
OCCUPATIONAL HAZARD DATA	113
GRI STANDARDS INDEX	114
SASB INSURANCE DISCLOSURE COMPARISON	117
ACCOUNTANT'S INDEPENDENT ASSURANCE REPORT	119





LETTER FROM THE CHAIRMAN

The impact of the pandemic continued in 2021, resulting in more dynamic, flexible, and resilient modes of survival arising everywhere from international trade and business activities to personal lives. Despite the challenges brought by global events and the aging domestic population, Taiwan Life has been able to seize the opportunities in the market through its robust product mix and precise investment. Thanks to the efforts of all our employees, we recorded net profit after tax of NT\$23.1 billion in 2021—a new record high for the Company. In addition to achieving outstanding financial performance, we also continued striving to harness our financial stature as one of Taiwan's leading insurers in order to create greater shared value for our stakeholders.

To such ends, Taiwan Life voluntarily complies with the U.N. Principles for Sustainable Insurance (PSI) and Principles for Responsible Investment (PRI) and has set "deepening social impact" and "achieving low-carbon transition and responsible operations" as dual pillars of its sustainability moving forward. Through the four strategic major directions of "Ethical Governance," "Sustainable Finance," "Accountable Operations," and "An Inclusive Society," we are seamlessly aligning our efforts with the sustainability strategy and "TRUST" sustainability commitment of our parent company, CTBC Holding. In recent years, global financial institutions have been proactively supporting the push for net-zero emissions. This has included the establishment of various organizations such as the Net-Zero Asset Owner Alliance and the Net-Zero Insurance Alliance, all of which aim to achieve the ultimate goal of global net-zero emissions by 2050 through investment and financing businesses as well as insurance products and services. In addition to working with our parent company to carry out carbon governance and financed emissions inventory, Taiwan Life also actively invests in low-carbon green energy sectors to accelerate low-carbon transition and sustainability transformation.

Outside of climate change, Taiwan Life considers ethical governance the foundation of its sustainable corporate operations and places great emphasis on improving its corporate governance. Such practical measures taken in 2021 included formulating Taiwan Life's own Anti-Bribery Policy, incorporating new anti-corruption and anti-bribery content into our ethical management training materials, and adding ESG-related metrics to our Regulations Governing Board Performance Evaluations. In addition, at the end of 2021, together with CTBC Holding, we received CG6013 (2021) outstanding enterprise certification—the highest rating available—under the Taiwan Corporate Governance Association's Corporate Governance System Evaluation. Our group was the only financial institution to receive the outstanding certification, highlighting the wide recognition of our corporate governance efforts.

Insurance is a human-centric financial service industry. Over the past 75 years, Taiwan Life has listened to the voices of its customers and used them to guide its business development. In the course of our digital transformation, by actively developing financial technology and innovative online services, we are continuing to explore areas for product design and service improvements as well as to instill a sustainable insurance mindset and the spirit of treating customers fairly into our everyday operations. During the pandemic over the past two years, for example, we have provided customers with caring services such as relaxing claim restrictions, deferring interest payments, and opening online insurance applications, while also working to enhance epidemic-related insurance coverage among long-term care workers. Furthermore, in support of government relief measures, we have launched a policy loan to offer epidemic relief for economically disadvantaged people—a practical action to use our status as a leading insurer to strengthen the social safety net.

As we work toward our goal of becoming a Taiwan leader not only in insurance but also in sustainability, we are committed to upholding the "We are family" brand spirit of CTBC Holding. Through our insurance products and by channeling our investment and financing to businesses with a positive ESG impact, we will create a sustainable environment and society and maintain the trust of customers from every generation.

TAIWAN LIFE INSURANCE CO., LTD.
CHAIRMAN

Huang Guo



LETTER FROM THE PRESIDENT

We all have a role to play in the global drive for better environmental, social, and corporate governance. Indeed, with encouragement from the competent authorities, the role of the financial and insurance industries has been growing ever more important in recent years.

The COVID-19 pandemic is both a crisis and an opportunity in this regard. In terms of social responsibility, it has fostered growing health consciousness among the public, and we have been actively building a "health ecosystem" to achieve more accurate pricing of insurance products via data collection. The iHealth platform, for example, has been developed to connect cross-industry resources and utilize blockchain technology to consolidate the health data of individuals scattered across various carriers. Meanwhile, our AI health score app, created in collaboration with a startup, provides a chronic disease risk prediction model for customers to self-assess their future health risks and find suitable products. In view of Taiwan's aging society, we are also focusing on over-55-year-olds, including by developing various accident and health products, in-kind payment or health-promotion spillover products, and long-term care insurance. The number of policies underwritten for this customer group increased by more than 27% from the previous year.

I'm pleased to say that Taiwan Life was again recognized for such efforts in 2021. This included being named the Best Life Insurance Company in Taiwan by The Global Business Outlook. In addition, in the Financial Supervisory Commission's Insurance Contest, Taiwan Life received the Micro Insurance Contest Excellent Performance Award as well as the Micro Insurance Contest Caring for the Physically and Mentally Challenged Award.

It is the responsibility and mission of Taiwan Life to use its significant capital resources to create a positive impact on the environment and society. In accordance with the sustainable finance policy of our parent company, we not only incorporate ESG into our investment and financing assessment process, but also strive to increase the proportion of sustainability-based assets and follow through on our recognition of ESG with practical actions. For example, Taiwan Life actively supports the government's green energy policy. We are not only the first life insurance company in Asia to participate in an offshore wind power syndicated loan but have also actively supported the Taiwan's government's "5 plus 2" industrial innovation plan. Our total investment in infrastructure, sustainable bonds, and project financing totals NT\$41.6 billion. We have invested and financed green energy and low-carbon projects with a capacity of 3,888 MW, including renewable energy such as solar as well as offshore and onshore wind, in turn helping to reduce greenhouse gases emissions by 4.88 million metric tons per year. In 2021, we also leveraged our resources and influence to complete engagements with two renewable energy-related investee companies. Also in 2021, when conducting customer engagements on ESG issues, we also began to provide sustainability-linked loans to encourage customers to improve their sustainability performance and create win-win outcomes through preferential interest rates.

Insurance services are always required at different stages of life. Moving forward, Taiwan Life will continue working with employees, policyholders, investees, government, suppliers, and society as a whole to advance on the back of our dual sustainability pillars of "deepening social impact" and "achieving low-carbon transition and responsible operations." In doing so, we will create shared value for all and cement our status as Taiwan's most trusted lifelong partner.

TAIWAN LIFE INSURANCE CO., LTD.
PRESIDENT

SUSTAINABILITY GOVERNANCE

Taiwan Life is constantly strengthening its sustainable development efforts. We have established dual pillars of sustainable development, namely "deepening social impact" and "achieving low-carbon transition and responsible operations," to focus these efforts more clearly on the core value of sustainability. Based on the existing four strategic directions of "Ethical Governance," "Sustainable Finance," "Accountable Operations," and "An Inclusive Society," Taiwan Life now has a complete sustainable development roadmap.

Given that Taiwan is poised to become a super-aged society, we have listed ESG as one of our annual projects. We are committed to creating long-term benefits for our policyholders, employees, shareholders, investees, and society through the various initiatives taken as part of our sustainability strategy. As well as aligning our efforts with the U.N. Sustainable Development Goals (SDGs), we are also actively responding to government ESG initiatives in order to expanding Taiwan Life's impact on society.



● SUSTAINABILITY ROADMAP

| Ethical governance



- Amended the Taiwan Life Regulations Governing Board Performance Evaluations and required that the performance of the Board of Directors be evaluated by the corporate governance unit.
- Together with CTBC Holding, received CG6013 (2021) outstanding enterprise certification—the highest rating available—under the Taiwan Corporate Governance Association's Corporate Governance System Evaluation.
- Following the adoption of the Sustainable Insurance Policy in December 2020, completed the revision of the core Risk Governance Policy and related risk management policies in 2021, as well as the Responsible Investment Policy and Responsible Investment Regulations, with the climate change risk being incorporated.

| Deepened collaboration with academics

| Initiatives and community engagement

- Conducted one ESG course for senior executives and 300 employee health seminar sessions.
- Obtained Healthy Workplace Certification from the Ministry of Health and Welfare as well as ISO 45001 Occupational Health and Safety Management Systems certification.
- Published the 2020 Corporate Sustainability Report, which was Taiwan Life's first corporate sustainability report, and won the Taiwan Corporate Sustainability Awards-Corporate Sustainability Report-Silver Award from the Taiwan Institute for Sustainable Energy.
- Published the 2020 Stewardship and Responsible Investment Report.



| Investment portfolio decarbonization

| ESG insurance products

| Optimize customer service

- Established service processes for seniors and people from disadvantaged groups, developed health promotion products and services, and built a chronic disease risk prediction model.
- Launched two new long-term care products and one product for people with physical and mental disabilities in order to expand financial inclusion.

| Environmentally friendly practices

| Sales team training, talent development

- Completed SDG inventory for the investment portfolio, established SDG investment classification criteria, and incorporated the SDG assessment methodology into the responsible investment procedures. As of the end of 2021, approved sustainable investment and financing totaled approximately NT\$52.7 billion, and the actual investment amount was around NT\$41.6 billion. Awarded ESG Investor of the Year for Insurers-Taiwan, PPP Deal of the Year-Global, and PPP Deal of the Year-Taiwan by The Asset as well as Syndicated Project Finance Deal of the Year Award and Syndicated Loan House of the Year-Taiwan by Asia Pacific Loan Market Association.
- Continued to obtain ISO certification related to energy and environmental management, and implemented green procurement and supplier management.



● SUSTAINABILITY GOVERNANCE FRAMEWORK

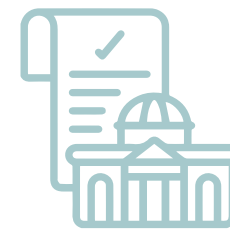
As part of its sustainability governance framework, Taiwan Life has established a dedicated ESG unit under the strategic planning department directly reporting to the President. Furthermore, dedicated departments have been charged with leading efforts in the four strategic sustainable directions and their focus items. Under the guidance of the Board of Directors, Taiwan Life has formulated sustainability-related policies and reports its sustainability performance and action plans at the senior management meeting on a quarterly basis. Moving forward, ESG-related progress and results will also be reported to the Board of Directors every year, and Taiwan Life will leverage external resources to continually monitor ESG developments, learn from peer benchmarking, and propose specific suggestions for improving its sustainable development. We have also already incorporated ESG indicators into the management by objectives (MBO) of senior executives at and above the group head level, thereby linking individual performance evaluations with sustainability performance.



Note: The TCFD Implementation Team was established in 2022.

SUSTAINABLE PERFORMANCE HIGHLIGHTS

Governance



Net profit after tax

NT\$ 23.1 billion **40%**

Net profit after tax reached NT\$23.1 billion—a record high and a 40% increase from 2020.

The highest rating available

Received CG6013 (2021) outstanding enterprise certification—the highest rating available—under the Taiwan Corporate Governance Association's Corporate Governance System Evaluation.

Personal information management system

Earned BS 10012: 2017 Personal Information Management System certification, highlighting Taiwan Life's strong personal information management structure.

Sustainable investments totaled

NT\$ 52.7 billion **24%**

Approved sustainability-related investments totaled NT\$52.7 billion, up 24%.

Solar panels cumulatively generated

cumulatively **67,343 kWh**

Taichung Financial Building solar panels cumulatively generated 67,343 kWh of electricity, reducing carbon emissions by 33.81 metric tons.

Low-carbon investment

CO₂ cut 1.88 million metric tons

Low-carbon investment totaled NT\$5.863 billion, which is expected to cut carbon emissions by 1.88 million metric tons per year.

Syndicated project finance deal of the year award

CO₂ cut 1.139 million metric tons

Changfang & Xidao Offshore Wind Farms syndicated loan won the Syndicated Project Finance Deal of the Year Award from the Asia Pacific Loan Market Association and is estimated to cut carbon emissions by 1.139 million metric tons and provide electricity to approximately 650,000 households annually.

Green procurement

Annual green procurement exceeded NT\$30 million and annual supplier conference held to encourage suppliers to build a sustainable supply chain with Taiwan Life.

Supporting the local economy

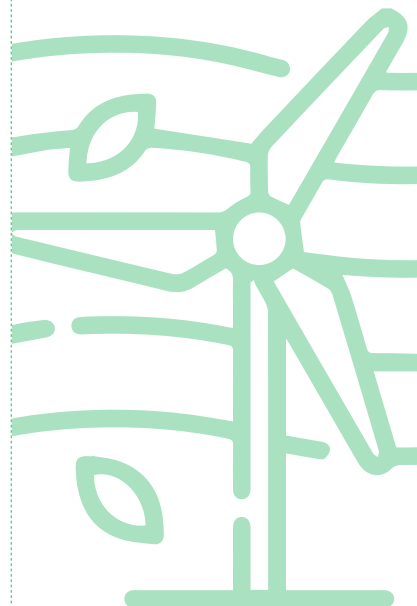
Proportion of local procurement was 100%, supporting the local economy.

100%

All operating sites have

All operating sites have now obtained ISO 14001 Environmental Management System, ISO 50001 Energy Management System, and ISO 14064-1 Greenhouse Gas Quantification and Reporting certification.

Environmental



Social



Customer satisfaction

96%

Maintained high customer satisfaction, with annual and monthly surveys reporting an average satisfaction rate of 96%.

Sales to seniors grew

Boosted sales to customers aged 55 and older, with underwritten policies growing by 27.01%.

27.01%

Basic protection for vulnerable groups

NT\$ 39.1 billion

Continued providing basic protection for people with disabilities and those from other disadvantaged groups, with the accumulated insured amount of microinsurance policies (individual and group) hitting NT\$39.1 billion.

The principle of treating clients fairly

Subsidiary CTBC Insurance rated among the top 20% of property insurance companies in the FSC's latest Treating Customers Fairly evaluation.

20%

Healthy start workplace

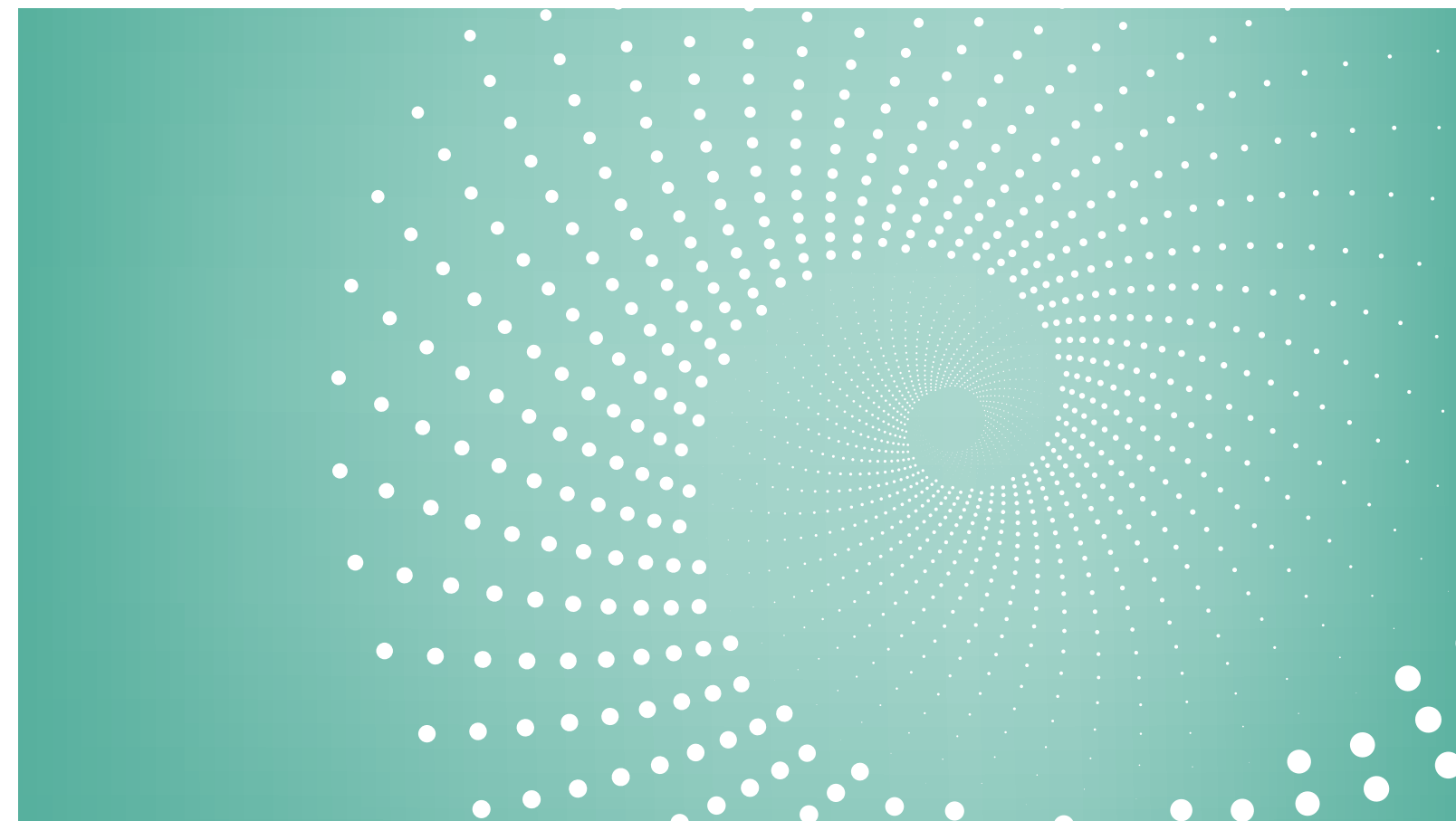
Taipei Shoude, Hsinchu Branch, Taichung Branch, and Eastern Taiwan Branch locations obtained Healthy Start Workplace Certification, for a total of 8 certified workplaces across Taiwan.

AWARDS AND RECOGNITION

Corporate brand image	Digital finance and product development	Corporate sustainability
 <p>Global Brands Awards Best Life Insurance Brand - Taiwan</p>	 <p>Insurance Asia Awards New Insurance Product of the Year - Taiwan Claims Initiative of the Year - Taiwan Marketing Initiative of the Year - Taiwan</p>	 <p>The Asset Triple A Sustainable Investing Awards ESG Investor of the Year for Insurers - Taiwan</p>
 <p>Brand Finance Insurance 100 No. 74</p>	 <p>Harvard Business Review Digital Transformation Awards First Prize in Business Model Transformation Award Large Enterprise Category</p>	 <p>The Asset Triple A Infrastructure Awards PPP Deal of the Year - Global PPP Deal of the Year - Taiwan</p>
 <p>Taiwan Insurance Excellent Performance Award Gold Award for Excellence in the Promotion of Protection-Oriented Products Silver Award for Excellence in Customer Service Project Planning Silver Award for Excellence in Risk Management Project Planning</p>	 <p>Commercial Times Digital Financial Service Award Digital Innovation Gold Award Online Insurance Service Premium Award Digital Information Security Premium Award Digital Inclusion Premium Award</p>	 <p>Asia Pacific Syndicated Loans Market Awards Syndicated Project Finance Deal of the Year</p>
 <p>Faith, Hope & Love Awards of Insurance Best Correspondence Office Award (Grand Award) Best Insurance Achievement Award - Office Work Group (Grand Award) Best Professional Consultant Award - Office Work Group (Grand Award) Best Social Responsibility Award (Merit Award) Best Integrated Communication Award (Merit Award) Best Channel Strategy Award (Merit Award) Best Insurance Professionalism Award (Merit Award) Best Product Creativity Award (Merit Award) Best Correspondence Office Award (Merit Award) Best Professional Consultant Award - Field Work Group (Merit Award) Best Social Contribution Award - Field Work Group (Merit Award)</p>	 <p>Taiwan Corporate Sustainability Awards Sustainability Report Award - Silver Award for Financial and Insurance Industries</p>	 <p>Financial Supervisory Commission Insurance Contest Microinsurance Contest - Excellent Performance Award Micro-insurance Contest - Disability Care Award Investment in Key Innovative Industries - Project Investment Category</p>

About Taiwan Life Insurance

01



- 1.1 Strategy and deployment
- 1.2 Operating performance

Taiwan Life is committed to becoming the insurer with the strongest business foundation as well as to being the most widely recommended insurer among customers. We maintain a customer-first philosophy, launch digital transformation projects, and adjust sales strategies in order to proactively prepare for IFRS17 and ICS 2.0 in 2026. Deepening our social impact and achieving a low-carbon transition and responsible operations are the two pillars of our ESG efforts. We are leveraging our core competencies in innovative insurance products and services to positively impact society and are using low-carbon investment, financing, and engagement to drive the global net-zero transition.

About Taiwan Life Insurance

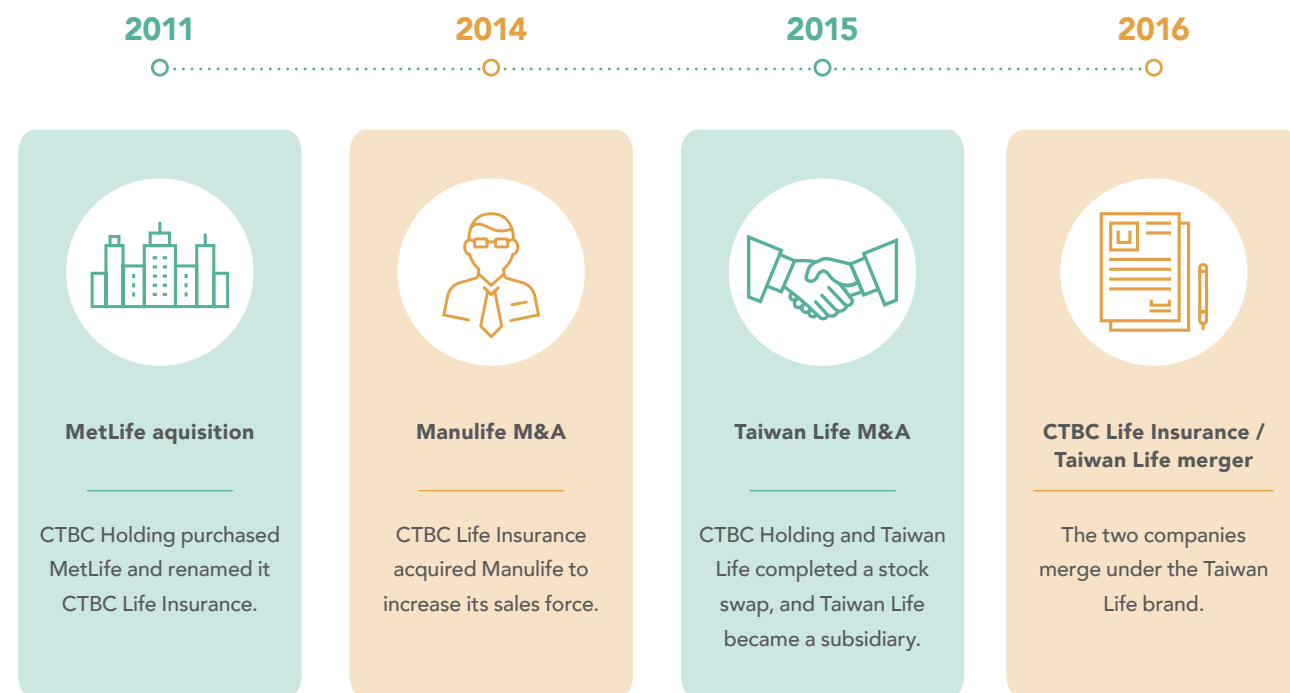
Founded in 1947 as the first life insurance company in Taiwan, Taiwan Life was privatized in 1998 and became a subsidiary of CTBC Holding in 2015. Taiwan Life has been ranked among the world's 100 most valuable insurance brands for six years running and Best Life Insurance Brand by Taiwan by Global Brands Magazine for five consecutive years based on its performance, innovative digital services, and outstanding brand influence. We are committed to building a better society for seniors and all generations, and are proactively working toward the goal of being the No. 1 insurance service brand.

With our customer-oriented service approach and "We are family" brand spirit, we strive to introduce new financial services and products and are committed to being

the leader in digital innovation in financial services. For example, we were the first to receive FSC approval to conduct online insurance business and digital services. We also developed the eClaim service, which utilizes blockchain technology to allow customers to apply for claims online more quickly and efficiently, and led the industry in establishing the EdgE Digitalization Lab, which develops intelligent marketing tools to transform sales agents into professional digital insurance advisers with enhanced service efficiency.

Information	
Company name	Taiwan Life Insurance Co., Ltd.
Establishment	1947
Industry	Insurance
Headquarters	8 / F, No. 188, Jingmao 2nd Road, Nangang District, Taipei
Number of employees	Office staff: 1,888 / Sales agent: 7,289
Assets	NT\$ 2,159,359,973 thousand
Liabilities	NT\$ 1,996,581,659 thousand
Owners' equity	NT\$ 162,778,314 thousand
Capital adequacy ratio	342%
Operating locations	Taiwan: 119 / China: 1

Note: As of April 2022, including branches and correspondence offices, excluding international insurance business branches.



Taiwan Life has always adhered to a people-oriented philosophy. We closely monitor changes in the market and provide the public a comprehensive safety net for their health, wealth, and all-round inheritance through flexible and creative product strategies and services. As such, we are able to enhance our operational performance while maintaining our long-term profitability, thus delivering favorable outcomes for the Company and our customers alike. Taiwan Life puts its customer-centric philosophy into action by developing digital tools to upgrade sales agents into insurance consultants with solid professional and digital capabilities, providing constructive advice to customers quickly.

Regarding customer service, we carefully study all scenarios in the insurance policy life cycle and identify all pain points faced by customers in each scenario. Through digital innovation, we connect point-to-point services to continually optimize existing functions and services in relation to these scenarios in order to create the smoothest possible customer experience.

In terms of insurance products, we have developed ESG investment products in line with the growing concern for sustainability, and we attach great importance to promoting insurance policies for seniors and those with health problems. We also cooperate across industries to develop innovations that ensure everyone, regardless of age or identity, has access to the insurance they need.

Going forward, Taiwan Life will continue to uphold CTBC Holding's "We are family" brand spirit and brand values of care, professionalism, and trust. In addition to focusing on insurance, we will adhere to the principles of professional, ethical, and stable operations; pay consistent attention to social inequalities; actively support public welfare efforts; and emphasize environmental sustainability, corporate governance, and risk control. At a steady pace, Taiwan Life will become the most robust insurance company and the insurer most recommended by customers, as it cements its status as the brand most preferred and trusted by customers.

1.1 Strategy and deployment

In preparation for adopting International Financial Reporting Standard 17 (IFRS 17) and Insurance Capital Standard Version 2.0 (ICS 2.0) by 2026, Taiwan Life was the first among its peers to establish an IFRS 17 committee and project management office. The Company has partnered with external consultants and vendors with international experience to devise with the most suitable integration solution through adjusting its product strategy and optimizing its asset-liability management, so as to strengthen its capital adequacy when adopting IFRS 17 and ICS 2.0. Since 2018, Taiwan Life has stopped selling products with risk of interest spread loss, and has undertaken a transformation of its product sales strategy. As a result, the proportion of Taiwan Life's interest-sensitive products and foreign currency products is relatively high for the industry, leading to a lower cost of liabilities compared with its peers, which helps maintain the level of interest spread and mitigate the impact of IFRS 17 and ICS 2.0.


In 2021, Taiwan was severely affected by the COVID-19 pandemic. Agents were unable to provide customers with face-to-face insurance services, which tested the digital capabilities and resilience of insurers. Leveraging the CTBC Holding group's competitive advantage in digitalization, Taiwan Life rolled out a digital transformation project prior to this. A Superior Customer Experience Project Management Office was set up and charged with ensuring a smooth customer experience. In accordance with Taiwan Life's customer-centric philosophy, the office has digitally integrated sales and services and launched a comprehensive range of digital tools for agents, such as the iKASH smart assistant, advisory financial planning system, proposal system, mobile apps, and mobile policy owner services. In 2021, we launched remote insurance 2.0, which is the first parent-child insurance service of its kind in the market. It allows customers to overcome geographical restrictions to complete insurance applications quickly and safely online.


In the future, adoption with IFRS 17 and ICS 2.0 is expected to change the existing business model. In terms of the Company's development strategy, Taiwan Life has set the following five development strategies with the goal of becoming the most robust insurance company and the insurer most recommended by customers:

- A. Seamlessly transition to IFRS 17 and ICS 2.0 with the healthiest constitution and optimal capital.
- B. Attain the best operational efficiency, create a customer journey with consistent experience across all channels, and become the most highly recommended insurance company.
- C. Give consideration to the complete launch of the new core system to protect customer rights during IT transformation.
- D. ESG development themes "achieve low carbon transformation and responsible operation" and "develop social influence".
- E. Continue to strengthen the link between risk and solvency assessment mechanisms and business goals, investment and business plans, capital management, and risk management, in order to improve the Company's risk appetite management.

1.2 Operating performance

Management approach: Operating performance

Policy and commitment	In response to adoption of IFRS 17 and ICS 2.0 by 2026 and the increasing attention paid by the competent authority to ESG-related issues, we will continue to enhance our business structure and work to become the most robust insurance company and the insurer most recommended by customers.		
Actions and results	Targets	Corresponding SDGs	
Formulate the optimal business and investment strategies for IFRS 17 and ICS 2.0 transition	Short term <ul style="list-style-type: none"> Operations: Focus on protection-oriented and foreign exchange products Investment: Assess risk capital and rate of return, formulate the optimal investment portfolio, and make adjustments Preparations for transition: Establish asset-liability dynamic management mechanisms, and continue to develop calculation engine and sub-account systems 	Medium to long term <ul style="list-style-type: none"> Seamlessly transition to IFRS 17 and ICS 2.0 with the healthiest constitution and optimal capital 	
	Become the top choice for customers by integrating sales and services digitally	<ul style="list-style-type: none"> Continue to expand the healthcare ecosystem through cross-industry collaboration while accumulating customer data Continue to complete functions of the Advisory System to increase the breadth and professionalism Add experience ambassadors and monitoring system. Optimize digital platforms to provide a better customer experience 	

Actions and results	Targets	Corresponding SDGs	
Complete the necessary infrastructure to support business growth and transformation	Short term <ul style="list-style-type: none"> Continue to sort through service processes and utilize digital tools to improve operational efficiency Develop a new core system and conduct parallel tests 	Medium to long term <ul style="list-style-type: none"> Give consideration to the complete launch of the new core system to protect customer rights during IT transformation 	

Given the decline in bond interest rates and the bullish stock market in 2021, Taiwan Life took the opportunity to realize capital gains. The Company posted a consolidated after-tax profit of NT\$23.1 billion in 2021, hitting a record high with 40% year-on-year growth. Total assets reached NT\$2.2 trillion, an increase of NT\$91.5 billion from 2020, with a compound annual growth rate of 9% over the past five years.

Given Taiwan-based insurance companies are required to adopt IFRS 17 and ICS 2.0 for their financial statements and supervisory reports by 2026, Taiwan Life has been leading its peers in conducting sales transformation, optimizing its product mix, strengthening its capital, and refocusing on the sale of protection-oriented and foreign currency products in order to ensure solid and stable profitability. Thanks to booming investment market in 2021, the sales of investment-linked products grew by 52% from 2020. As a result, our first-year premiums reached NT\$106.6 billion in 2021, an increase of 19% year on year and representing positive growth for two consecutive years. This improved our ranking to the third-largest in the industry. In 2021, total premiums were NT\$206.2 billion, ranking sixth in the industry.

Financial information

Unit: NT\$ thousand

	2021	2020	2019
Total assets	2,159,359,973	2,067,930,142	1,962,867,494
Operating revenue	282,723,773	284,198,809	302,796,784
Net profit	23,130,827	16,533,596	13,109,087
Return on assets (%)	1.12	0.85	0.73
Return on equity (%)	15.35	12.90	14.32
Capital adequacy ratio (%)	342	309.41	298.30

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

● First-year premiums and percentages by product category

Unit: NT\$ thousand

Category	2021		2020		2019	
	Revenue	Percentage	Revenue	Percentage	Revenue	Percentage
Life insurance	44,383,363	41.62%	49,455,586	55.21%	60,897,686	73.34%
Injury insurance	596,603	0.56%	540,508	0.60%	619,884	0.75%
Health insurance	2,709,798	2.54%	3,123,446	3.49%	3,579,165	4.31%
Annuity insurance	58,945,118	55.28%	36,453,874	40.70%	17,938,337	21.60%

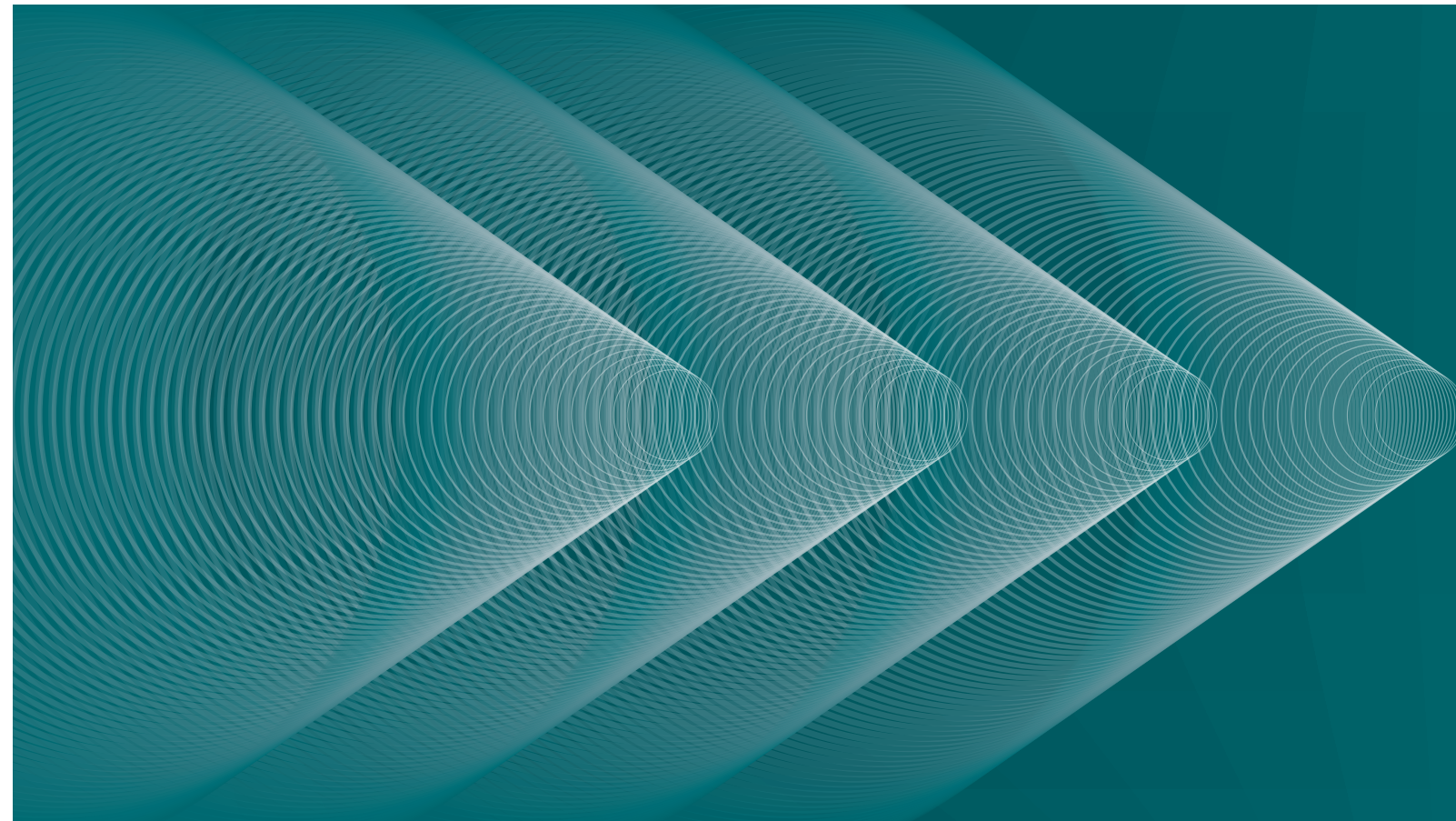
Tax governance

Taxation plays an important role in achieving the SDGs and is a key mechanism for organizations to contribute to the economies where they operate. Taiwan Life follows the tax governance policies established by its parent company, CTBC Holding, and puts them into practice in day-to-day operations.

In terms of tax strategy, Taiwan Life acts 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 fully 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 and achieve sustainable development.

Stakeholders And Materiality

02



2.1 Stakeholder communication

2.2 Materiality analysis

Material topics are at the core of our sustainability disclosures. The major stakeholders of Taiwan Life are employees, policyholders, suppliers / contractors, investees, government agencies, shareholders, and the community and partners. For this year's report, we have identified 11 material topics and proposed management approaches and practical action plans accordingly. New material topics for the year include insurance product development, climate change, and community engagement and impact.




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 various communication channels in place to collect the voices of stakeholders and regularly survey the issues of concern among internal and external stakeholders.


2.1 Stakeholder communication


We have identified seven major stakeholders based on the AA1000 Stakeholder Engagement Standard and have communication channels in place for each to respond to their expectations in a timely manner. We adhere to the spirit of transparency and openness, disclose information through multiple channels, and ensure effective communication with our stakeholders. Furthermore, we record 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 reinforce 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	2021 communication achievements
 Employees	<ul style="list-style-type: none"> • Remuneration • Employee benefits 	<ul style="list-style-type: none"> • Labor-management meetings / quarterly • Complaint hotline and mailbox / anytime • Welfare Committee / quarterly 	<ul style="list-style-type: none"> • 4 labor-management meetings • 4 Welfare Committee meetings
 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 / weekly • Digital reports for policyholders / monthly • Press releases / monthly • Lectures and forums / irregularly • Seminars on retirement-related issues / annually • 0800 customer service hotline / anytime • Official LINE account / irregularly 	<ul style="list-style-type: none"> • 3-4 official Facebook page posts per week on average • 5-6 press releases per month on average • 2 lectures / forums on the health ecosystem • 1 seminar on retirement-related issues • 3-4 official LINE account messages per month on average
 Suppliers / contractors	<ul style="list-style-type: none"> • Sustainable supply chain management 	<ul style="list-style-type: none"> • Supplier conferences / annually • On-site labor health and safety audits / irregularly • Business conferences and price negotiation meetings / irregularly 	<ul style="list-style-type: none"> • 1 supplier conference • 20 on-site labor health and safety audits • 105 business conferences and price negotiation meetings

Stakeholders	Communication topics	Communication channels and frequency	2021 communication achievements
 Investees	<ul style="list-style-type: none"> • Corporate governance • Social issues • Environmental protection 	<ul style="list-style-type: none"> • Company visits / irregularly • Phone calls / irregularly • Online meetings / irregularly • Participate in shareholders and board meetings of specific investee / irregularly • Performance management committee meetings / irregularly 	<ul style="list-style-type: none"> • 4 visits to investees to discuss relevant project meetings hosted by the city government • Attended 12 project development conferences of investees and their vendors • Discussed implementation details with investees over the phone according to project needs • In accordance with the articles of incorporation and related regulations of investee companies, attended 19 board meetings and 4 shareholders' meetings • Convened 27 meetings of the management committee to provide advice to the chairpeople of the investee companies (for details, see Chapter 5-5.4.1 Engagement communication)
 Government	<ul style="list-style-type: none"> • Legal compliance • Providing consultations on the enactment of laws and regulations • Cooperation on the advocacy of laws and regulations • Corporate governance • Board of Directors meeting matters 	<ul style="list-style-type: none"> • Market Observation Post System / irregularly • Competent authority-convened meetings on specific topics / irregularly • Corporate governance-related seminars, summits, and courses / irregularly • Board meeting minutes / monthly 	<ul style="list-style-type: none"> • Participated in the Insurance Bureau's 2021 Enhancing Insurance Regulatory Compliance Seminar • Pursuant to the laws and regulations issued by the competent authority, the compliance department tracked the internal operation norms of each department every month to ensure they are revised and updated in a timely manner • Directors attended the seminars held by the competent authorities • The corporate governance officer and all Chairman's Office staff participated in the Corporate Governance Summit Forum • Board meeting minutes were provided to the competent authority for the record on a monthly basis
	<ul style="list-style-type: none"> • Operating performance 	<ul style="list-style-type: none"> • Official website / quarterly 	<ul style="list-style-type: none"> • Issuance of financial reports audited or reviewed by the certified public accountants along with their opinions
 Shareholders	<ul style="list-style-type: none"> • Corporate governance • Board of Directors meeting matters 	<ul style="list-style-type: none"> • Board meeting minutes / monthly • Monthly supervisor meetings / monthly 	<ul style="list-style-type: none"> • Held 12 monthly executive meetings of the Chairman's office with CTBC Holding to report and discuss corporate governance and important issues raised in Board meetings • The Company is a corporation with a single corporate shareholder and provides the minutes of Board meetings to that single corporate shareholder, CTBC Holding, for its record

Stakeholders		Communication topics	Communication channels and frequency	2021 communication achievements
 <p>The community and partners</p>	NGOs / non-profits	Public welfare for the seniors	Project sponsorship and activities for seniors / irregularly	<ul style="list-style-type: none"> Held Taiwan's first baseball training camp for seniors, benefiting 160 people across 3 sessions Successfully recruited 3 new "Bulao" baseball teams, with a total of 79 seniors participating Held the Stanford Center on Longevity Design Challenge Asia, an open competition to encourage young people to devise solutions for aging-related issues Supported Pingtung home bathing service, benefiting 510 people
		Helping disadvantaged people	Events and activities by theme / annually	<ul style="list-style-type: none"> Raised NT\$1.4 million in donations through the Epidemic Prevention Package fundraising campaign, benefiting over 2,000 vulnerable seniors living alone Gave free pandemic prevention insurance to 283 long-term care workers Donated NT\$25 million in consolation funds to medical staff in greater Taipei and for the purchase of epidemic-prevention supplies Donated 4,974 bags of blood Donated NT\$7.225 million in microinsurance premiums to provide protection for disadvantaged groups
		Corporate volunteers	Volunteer activities / annually	<ul style="list-style-type: none"> 25 employees helped pack 470 epidemic-prevention kits 4 activities held in remote villages by employees volunteering 15 person-times, benefiting 70 seniors
	Media	International aging trends	Forums / annually	Chief Strategy Officer Pai-Hung Yeh, at the VISION 2025 Senior Aging International Trends Forum hosted by CommonHealth Magazine, proposed a retirement framework of "Three Capitals" (LOHAS capital, long-term care capital, and health capital) and "Two Plans" (future cash flow plan and currently available funds calculation) to raise awareness that everyone has the ability to prepare for retirement
		<ul style="list-style-type: none"> Corporate governance Carbon reduction and sustainability 	Forums / annually	President Tony Chuang spoke at the ESG Carbon Reduction Summit-Sustainability Forum hosted by Business Weekly, explaining how Taiwan Life is implementing carbon reduction in its operations, helping customers improve their health, and reducing the waste of environmental resources

Stakeholders		Communication topics	Communication channels and frequency	2021 communication achievements
 <p>The community and partners</p>	Academic cooperation unit	Retirement trends	<ul style="list-style-type: none"> Industry-academia cooperation / annually Research press conference / annually Seniors Finance Forum / annually 	<ul style="list-style-type: none"> Signed a 5-year industry-academia cooperation pact with National Chengchi University's College of Commerce, jointly organizing 2 project activities every year 1 research press conference on "observation indicators of retirement in Taiwan's aging society" 1 Seniors Finance Forum
		Digital transformation trend in local care for the seniors	Survey results release conference forum / irregularly	<ul style="list-style-type: none"> With Taipei Medical University, conducted the Centenarian Life Survey on the digital transformation of community-based care at 4,446 community care sites for its Published Taiwan's first research report on the digital transformation of community care, the Centenarian Life Survey, and hosted the Centenarian Life Survey and Innovation Forum online, inviting industry, academia, and research institutions to share their experience in community care and aging in place

2.2 Materiality analysis

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

● Materiality analysis procedure

Step 1: Identify stakeholders

In accordance with the AA 1000 Stakeholder Engagement Standards as well as five major principles (dependency, responsibility, tension, influence, and diverse perspectives), we established seven categories of stakeholders that Taiwan Life prioritizes communicating with, namely employees, policyholders, suppliers or contractors, investees, government, shareholders, and the community and partners (e.g., media, academic institutions, NGOs, and non-profit organizations).

Step 2: Collect sustainability issues

Nineteen sustainability issues related to Taiwan Life were identified by analyzing the data sources of global sustainability standards (GRI Standards, SASB Standards), industry benchmarks, and Taiwan Life's sustainable development goals.

Step 3: Investigate issues of concern and operational impact

According to the seven categories of stakeholders identified, an annual questionnaire was issued to understand the sustainability issues of concern among stakeholders. A total of 528 valid questionnaires were collected in 2021 as the basis for our "stakeholder concern" analysis. Furthermore, "severity level of impact on Taiwan Life" was identified by evaluating our internal senior management on the issues on the basis of 18 questionnaires collected.

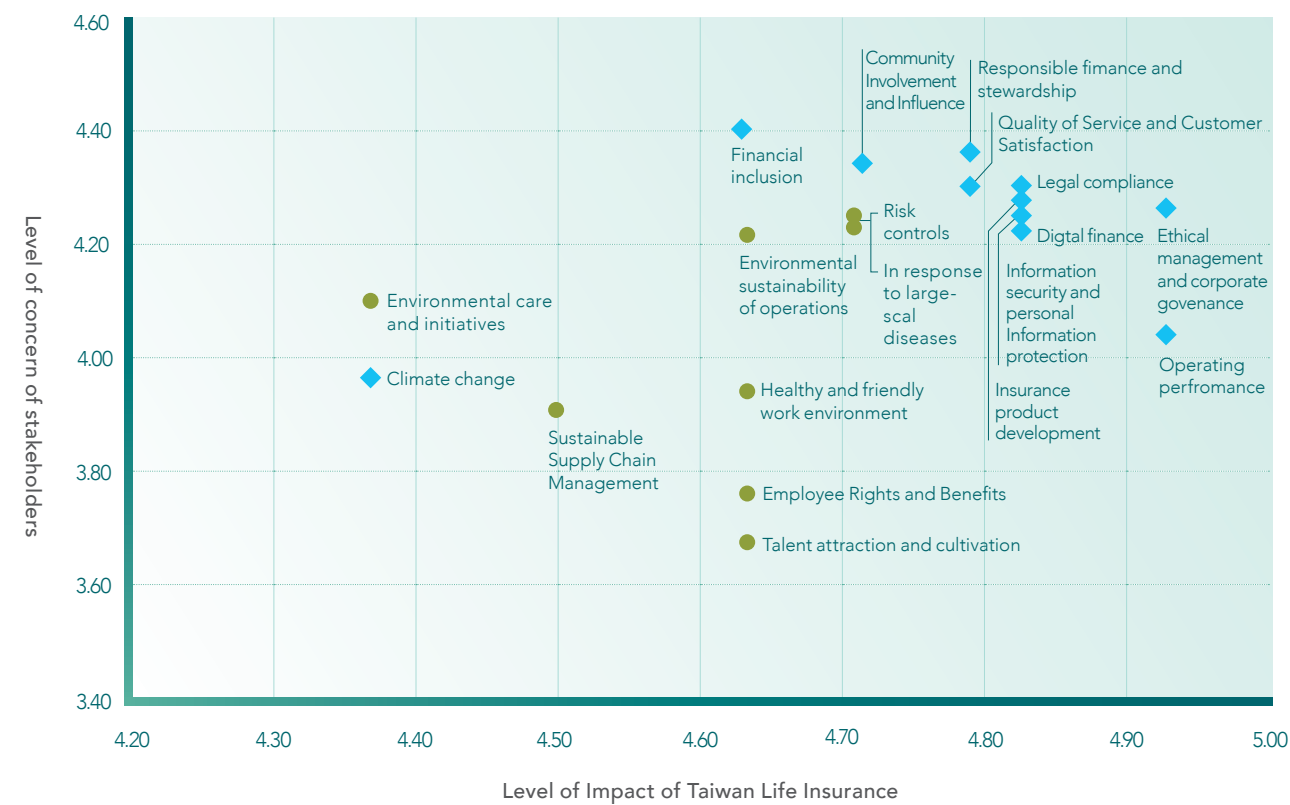
Step 4: Identify material topics

According to the analysis results in Step 3, the report on Taiwan Life's material topics was prepared. After discussion with senior management and input from external experts, we concluded 11 material topics.

Step 5: Establish management approaches for specific topics

The 11 material topics selected were matched with the specific topics of the GRI Standards, and in accordance with the reporting requirements and management approach for each specific topic, sustainable information was collected and disclosed to respond to stakeholders' expectations.

Material topic analysis results



Value chain and material topics

For the 11 material topics, Taiwan Life assesses the impact of each on the value chain (ESG impact point), aligns them with corresponding GRI topics, and discloses management approach and implementation measures in this report and the Company's official website.

Aspect	Material topic	GRI topics / other material topics	ESG impact points						Management approaches and response			
			Internal		External							
			Direct impact on the Company	Direct impact through the Company's business relationships	Indirect impact through to the Company's relationships							
			Policyholders	Suppliers / contractors	Investees	Government	Shareholders	Community and partners				
Corporate governance	Operating performance	GRI 201: Economic Performance	●	●	●				●		1.2 Operating performance 3.1 Ethical management and corporate governance	
	Ethical management and corporate governance	GRI 205: Anti-corruption									3.1 Ethical management and corporate governance	
		GRI 206: Anti-competitive Behavior	●	●	●			●	●	●	3.2 Risk management	
	Insurance product development	GRI G4 FS product and service related	●	●	●			●		●	4.3 ESG insurance products	
	Information security and personal information protection	GRI 418: Customer Privacy		●	●	●	●	●	●			3.3 Information security
	Legal compliance	GRI 307: Environmental Compliance		●		●	●	●	●	●		3.4 Legal compliance
		GRI 419: Socioeconomic Compliance										
	Digital finance	Other material topic	●	●				●				4.2 Digital finance
	Responsible finance and stewardship	Other material topic	●	●		●	●	●	●	●		5 Responsible investment and stewardship

Aspect	Material topic	GRI topics / other material topics	ESG impact points							Management approaches and response
			Internal	External						
			Direct impact on the Company	Direct impact through the Company's business relationships		Indirect impact through to the Company's relationships				
Policyholders	Suppliers / contractors	Investees		Government	Shareholders	Community and partners				
Environment	Climate change	Other material topic	●	●	●	●	●			3.2 Risk management 7.1 Green operation
Society	Service quality and customer satisfaction	GRI 416: Customer Health and Safety GRI 417: Marketing and Labeling	●	●			●			4.1 Treating customers fairly
	Financial inclusion	Other material topic	●	●			●	●	●	4.2 Digital finance 4.3 ESG insurance products
	Community engagement and impact	GRI 203: Indirect Economic Impacts	●				●		●	8 An inclusive society

Ethical Governance

03



- 3.1 Ethical management and corporate governance
- 3.2 Risk management
- 3.3 Information security
- 3.4 Legal compliance

Sound corporate governance is the foundation of corporate sustainability and is also the cornerstone of Taiwan Life's business operations. We emphasize establishing a culture of integrity. We have a comprehensive system and procedures for the recruitment, continuing education, and performance evaluation of Board members, and we have recently incorporated new ESG-related indicators into Board performance evaluations. In order to deepen our culture of sustainable operations, we are continuing to enhance our efforts in risk management, information security, legal compliance, and other areas as well as establishing delegated units, improving our regulatory systems, and providing education and training as we strive to cement our status as Taiwan's most trusted insurer.

Ethical governance

3.1 Ethical management and corporate governance

Management approach: Ethical management and corporate governance

Anti-bribery Policy

Actions and results	Targets	Corresponding SDGs
<p>The Company took key strides forward by formulating the Taiwan Life Anti-bribery Policy in 2021 and consolidating related regulations and regulatory requirements.</p>	<p>Short term</p> <p>Disclose the implementation of the whistleblower on the Company's official website and report anti-bribery initiatives to the Board of Directors through an ethical management report submitted in January and July each year</p> <p>Medium to long term</p> <p>Continue to promote anti-corruption and anti-bribery initiatives among all of our employees and continue to align ourselves with the policies of our parent company, CTBC Holding</p>	


Ethical Corporate Management Best Practice Principles

Actions and results	Targets	Corresponding SDGs
<ul style="list-style-type: none"> In 2021, a newly appointed independent director signed the Statement of Compliance with Ethical Management prior to assuming the position. Education and training is provided to all directors, managers, and employees of the Company each year; the training completion rate in 2021 was 100%. Education and training materials were revised to incorporate new anti-corruption, anti-bribery, and intellectual property rights content. 	<p>Short term</p> <ul style="list-style-type: none"> Regularly report to the Board of Directors on the implementation of ethical management of the Company and its subsidiaries Conduct education and training every year, and achieve the target training completion rate of 100% <p>Medium to long term</p> <ul style="list-style-type: none"> Continue to monitor the results of the Company's compliance with ethical management and report regularly so that the Board of Directors can keep track of the implementation status of the Company and its subsidiaries Regularly update training materials and provide training on an ongoing basis 	

Board performance evaluations

Actions and results	Targets	Corresponding SDGs
<p>In 2021, the Regulations Governing Board Performance Evaluations were amended to incorporate ESG performance indicators and the form for assessing the performance of the Board of Directors and functional committees by the corporate governance officer. For the year, the results of the Board of Directors overall self-assessment and functional committees' overall self-assessment by Board members had achievement rates of over 90%, indicating performance "significantly above average."</p>	<p>Short term</p> <p>Board members conduct annual Board of Directors overall self-assessments, individual Board member self-assessments, and functional committee overall self-assessments, and the corporate governance officer is required to conduct performance evaluations for the Board and functional committees</p> <p>Medium to long term</p> <p>Continue to review the results of the Board performance evaluations and propose improvement plans accordingly</p>	

Directors' duty performance

Actions and results	Targets	Corresponding SDGs
<ul style="list-style-type: none"> The content of the directors' performance manual was updated in 2021. A newly appointed director was provided with the updated performance manual and relevant units presented important business matters of the Company to the director in a briefing session. Taiwan Life assisted the Board of Directors in completing the re-election process in 2021. None of the current independent directors has served for more than three consecutive terms. The amendment to Standards for the Division of Authority of the Board of Directors, Chairman, and President was completed in September 2021 to ensure the clear division of authority and responsibilities. 	<p>Short term</p> <ul style="list-style-type: none"> Continually review and update the content of the directors' performance manual Continue to enhance the quality and efficiency of Board meetings based on feedback from directors Clearly stipulate the training system for the first appointment of directors in the internal regulations <p>Medium to long term</p> <ul style="list-style-type: none"> In cooperation with CTBC Holding, review and amend the directors' performance manual as required on an ongoing basis Continue to enhance the quality and efficiency of board meetings based on feedback from directors 	

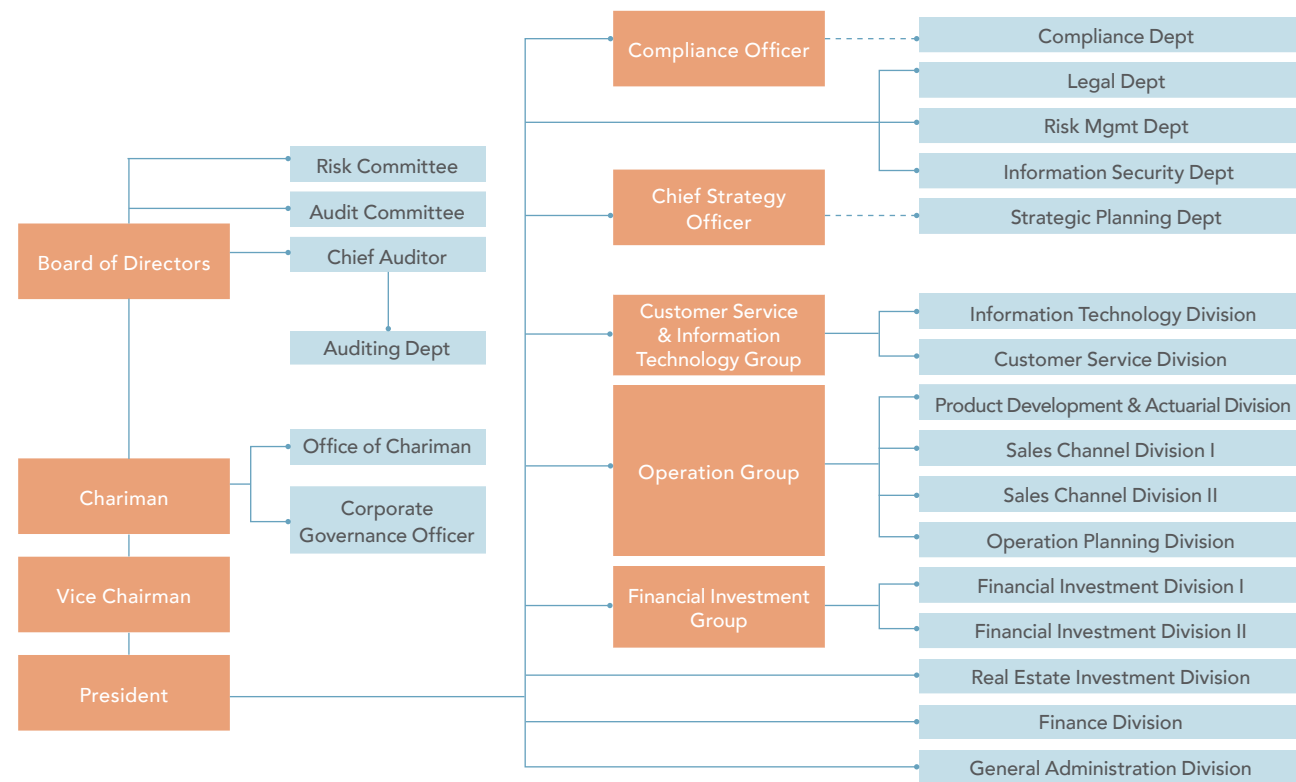
Corporate governance disclosure

Actions and results	Targets	Corresponding SDGs
<ul style="list-style-type: none"> The Company's official website has an "Information Disclosure" section, the "Corporate Governance" section of which fully disclosed the relevant norms and implementation of corporate governance. The re-election of the Board of Directors was completed on Oct. 4, 2021, and the information was released on the Company's official website, the Insurance Bureau, and the Market Observation Post System of the Securities and Futures Bureau in accordance with regulations. The number of cases in which the Board of Directors acts on behalf of the shareholders' meeting was disclosed on the Company's official website. 	<p>Short term</p> <ul style="list-style-type: none"> Regularly review the relevant regulations on corporate governance and their implementation, and update information on the Company's official website, the Insurance Bureau, and the Market Observation Post System of the Securities and Futures Bureau as required Disclose 2022 corporate governance future plans in the annual report Disclose corporate governance information in English on the official website Optimize the corporate governance section on the official website to facilitate stakeholder inquiries <p>Medium to long term</p> <p>Continually enhance the disclosure of corporate governance-related information with reference to the recommendations of the Corporate Governance System Evaluation</p>	

Talent database of directors

Actions and results	Targets	Corresponding SDGs
<p>In 2021, the establishment of a database to store the register of the Company's previous directors since the merger in 2016 was completed.</p>	<p>Short term</p> <p>Establish a talent database of the Company's former directors in cooperation with CTBC Holding</p> <p>Medium to long term</p> <p>Continue to cooperate with CTBC Holding to maintain the accuracy of the register in the database, so as to facilitate the search for director candidates in the future</p>	

● Corporate governance organization chart



3.1.1 Sound Board structure

In accordance with the Company's Articles of Incorporation, the Board of Directors of the Company shall consist of 7 to 12 directors, of which the number of independent directors shall not be less than three. The re-election of the Board of the Company and its subsidiaries was completed in 2021. The current 27th Board of Directors of the Company comprises 10 directors, including four independent directors, in line with the requirement of the Articles of Incorporation. All independent directors serve as members of the Audit Committee and Risk Management Committee under the Board, and perform their duties in accordance with the charter of each functional committee. Board members have a wide range of backgrounds in academia and industry, with substantial legal, finance, and risk management expertise as well as practical experience.

Operation of the Board

In order to fulfill the functions of the Board of Directors, the Company holds a Board meeting every month. All directors actively participate in discussions, while business units are required to execute important Board resolutions and report the progress 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 facilitate the follow-up and improve decision-making efficiency.

● Board and functional committee meeting attendance

	Board of Directors	Risk Management Committee	Audit Committee
Number of meetings held	19	13	18
Attendance rate	98.6%	100%	100%
Attendance rate of independent directors	100%	100%	100%


● Board director skills and experience

Position	Director	Gender	Age	Professional knowledge and ability		Industry experience		
				Commerce, law, finance, accounting, and other professional knowledge ⁽⁴⁾	Judges, prosecutors, lawyers, accountants, and other professional certificates ⁽⁵⁾	Banking	Insurance	Securities
Chairman	Su-Kuo Huang	Male	72			V	V	V
Vice Chairman	Shu-Po Hsu	Male	57	V			V	
Director	Man-Lin Shih	Male	71	V	V	V	V	
Director	Chin-Miao Lin	Male	65				V	
Director	L., Ting Dan	Male	72				V	
Director	Chu-Sheng Fu	Male	61		V		V	
Independent director	Sin-Hui Yen	Male	58	V	V		V	
Independent director	Ching-Chieh Lin	Male	51	V	V		V	
Independent director	Jan-Juy Lin	Male	57	V			V	V
Independent director	Jin-Lung Peng	Male	56	V			V	
Independent director	Wen-Yen Hsu	Male	53	V			V	
Independent director	Kuan-Nan Chou	Male	51	V			V	V


Note 1: The term of independent director for Mr. Sin-Hui Yen expired on Oct. 3, 2021.
 Note 2: Independent director Mr. Ching-Chieh Lin resigned on Aug. 1, 2021.
 Note 3: Mr. Kuan-Nan Chou's term as the 27th independent director of the Company started Oct. 4, 2021.
 Note 4: 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 5: 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 6: Directors aged 45-55, 56-65, and 66-75 accounted for 20%, 50%, and 30% of directors, respectively.

3.1.2 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, all independent directors are required to have rich academic and practical experience and may not serve more than three terms. Members of the Board of Directors of the Company are not managers, and their composition is diverse in terms of academic background, professional skills, and industrial experience. To maintain the professionalism and experience sharing of Board members, CTBC Holding has established a director database in order to facilitate its succession planning as follows:




Seek suitable directors from various parties.



Build the CTBC Group director database and refer to the talent database of independent directors.



Invite the current directors, appropriate external organizations and consultants to propose suitable directors.



Reference the results of Board performance evaluation in determining whether to nominate the Company's directors for re-election.

3.1.3 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 2021, the Regulations Governing Board Performance Evaluations were amended to require directors to attend training for 8 hours (inclusive) or more, which was accomplished by all the directors of the Company.

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, penalty cases, and other current events, assisting directors to keep abreast of the latest laws and regulations.

● Director education and training courses

No.	Course	Number of participating directors	As a percentage of all directors
1	Trends in CSR and Sustainable Governance	10	90%
2	Financial Industry Sustainability Trends and Internalizing TCFD Results into Financial Business, CTBC's TCFD Implementation Status, and Future Planning Suggestions	9	81%
3	New Challenges for the Financial Industry in Money Laundering Prevention	10	100%
4	The Treating Customers Fairly Principle in the Financial Industry	9	90%
5	IFRS 17 Training	10	100%
6	2021 Ethical Management Training	10	100%

Note : Since the resignation of independent director Mr. Chihg-Chieh Lin took effect Aug. 1, 2021, there were 11 directors in the 26th Board of Directors prior to that date, and 10 after that date. Therefore, the percentage of directors' participation differed.

3.1.4 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 2021:

Symposium date	Theme	Key points discussed
Jan. 14, 2021	Q4 2020 communication meeting on key audit matters	Independent directors and accountants communicated on matters related to the scope, approach, focus, and findings of the semi-annual and annual audits; internal control audit focuses and results; and other matters related to the audit of financial reports.
March 29, 2021	TCF in H1 2021	This symposium was held to provide a complete and systematic introduction on the approach to the Treating Customers Fairly Principles, wherein the Board provides supervision and top-down guidance and all employees implement the principles from the bottom up. In addition, based on the suggestions and guidance of the directors and the results delivered by each unit, the Treating Customers Fairly Implementation Report was prepared to provide a complete picture of the Company's progress and practices of promoting the principles.
April 15, 2021	Internal control system findings review for H2 2020	In addition to attending Audit Committee and Board meetings, the chief auditor of the Company regularly reports to the committee and the Board on the audit opinion or findings raised by the financial examination authority, accountants, and internal audit unit, as well as on the matters listed in the statement of internal control system that should be improved.

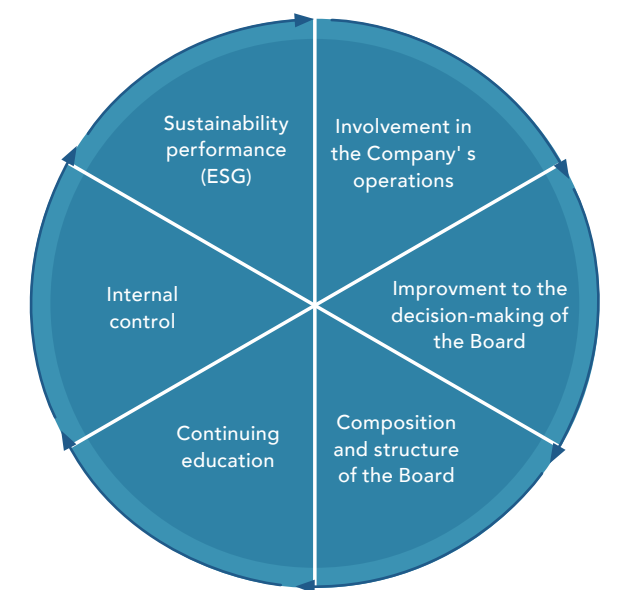
Symposium date	Theme	Key points discussed
July 21, 2021	Q2 2021 communication meeting on key audit matters	Independent directors and accountants communicated on matters related to the scope, approach, focus, and findings of the semi-annual and annual audits; internal control audit focuses and results; and other matters related to the audit of financial reports.
Sept. 27, 2021	TCF in H2 2021	1. Review report on 2021 TCF: Based on the nine principles of TCF, Taiwan Life proposed an action plan to address the eight major score deduction items and deficiencies and concerns raised by the Insurance Bureau, with reference to benchmark peers. The action plan included two themes, deficiency improvement, and experience optimization, which were presented to the directors. 2. Demonstration of the new version of the Insurance Policy Advisory System, including the "most suitable product recommendation" feature on the new official website and its TCF section: A demonstration was held to show directors the features and content of the new official website and its TCF section.
Nov. 10, 2021	Internal control system finding review for H1 2021	In addition to attending Audit Committee and Board meetings, the chief auditor of the Company regularly reports to the committee and the Board on the audit opinion or findings raised by the financial examination authority, accountants, and internal audit unit, as well as on the matters listed in the statement of internal control system that should be improved.

3.1.5 Board performance evaluation and remuneration policy

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. In 2021, we added ESG-related metrics to the Regulations Governing Board Performance Evaluations, underscoring the attention and commitment of the Board regarding ESG. The 2021 evaluation results have been submitted to the Board of Directors. For the items that did not receive full marks 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 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 operation and risk control.

● Aspects of Board performance evaluation



3.1.6 Board of Directors and corporate governance guidelines

To support the competent authority's promotion of Corporate Governance 3.0-Sustainable Development Roadmap, Taiwan Life's relevant guidelines and procedures are reviewed constantly and revised as required to ensure sound corporate governance. In 2021, for example, we revised the following corporate governance-related rules and regulations: the Articles of Incorporation, Corporate Governance Best Practice Principles, Anti-bribery Policy, Standards for the Division of Authority of the Board of Directors, Chairman and President, Regulations Governing Board Performance Evaluations, Operational Manual for the Claim and Reimbursement of Directors' Travel Expenses, and Guidelines for the Claim and Reimbursement of Directors' Travel Expenses.

3.1.7 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 and anti-corruption training. In 2021, our ethical management training materials were revised to include anti-bribery case sharing, relevant regulations, and an introduction to trade secrets and intellectual property rights. For the Company and its subsidiaries, 9,547 employees participated in the training in 2021, for a completion rate of 100%.

● Communication and training on anti-corruption policies and procedures

Employee Category	Course name	Number of participants (person-time)	Training Rate	Training format
Office staff	2021 Ethical Management Training	1,826	100%	On-line and classroom
Sales agent	2021 Ethical Management Training	7,159	100%	On-line
	2021 AML / CFT Training for Agents	7,063	100%	On-line

Furthermore, in 2021, 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 by management / senior personnel whose positions are equivalent to or above the senior vice president, nor were any major incidents or cases of illegal activity 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 Anti-bribery Policy, 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 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 himself 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. The ethical management training materials were updated in 2021 and annual ethical management training was conducted 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 regulations.
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 Supplier Management Principles, suppliers are required to sign a commitment to human rights and environmental sustainability when signing a contract with us.

Corporate governance system evaluation

In 2021, CTBC Holding, CTBC Bank, and Taiwan Life participated in CG6013 (2021) enterprise certification under the Taiwan Corporate Governance Association's Corporate Governance System Evaluation. According to the association, Taiwan Life is an important subsidiary of CTBC Holding and they should be evaluated jointly. The evaluation has six major components, namely 1. the protection of shareholders' interests and equal treatment; 2. respect for stakeholders' interests; 3. transparency and disclosure of information; 4. fulfillment of the Board of Directors' duties; 5. sustainable development and governance; and 6. corporate governance culture. The evaluation is divided into three stages: self-assessment, written review and on-site interview. Taiwan Life obtained "outstanding" certification—the highest possible result. Following up on the recommendations of the evaluation, we will develop an improvement plan and continue to reinforce our corporate governance system.



3.1.8 Whistleblowing channel and system

We have established "Procedures for Handling Reporting of Illegal and Unethical or Dishonest Conduct". The Procedures assign the Compliance Department as the contact window for whistleblowing reports, and a dedicated committee has been set up to investigate and review these reports. To protect whistleblowers' right to work, the aforementioned procedures clearly stipulate the confidentiality obligations of those who handle and investigate whistleblowing cases and prohibit any adverse treatment of whistleblowers. We provide various whistleblowing channels, including email, phone and post, through which illegal and unethical or dishonest conduct may be reported, and reports can be made anonymously. Our website provides a reporting form for whistleblowers to submit reports as well as discloses the protections and rewards available for whistleblowers. Through the whistleblowing mechanism, we aim to foster an ethical and transparent corporate culture.

3.2 Risk management

3.2.1 Risk management policy

For the purpose of regulatory compliance and promoting the sound operation and development of the Company, in accordance with Risk Management Best Practice Principles for the Insurance Industry and CTBC Holding's Risk Governance Core Policy, we have formulated the Risk Governance Policy as the framework for the overall business risk management of the Company and its subsidiaries. The Company and its subsidiaries have established the policies for market risk, credit risk, insurance risk, asset-liability matching risk, and operational risk as the basis for daily risk management.

In line with the Risk Governance Policy, the risk management department of the Company shall regularly prepare a risk integration report and submit it to internal management as well as to CTBC Holding's Chief Risk Officer (copy to the risk management unit of CTBC Holding), thus ensuring that those at the decision-making levels can grasp relevant information in a timely manner and facilitating CTBC Holding to consolidate and monitor material risk-related information of the subsidiaries.

3.2.2 Group risk appetite statement

Taiwan Life and its subsidiaries are expected to uphold the spirit of this risk appetite statement and establish quantitative or qualitative objectives for monitoring and reporting according to their business nature and management requirements to ensure that it is carried out in daily operations.

1. Taiwan Life and its subsidiaries shall undertake risks that are identifiable and manageable in line with the corporate sustainability strategy.

In terms of risk decision-making and risk taking, changes in the political and economic environment must be clearly understood, and all risks must be carefully considered from the Company's overall perspective. In balancing risk and reward, various potential risks and their influence on capital requirements and capital allocation shall be objectively evaluated.

2. Taiwan Life and its subsidiaries shall undertake various types of risk in a prudent and reasonable manner, and shall not conduct business activities that undermine the value or image of the Company.

1. The Company shall maintain a balanced asset-liability structure and shall not be overly exposed to high risk or single target.
2. The Company shall avoid price-cutting competition or predatory loans and shall carry out prudent product pricing strategy and target customer selection to avoid systemic risk or procyclical phenomena.
3. The Company shall prudently evaluate the business undertaken, and the enterprises or industries it deals with, in order to avoid potential negative impacts on the environment and society, and follow the following principles:

- (1) For enterprises or industries that are highly sensitive to environmental or climate change risks (including but not limited to carbon-intensive, high natural resource or energy consumption, high pollution, and non-compliance with environmental regulations industries), it is advisable to reduce the exposure or decline to undertake the business if the related risk cannot be controlled or managed after careful assessment.

- (2) Business involving pornography, violence, illegal organizations, or terrorist activity that affects social and public safety 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 shall be given to business related to politics and military affairs. For customers planning to engage in related party transactions or unconventional arrangements, whether they are reasonable and legal shall be examined.

3.2.3 Risk management organization structure

The Company's risk management organizational structure is jointly participated in, promoted, and implemented by the Board of Directors, all levels of management, and employees.

1. The Board of Directors is the highest risk management decision-making unit of the company. It recognizes various risks associated with the Company's operations, ensures the effectiveness of risk management and takes the ultimate responsibility for overall risk management. To facilitate the Board of Directors' approval or oversight of various risk management issues, the Risk Management Committee is established to assist the Board of Directors in making final decisions.

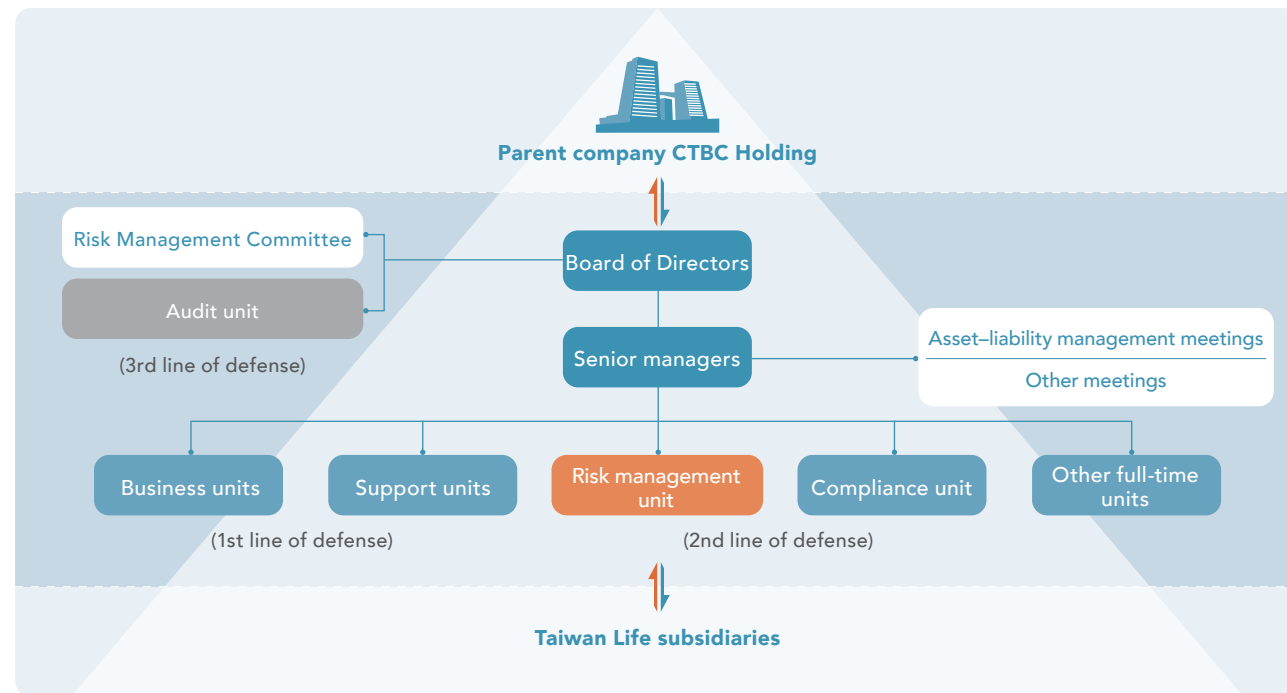


2. Our risk management units follow CTBC Holding's guiding principles of risk management as well as the approved risk management policy to maintain the independent management mechanism of the second line of defense. It is also in charge of the planning of the Company's risk management system as well as the monitoring of the implementation of the first line of defense and the effectiveness of the operation of the mechanism. In addition to reporting directly to its Board of Directors, the risk management unit of the subsidiary is also required to report to the risk management unit of Taiwan Life on a regular basis in order to facilitate the control of overall risk in a timely and effective manner.

3.2.4 Three lines of defense in risk management

Risk management is a shared responsibility among all relevant units within the Company. 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 to ensure that their business activities are in compliance with the risk management regulations and risk controls are put into practice in daily operations. The second line of defense is the compliance unit, risk management unit, and other dedicated units, which are 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 reviewing the compliance with various risk management regulations and mechanisms. With these well-established risk defense lines, the Company and its subsidiaries are able to manage various operational risks effectively.

● Three lines of defense in risk management



3.2.5 Conventional risk management

Market risk

This refers to the risk that the value of an asset may change during a certain period due to changes in market prices, resulting in a potential loss of the asset. The Company has formulated a market risk management policy and regularly measures, monitors, and reports on market risk factors in terms of value at risk, sensitivity analysis, and scenario analysis.

Credit risk

This refers to the risk that the debtor's creditworthiness is downgraded or the debtor is unable to repay, or that the counterparty fails or refuses to fulfill its obligations. The Company has established a credit risk management policy for financial transactions as well as a credit risk management policy for lending, which set forth the workflow for the credit assessment before the transaction and post-transaction risk monitoring. The Company has set credit risk limits to facilitate the oversight and consistently reviews its credit risk exposure to ensure the exposure is within the Company's credit risk limits.

Liquidity risk

This refers to not having sufficient cash or liquid assets to meet cash outlays. In order to maintain sufficient liquidity, liquidity assessments are conducted under various scenarios to ensure the effectiveness and timeliness of liquidity risk management.

Operational risk

This refers to the risk of direct or indirect loss caused by malpractice or failure of internal processes, personnel, and systems or due to external events. The Company has formulated an operational risk management policy and promotes three control tools, namely operational risk data collection, risk and control self-assessment, and key risk indicators, to monitor potential operational risks. In addition, the Company has put in place an off-site backup and emergency response and recovery plan for the information system to ensure overall information security.

Asset-liability matching risk

This refers to the risk of financial loss resulting from inconsistent changes in the value of assets and liabilities. The Company has established an asset-liability matching risk management policy and regularly monitors the mismatch of assets and liabilities. If there is any irregularity, it will be reported to senior management immediately and the responsible business unit will be notified and requested to submit the rectification plan.

Insurance risk

The mechanisms for managing insurance risk related to product design and pricing, underwriting, reinsurance, catastrophe, claims, and reserve risks are as follows:

Risk management of product design and pricing

"Product design and pricing risk" refers to the risk arising from inappropriate, inconsistent or unexpected changes in product design, terms and conditions, and pricing references. In order to ensure effective risk control before and after the sale of products, the Company establishes pre-sale insurance product design procedures to ensure compliance with relevant laws and regulations and strengthen the internal control of insurance products. Based on the type and characteristics of the product, the risk is measured by means of profit testing or sensitivity analysis, and at the same time, the Company and its signatory officers are responsible for the review of insurance products. After the product is sold, an insurance product management meeting is held every six months, and the relevant department submits a post-sale review report.

Underwriting risk management

"Underwriting risk" refers to the risk of unexpected loss arising from an insurance company's execution of insurance business solicitation, underwriting business review, and related expenses. The Company has established underwriting processing system and procedures, and has formulated underwriting-related operation manual to control underwriting risks.

Reinsurance risk management

"Reinsurance risk" refers to the risk of being not able to arrange appropriate reinsurance when undertaking the risk exposure exceeding the limit in the reinsurance business, or the risk that premiums, indemnities, or other expenses are not amortized given the inability of reinsurers to meet their obligations. The Company has a reinsurance risk management program, covering retention risk management, ceded reinsurance risk management, and assumed reinsurance risk management. The amount of retention is assessed based on the risk characteristics and the Company's risk-taking capacity. The reinsurers are selected in accordance with the reinsurer selection criteria and decision-making process. We also regularly monitor the credit rating of reinsurers and related information after the completion of reinsurance arrangements to avoid the risk of default by reinsurers.

Catastrophe risk management

"Catastrophe risk" refers to the occurrence of accidents and losses that are significant to cause losses for multiple units in a single or cross-risk categories, and that the total amount of losses caused may affect the Company's credit rating or solvency. The Company measures and manages catastrophe risk by assessing the amount of loss that may be incurred if it occurs again through the catastrophe loss records.

Claims risk management

"Claims risk" refers to the risks arising from improper operation or negligence of the Company in the process of handling claims. The Company has established appropriate claims-handling procedures to mitigate the risk arising from improper operation or negligence in the process of handling claims.

Reserve-related risk management

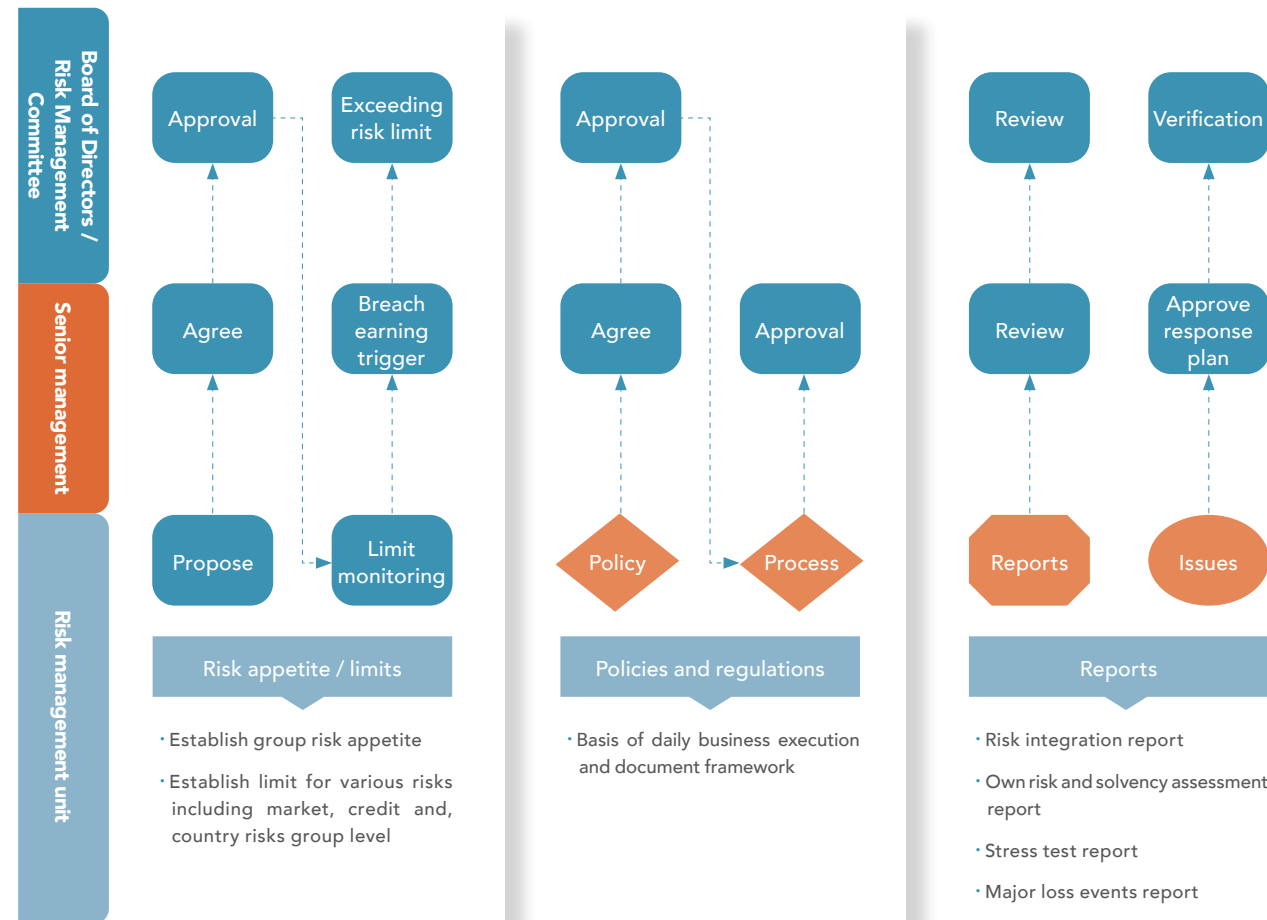
"Reserve-related risk" refers to the risk of underestimating the liabilities for the insurance business, resulting in insufficient provision of various reserves to meet future obligations. The Company regularly conducts the adequacy analysis of reserves to reduce the risk that various reserves are not sufficient to meet future obligations.

Operational interruption risk

The operation continuity management mechanism is to establish contingency and operation procedures in advance by identifying key business processes and potential threats that can impact the operation of the organization. The mechanism ensures that when a serious incident causes operation interruption, the Company has the ability to maintain business activities and control the loss or damage to the Company's property, image, investors' interests, employee life, etc.

3.2.6 Risk management operational framework

Based on the Company's business strategies and objectives, and taking into account business growth, risks, and rewards, the risk management unit assists in formulating the Company's overall risk appetite for the year and submits it to the Risk Management Committee for review and the Board of Directors for approval. In addition, based on the major risk characteristics and the Company's risk appetite, risk limits are set. The risk management unit is also responsible for the risk management system, covering market risk, credit risk, insurance risk, liquidity risk, asset-liability matching risk, and operational risk. Risk management policies, guidelines, and procedures are formulated to control various types of risks. The risk management unit monitors the risk limits and operating status of each business unit in accordance with the policies, establishes guidelines and procedures, and regularly reports the monitoring results to the Risk Management Committee.

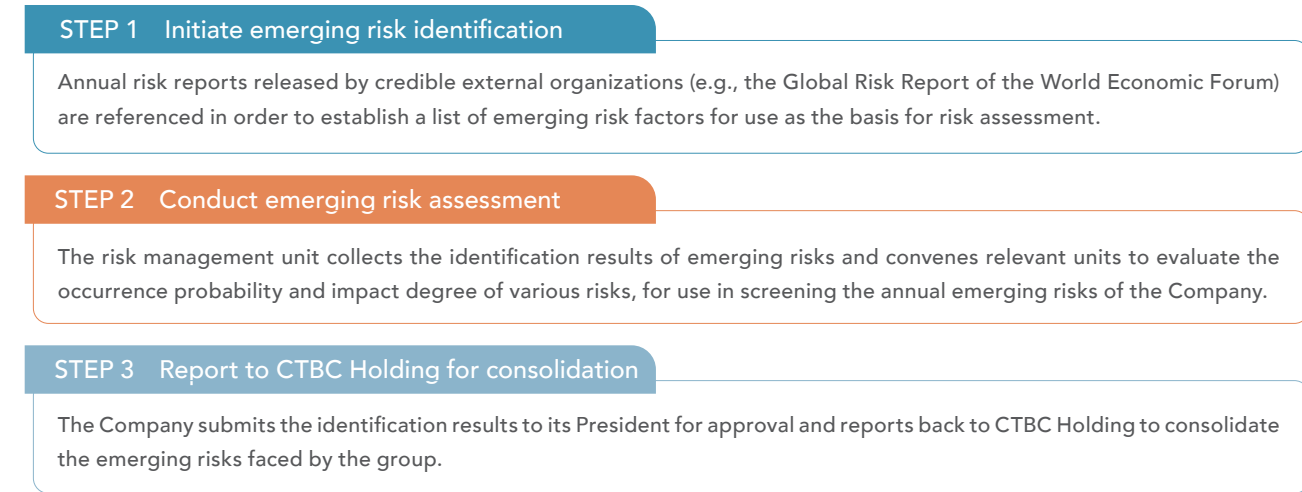


3.2.7 Emerging risk management

In the face of global changes in the business environment and development trends, the establishment of emerging risk identification and management procedures will help the Company identify potential risks as soon as possible and ensure that relevant units have developed control mechanisms to achieve the goal of sustainable corporate governance.

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.



Emerging risk identification results

Risk factor	Risk identification / description	Impact on business operations	Key control mechanism factors (mitigation measures / strategies)
Large-scale infectious disease risk	A notifiable infectious disease spreads among employees in the Company.	<ul style="list-style-type: none"> Due to the pandemic, infections or quarantine needs may prevent employees from coming to work, and such risk increases labor and material costs. The spread of the pandemic within the Company may affect the morale of staff. 	<ul style="list-style-type: none"> Enhance the pandemic prevention and self-health management of staff in line with the regulations of the competent authority. In accordance with the instructions of the CTBC Holding and Taiwan Life pandemic response teams, plan for off-site backup premises and recovery operations. Keep abreast of the information released by Taiwan Centers for Disease Control and propose countermeasures in a timely manner. Engage in health advocacy with staff at all times to strengthen their awareness and prevent the outbreak of the pandemic within the Company. Provide health and disease prevention advice to staff via email during the severe period of the pandemic.

Risk factor	Risk identification / description	Impact on business operations	Key control mechanism factors (mitigation measures / strategies)
Information security risk	<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 (APT) succeeds, penetrating our internal network environment and resulting in the theft of sensitive data. 	The service interruption to customer-facing websites may lead to penalties from the competent authority 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. Conduct DDoS drills every year 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 fix 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.
Geopolitical risk	The economy is affected by factors such as war, terrorist attacks, weapons of mass destruction, failure of a national government, or social dissatisfaction and conflict. For example, the Company has recently encountered financial losses due to the Russia-Ukraine war.	Risks associated with falling prices of financial instruments such as stocks or bonds and failure to repay debts may affect the Company's net worth and capital adequacy ratio. The Company may also be subject to the risk of supervision by the competent authorities.	Monitor relevant positions and risks, issue early warnings and provide relevant explanations in the risk integration report.

3.2.8 Major infectious diseases risk

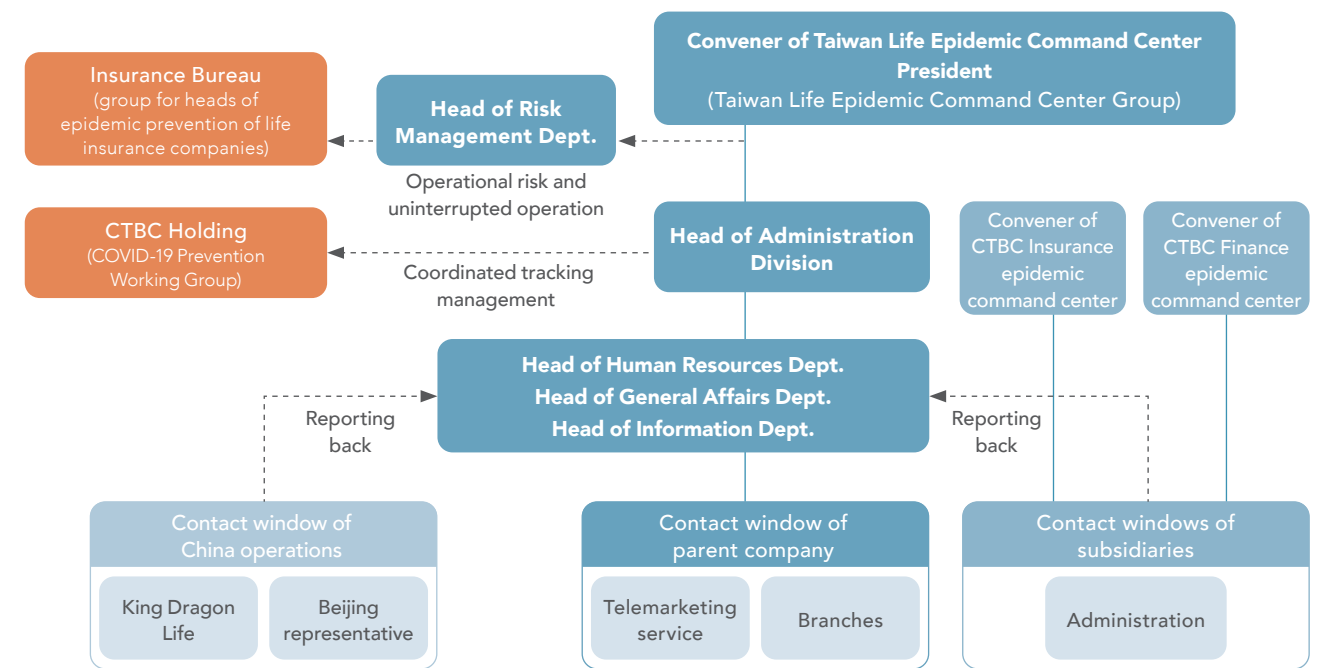
In 2021, as COVID-19 continued to spread worldwide, large-scale pandemic prevention measures were adopted globally. Taiwan Life quickly launched disease-prevention mechanisms and worked with the CTBC Holding pandemic response team to implement epidemic-prevention measures, including setting up far-infrared body temperature detectors on the first floor of the building, a real-name system for visitors, a daily temperature reporting mechanism for employees, and the establishment of off-site offices. The Company has paid close attention to the information released by the Epidemic Command Center and through the cooperation of various units within the Company, we took 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.

3.2.8.1 Contingency plan for major infectious disease incidents

Amid the COVID-19 pandemic, Taiwan Life has formulated a Contingency Plan for Major Infectious Disease Incidents for the Company and its branches, subsidiaries, and overseas branches in accordance with the policy and practical operation needs of the competent authority, hoping to prevent the serious infectious disease from endangering employees' health or affecting the Company's business activities.

The President of Taiwan Life serves as the convener of the Epidemic Command Center, and each business division communicates via the epidemic prevention notification contact 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

Organizational structure of the epidemic command center



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's professional support is available for providing an epidemic-prevention handbook, materials, and health care for infected colleagues as well as to implement backup IT systems, maintain network bandwidth, and other measures.

3.2.8.2 Epidemic prevention emergency measures

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-health management, established a pandemic-related notification mechanism for employees, and implemented on-site management measures to limit physical interaction. When COVID-19 cases in Taiwan increased 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.

Response measures

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

Providing customers with attentive service

As COVID-19 emerged, Taiwan Life quickly set up an emergency response care team. 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 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 amid the pandemic**

Claim relaxation measures and convenient claim settlement channels	<ol style="list-style-type: none"> In the face of the pandemic, Taiwan Life has taken five claim relaxation measures: <ul style="list-style-type: none"> For health insurance policyholders, the 30-day waiting period for statutory infectious diseases has been cancelled Statutory infectious diseases are not regarded as exclusions, and policyholders can apply for claims after contracting COVID-19 Confirmed patients who require admission to a negative pressure isolation ward will receive compensation as if hospitalized in an intensive care unit If an insured person is diagnosed with COVID-19, stays in a centralized quarantine center or an anti-epidemic hotel under the government's arrangement, and presents a certificate issued by a government agency or a medical institution, they will be deemed to be admitted to a general ward and can make a claim accordingly If the COVID-19 alert level is above level 3, patients who are denied hospitalization due to a lack of beds will still have their outpatient treatment covered In order to avoid unnecessary contact during the epidemic, the following convenient channels have been provided to make it easy for policyholders to handle claims at home: <ul style="list-style-type: none"> Photo claim: Users can log in to the "E-Pay Snap Transfer" service, fill in the application form online, take a photo of the documentation, and upload the claim documents to complete the application, then mail the original documents to the Company Online authorization: Users can log in to the "eClaim Blockchain" and "Claims Medical Connection" services, fill in the application form online, and authorize a partner hospital to send the medical information to complete the claim application (list of partner hospitals is available online) Scanning claims: Policyholders can fill in the application information according to the guided form at the ibon self-service kiosk in any 7-Eleven convenience store, scan and upload the claim documents, and provide the original documents to the 7-Eleven counter to be sent back to the Company to complete the claim application Hospital advance payment: When the policyholder is hospitalized in a partner hospital, they can call the Company to confirm the application, and the claim will be deducted from the hospital medical expenses (list of partner hospitals is available online)
Deferred repayment of loan principal and interest or interest reduction	<ol style="list-style-type: none"> In order to alleviate the burden of principal and interest payment on policy loans and mortgages for policyholders and customers affected by COVID-19, when the national epidemic alert is at Level 3, the Company offered loan interest reduction of 0.25% for six months, the extension of mortgage principal or interest payment for up to one year, and deferred interest payment on policy loans for half a year for borrowers, their spouses, or first-degree relatives who are diagnosed, quarantined, on unpaid leave, or unemployed or if a company operated by the borrower (or their spouse) experiences a 15% drop in revenue, as well as for loan customers who are epidemic-prevention medical staff. This care measure was implemented from June to the end of September 2021. The numbers of approved cases were as follows:

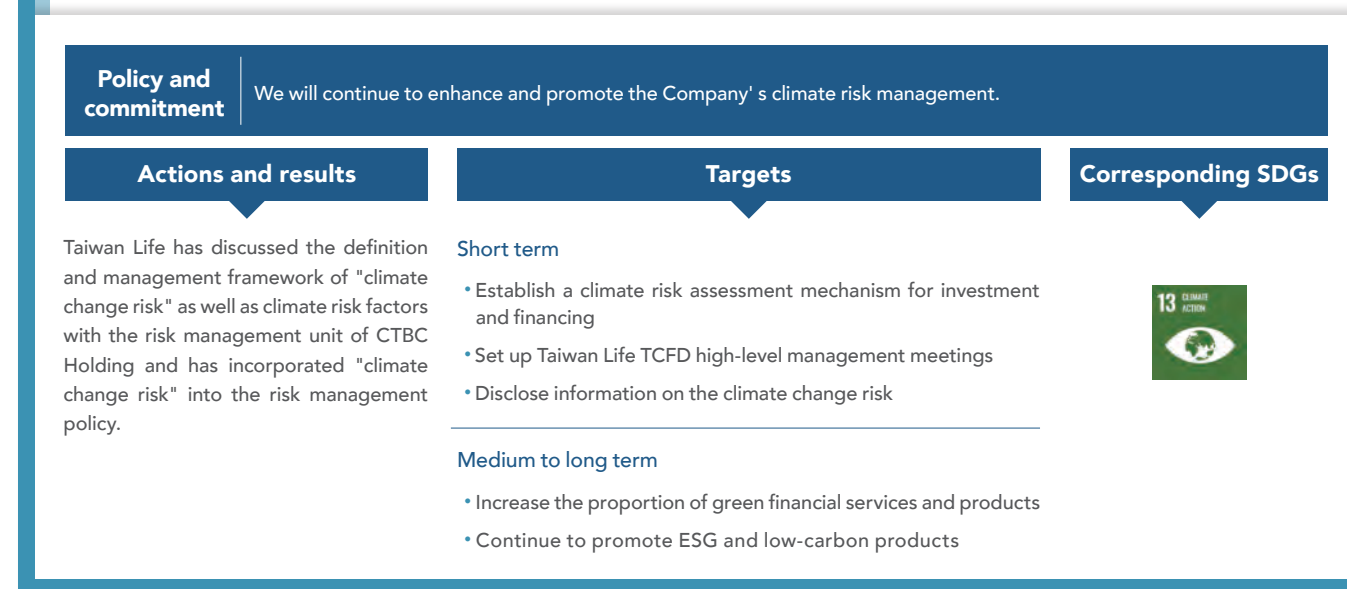
		Item	Content	2021 results
Deferred repayment of loan principal and interest or interest reduction		Deferred interest payment or preferential interest reduction for policy loans	Policyholders may submit their applications with supporting documents to apply for deferred interest payment on policy loans or a 0.25% interest rate reduction for 6 months	<ul style="list-style-type: none"> 17 cases of deferred payment / loan principal of NT\$5.63 million 24 cases of interest rate cuts / loan principal of NT\$10.38 million
		Mortgage extension or interest rate reduction	Borrowers may submit their applications with supporting documents to apply for deferred repayment for up to one year or a 0.25% interest rate reduction for 6 months	<ul style="list-style-type: none"> 16 cases of deferred payment / loan principal of NT\$57.41 million 6 cases of interest rate cuts / loan principal of NT\$26.95 million
	<p>2. In order to fulfill our social responsibility as an insurer and practice the core CTBC Holding business philosophy of "We are family," from July to December 2021, we launched the Policy Loan Relief Program for Economically Disadvantaged Policyholders. For those policyholders who had experienced significant changes in their lives within the past three months that were not due to personal responsibility, debt, or voluntary unemployment, resulting in a substantial impact on their employment and causing financial difficulties, the Company provided a relief loan of up to NT\$100,000 with a fixed low-interest rate of 1.28% for three years. Applications were open from July 1, 2021, to Dec. 31, 2021—longer than the July 1, 2021, to Sept. 30, 2021, period offered by other insurers. As of the end of 2021, the number of approved cases and the amount of approved loans were as follows:</p>			
		Item	Content	2021 results
		Policy Loan Relief Program for Economically Disadvantaged Policyholders	Financially distressed policyholders in need of relief aid	<ul style="list-style-type: none"> 6,199 cases approved Loan amount of NT\$518 million
Attentive service	Premium payment	We provide deferred renewal premium service. From June 1, 2021, to Dec. 31, 2021, there were 325 applications for deferred renewal premium.		
	Remote insurance / video insurance	In 2021, Taiwan Life introduced a biometric identity authentication mechanism to allow remote insurance with "Three Scans and Three No's." Customers do not need to register as a member or download separate software ("No downloads"); instead, they can easily scan their faces three times with a personal mobile device and use encrypted electronic transmission. This ensures that their sensitive insurance information is not found on paper ("No paper") and allows them to complete the insurance through video ("No contact"). We also launched the industry's first "parent-child facial recognition in the same frame" feature to allow insurance for minors to also be completed easily online.		
	Sales agents care	In order to help sales agents maintain their relationships 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 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.		
		iHealth platform	Taiwan Life took the lead in cross-industry cooperation, partnering with ASUS and Med-net to initiate the iHealth Plan to create a one-stop health platform, integrating technologies such as blockchain and disease prediction and offering undifferentiated service to clients and non-clients alike. The iHealth platform utilizes Med-net to provide online doctor consultations and, during the epidemic period, remote medical services to people with vaccine administration inquiries, thereby reducing the inconvenience of clinic visits and becoming the most powerful health support service for the people amid the epidemic. As Taiwan moves toward a super-aged society, it will represent a new model for universal inclusion and sustainability.	

Continuous caring for the underprivileged

Items	Actions in 2021
Donated epidemic-prevention consolation funds and purchased anti-epidemic materials for Taipei City and New Taipei City	To ensure front-line medical staff had sufficient equipment to care for patients and to protect their own safety, Taiwan Life donated NT\$25 million as subsidies for medical staff, the purchase of high-end multi-functional respirators, oxygen generators, high-oxygen humidifiers, blood oxygen monitors, rapid screening reagent kits, and other medical equipment, supplies, and protective equipment.
Epidemic Prevention Package employee fundraising	At the height of the epidemic in Taiwan, daycare and community care centers for seniors were closed and food services for seniors were paused. To help vulnerable seniors living alone who had lost sources of income, supplies, and anti-epidemic items, and emotional support, we joined hands with the Hondao Senior Citizen's Welfare Foundation to launch the Epidemic Prevention Package fundraising campaign. Taiwan Life staff donated to create care packages for seniors, contributing NT\$1.4 million to the campaign in 30 days, benefiting more than 2,000 seniors.
Strengthened the epidemic protection of long-term care workers	When Taiwan experienced its first COVID-19 wave in 2021, it was centered in Taipei's Wanhua District, the city's oldest administrative district and home of a disproportionality large aging population. Taipei Lishin Charity Foundation has been operating in Wanhua for 30 years and its long-term care workers serve more than 3,000 seniors in Taipei and New Taipei City. It provided additional in-home services during the epidemic. However, its long-term care workers were only insured against accidents. Therefore, through the donation of insurance premiums, 283 long-term care workers of the foundation were provided with epidemic insurance. If, in the course of providing service, they contract COVID-19 or other statutory infectious disease, the insurance covers their medical expenses. This ensures they can continue helping on the front line, and do so with peace of mind.
Relief measures for real estate tenants affected by the pandemic	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 2021, we assisted 20 tenants in rent reduction, with an average reduction rate of 15%–50%, 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. In 2021, we actively assisted the pandemic-affected hotel operators, closing some floors of their buildings in order to apply for a reduction in their housing tax rate and giving back the relevant tax burden reduced by the government to the tenants.
"Believe in Your Better Self" video	Taiwan Life released "Believe in Your Better Self", a video documenting small but meaningful memories of the pandemic era, as shared by Taiwanese residents from all walks of life. The video encourages viewers to practice self-care—part of our efforts to grow with the community and foster an appreciation for the sacrifices of recent years. It has garnered more than 530,000 views through Taiwan Life's Facebook and YouTube channels and 1.5 million through other digital media platforms, such as Apple News website.

3.2.9 Climate change risk

Management approach: Climate change



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 coordinates climate change-related issues with the relevant units of each subsidiary. The head of the risk management department of Taiwan Life is responsible for formulating and updating risk management policies and guidelines as well as for implementing climate risk measurement and climate risk reporting. The head of the risk management department is fully involved in TCFD projects and reports the relevant matters to the Risk Management Committee and the Board of Directors.

The TCFD project consists of:

1. An annual climate change plan is formulated in line with the climate change strategy of CTBC Holding.
2. 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 as well as domestic regulatory requirements.

In order to raise the awareness of Board members and management on the trends and opportunities of climate change governance and low-carbon economy development, we also participated in an external two-hour training course arranged by our parent company, CTBC Holding, in 2021.

Strategy

Following the policies and goals of CTBC Holding, Taiwan Life has enhanced its climate risk measurement, continued to refine risk assessment methodology and scenario setting, and established a climate risk management and control mechanism to raise climate risk awareness based on its operational needs. On the business front, we focus on leveraging the power of sustainable investment and insurance products to drive low-carbon business and promote net-zero emissions.

Green energy is one of the major opportunities identified by CTBC Holding. As the first Taiwanese life insurance company in Asia to participate in offshore wind power syndicated loans, we will continue to support the development of renewable energy such as solar and wind energy via investment and financing. In order to reduce the financed emissions of our investment positions, we have set a short-term goal of increasing the number of investee companies that take SBTi actions by 10% each year, as well as a medium- to long-term goal of progressively exiting carbon intensive sectors (see 5.2 Responsible investment for details).

Risk management

In line with the TCFD project of CTBC Holding and adhering to the Company's risk management policy, Taiwan Life has incorporated climate change risk into the risk management procedures and implemented risk identification, measurement, and monitoring mechanisms. The results of these efforts are as follows:

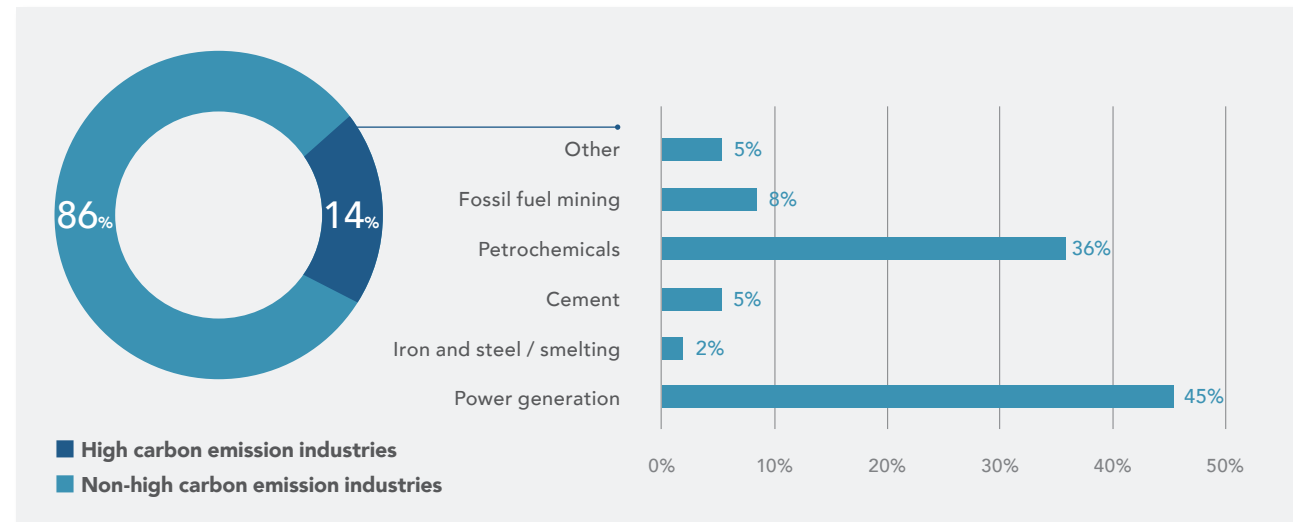
1. Transition risk:

In order to fight climate change and reduce carbon emissions, new national policies and international trade rules such as the Carbon Border Adjustment Mechanism (CBAM) have emerged. Upon the launch of such policies, carbon-intensive sectors such as steel, cement, and electricity are the first to be impacted. To meet the practical requirements of climate change risk, the CTBC Holding group has clearly defined the List of Carbon-Intensive Sectors by identifying those sensitive to transition risk through industry code mapping and considering various internal opinions, in order to facilitate the evaluation and classification prior to conducting investment or financing. The list currently comprises seven categories: power generation, shipping and aviation, iron

and steel / smelting, cement, petrochemicals, fossil fuel mining, and other carbon-intensive companies. Taiwan Life adopts the List of Carbon-Intensive Sectors maintained by CTBC Holding in calculating its exposure to those sectors.

According to the classification of the list, the Company's exposure to such sectors in the investment portfolio represents approximately 14% of total exposure, with power generation and petrochemicals the two largest sectors, accounting for 45% and 36% of the total exposure to carbon-intensive sectors, respectively.

● Investment exposure to high-carbon emission sectors



Furthermore, in alignment with the TCFD project of CTBC Holding, we calculate the Company's financed emissions by adopting the financial asset classification method of the Global GHG Accounting and Reporting Standard for the Financial Industry issued by the Partnership for Carbon Accounting Financials (PCAF). Our subsidiary, CTBC Insurance, is required to monitor its self-retained business associated with climate-related products (e.g., typhoon and flood insurance) and conduct exposure analysis by region on a regular basis in order to avoid concentration risk. In addition, CTBC Finance has strengthened its underwriting operations and prudently managed ceded reinsurance so as to control its losses and effectively transfer the climate change risk.

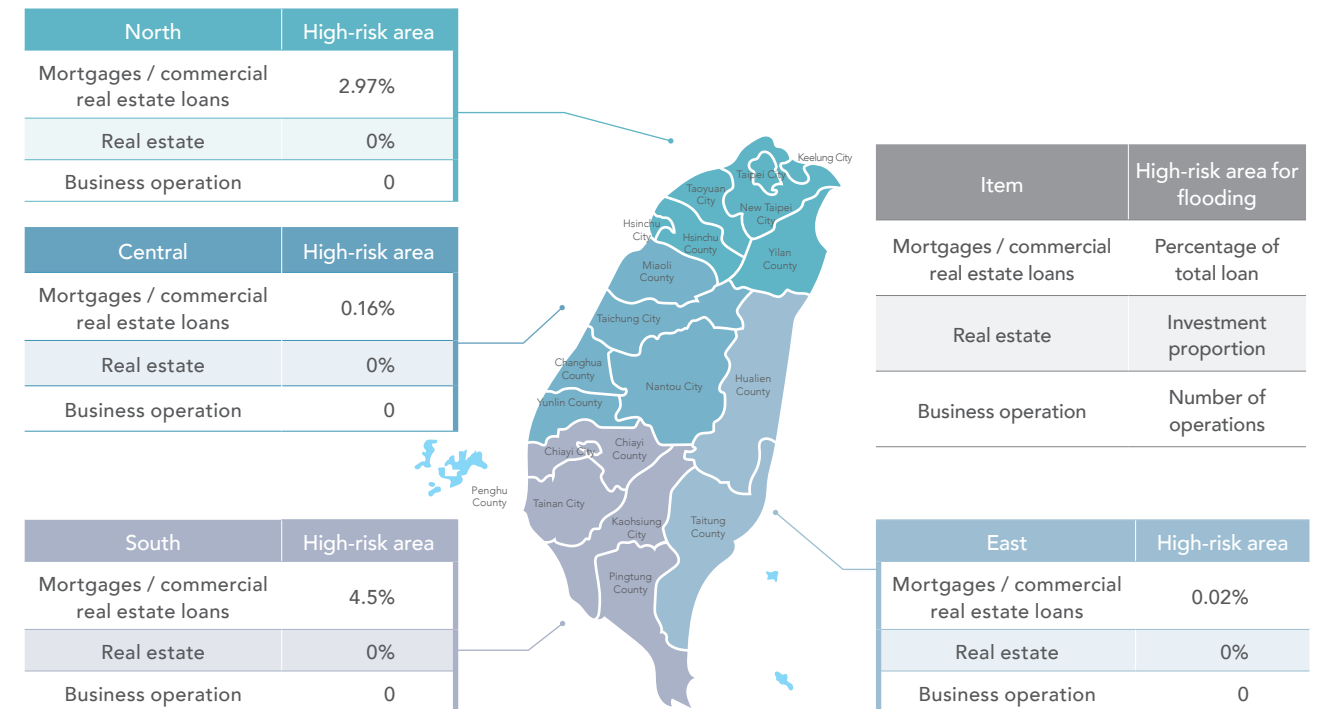
2. Physical risks:

For real estate investment and climate-related products, Taiwan Life focuses on the potential impact on flood and landslide risks. To improve the scale and accuracy of the flood risk analysis, referencing CTBC Holding's TCFD project, Taiwan Life partnered with Formosa Climate Smart Service (FCS) to establish commercial and residential real estate loss models by incorporating FCS climate data and flood models accordingly, and to take regularly inventory business exposure to high flood-risk areas. For landslide risk, Taiwan Life periodically checks and monitors its exposure in high-risk areas with reference to the Taiwan-wide Disaster Risk Map published by the National Science and Technology Center for Disaster Reduction (NCDR) on its Dr.A Climate Change and Disaster Risk Adaptation Platform.

● Exposure to high flood-risk areas

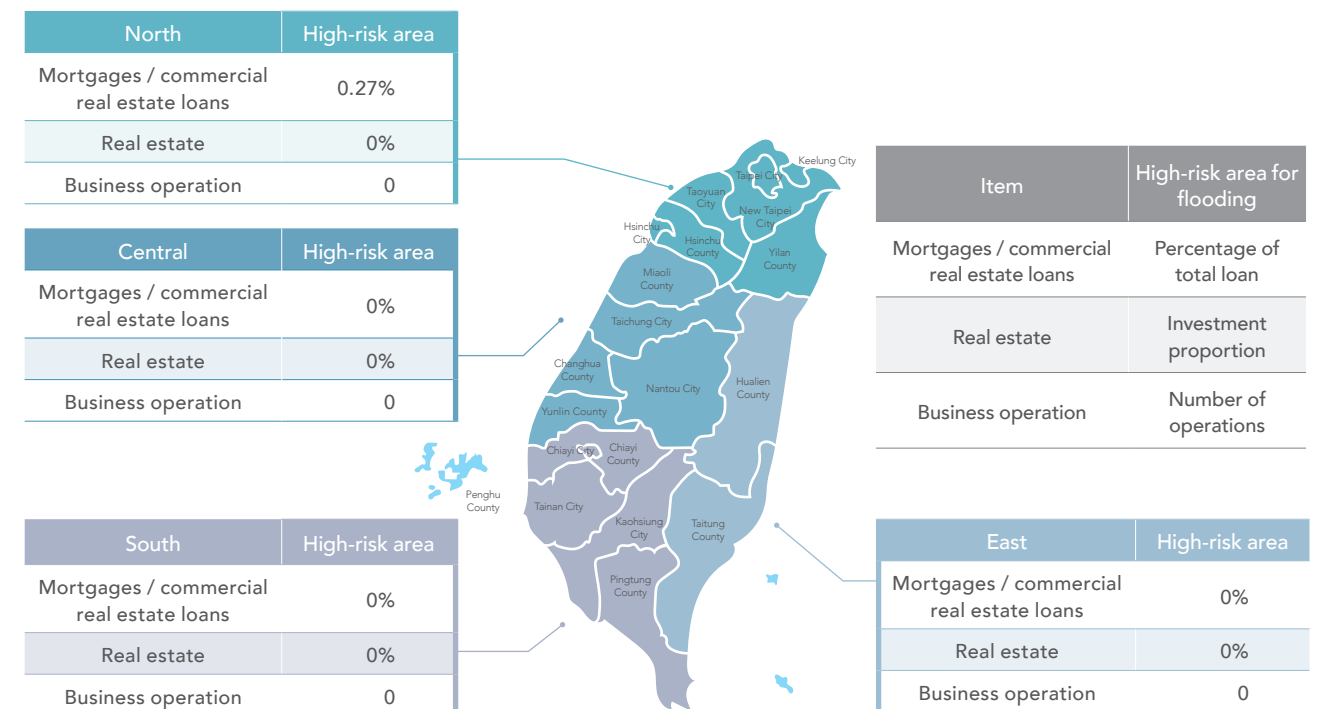
Based on data from 1986 to 2005, FCS calculated the probability of flooding due to heavy rainfall (more than 600 mm over 24 hours) for each administrative district across Taiwan. Eighty-six of the 368 administrative districts were found to have a 50% or higher chance of being flooded (defined as high-risk areas).

As of December 2021, the following are the Company's business activities that could be sensitive to flood risks:



● Exposure to landslide risk

According to the National Science and Technology Center for Disaster Reduction's landslide hazard map, 39 of Taiwan's 368 administrative districts are high-risk landslide areas. As of December 2021, the following are the Company's business activities that could potentially have landslide risks:



3. Scenario testing:

Based on three climate change scenarios selected by the parent company, Taiwan Life conducts stress testing at the group level to assess the influence and impact severity on each business unit arising from the climate risk.

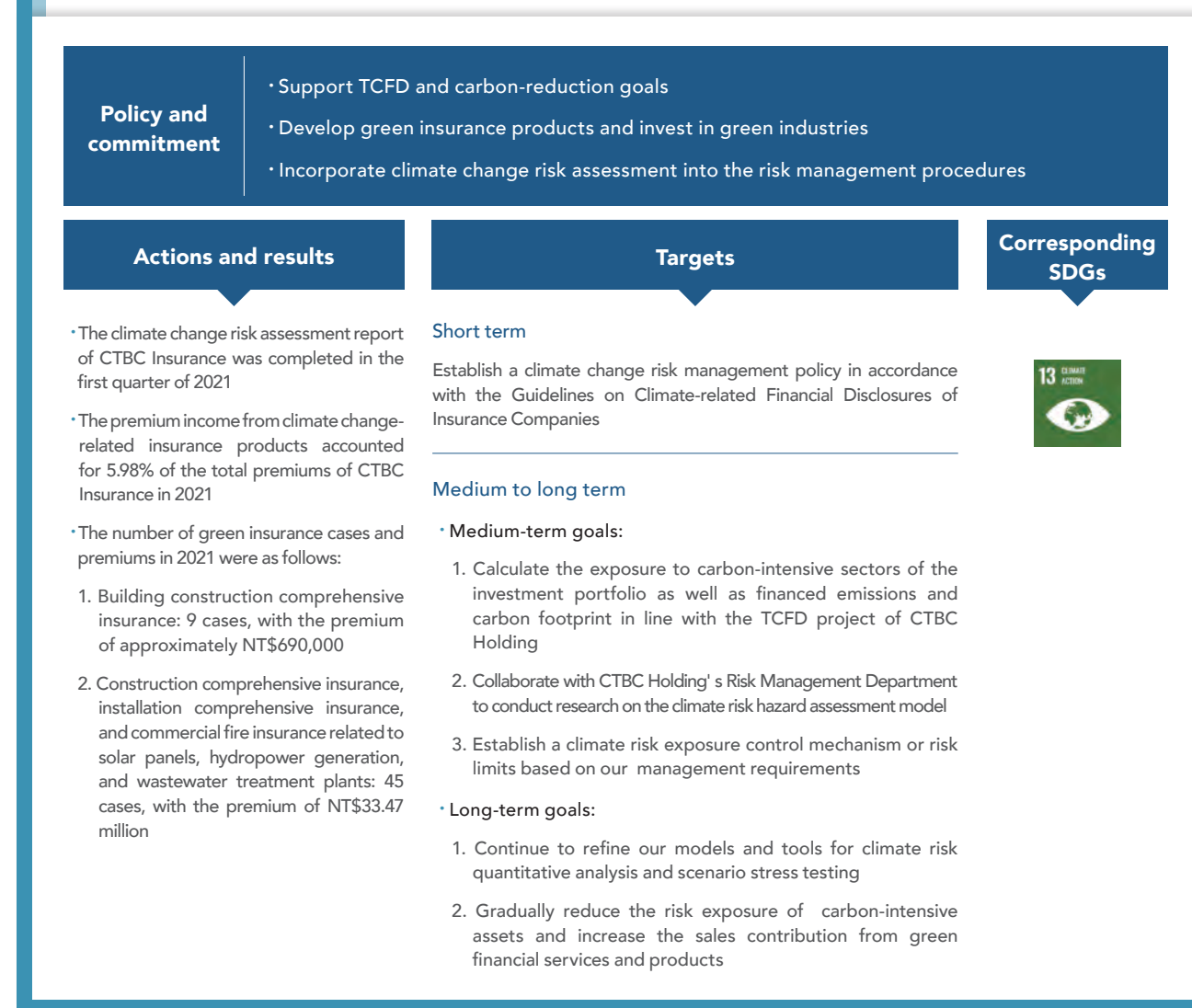
Refer to "02. Sustainable Operations: Climate directions and strategy" in CTBC Holding's 2021 Sustainability Report for more details.

Indicators and goals

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. We have used 2020 as the base year, and set targets for 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.

3.2.10 Climate change risk of subsidiaries

Management approach: Climate change



CTBC Insurance conducts an assessment of climate change risks every year and incorporates the results into its own risk and solvency assessment report for the competent authority. Measures taken to address climate change risk are as follows:

- (1) In conjunction with the enterprise risk management framework of the insurance industry, climate change risk is included in emerging risk issues, from risk identification and measurement to response, in order to strengthen the risk control of climate change from investment, operation, and insurance perspectives.
- (2) Develop ESG-related products and services, including green insurance and low-carbon marketing, enhance the operating continuity mechanism, and strengthen education and training.
- (3) Establish the environmental sustainability team to promote compliance with ISO 14001 environmental management system, ISO 50001 energy management system, and ISO14064-1 greenhouse gas inventory, which serve as the guiding principles for environmental and energy management systems. The team aims to assist the company to achieve environmental sustainability goals and fulfill its commitment to sustainability.
- (4) Each year, based on the catastrophe risk model provided by Willis Re, CTBC Insurance estimates the maximum possible losses for its engineering insurance and commercial fire insurance in the event of natural disasters such as typhoons and floods and arranges ceded reinsurance for the excess risks to effectively reduce the catastrophe losses caused by climate change.

3.2.11 Internal controls and internal audits

Internal control system


In order to strengthen its internal control system, Taiwan Life evaluated its management supervision and control culture; risk identification and evaluation; control operation and management; information and communication; and supervision activities and corrective measures. Based on the results, it established three lines of defense for its internal controls, namely a self-assessment 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 take efforts to implement the internal control system, information security, and compliance system into account when conducting annual employee performance evaluations.



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 recommendations. The internal audit unit conducts a routine audit on the business operation and compliance system implementation for each unit at least once a year, and conducts ad-hoc audits as needed. Audit deficiencies are constantly tracked and reviewed, with follow-up reports submitted to the Board of Directors for their oversight. Furthermore, the Board regularly reviews internal control deficiencies and discusses with internal audit unit regarding the action plans.

3.3 Information security

Management approach: Information security and personal information protection

Policy and commitment	In terms of information security protection, we attach great importance primarily to prevention and response measures. We work to construct a comprehensive information security system accordingly by addressing five key areas: information security governance, information security defense, monitoring and response measures, information gathering and joint defense, and personal information protection.		
Actions and results	Targets	Corresponding SDGs	
<p>Information security governance: A Chief Information Security Officer (CISO) is appointed to follow up on the FSC' s Financial Cyber Security Action Plan, international information security standards, and international information security management framework. The CISO responsible for formulating the information security strategy and blueprint for the group and the Company in line with business objectives</p>	<p>Short term Continue to conduct information security training courses for Board members and hire external consultants to provide information security consultation for directors</p>	<p>Medium to long term Enhance the Board' s grasp of information security development, incorporate information security risks into business decision-making considerations, and promote an organizational culture that values information security</p>	
<p>Information security defense: Risk identification technologies such as vulnerability scanning, black-box and white-box testing, and penetration testing have been introduced, and a third party is hired to conduct information security assessment on computer systems on a regular basis to ensure system security and protect customer privacy and personal information</p>	<p>Continue to strengthen information security technologies and control mechanisms for entity, network, endpoint, server, and database systems and integrate management through our information security management platform</p>	<p>Continue to pay attention to information security threats derived from emerging technologies, introduce risk vulnerability management, system file security detection, container security detection technology, artificial intelligence information security technology, and massive information analysis technology, and strengthen the persistent threat protection system</p>	
<p>Monitoring and response: The report data of information security equipment has been integrated and analyzed, and various information security incidents have been monitored and investigated. Through incident investigation and analysis, the Company continues to adjust the rules of the information security system, improve the professional capabilities of information security personnel, and strengthen the security protection mechanism</p>	<p>Continue to strengthen the monitoring mechanism of information security incidents, enhance the detection and protection of unknown external malicious threats, immediately report and block abnormal behavior, and improve information security resilience</p>	<p>Establish automatic monitoring and processing adaptability in series with the Financial Security Operation Center (F-SOC)</p>	

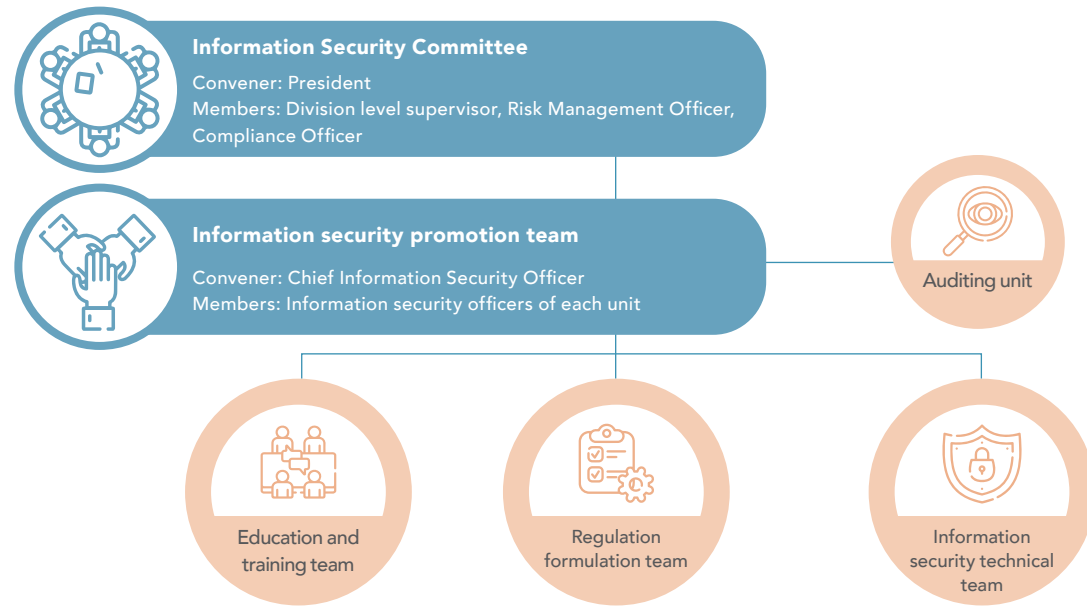
Actions and results	Targets	Corresponding SDGs
<p>Information gathering and joint defense: Based on F-ISAC information, group information, information security news, etc., the information security mechanism has been adjusted and weaknesses addressed in a timely manner, and information security attack and defense drills have been carried out regularly</p>	<p>Short term Increase the proportion of information security personnel with certificates and licenses, and cultivate personnel' s ability to interpret and analyze information</p>	<p>Medium to long term Establish the ability to collect and analyze internal and external information in series with the F-ISAC</p> 
<p>Personal information protection: The Company has an Emergency Response Plan for Personal Data Breaches in place and maintains valid BS 10012 certification, ensuring complete control over the access, processing, transmission, and storage of customer data and the security of personnel and equipment.</p>	<p>Continue to maintain the validity of the certification</p>	<p>Promote ISO 27001 certification that integrates information security, personal information, and business in accordance with the international standards for information security governance</p> 

3.3.1 Information security governance

The Company has established an Information Security Department and assigned a manager at the vice president level as the Chief Information Security Officer. The CISO is charged with formulating an Information Security Policy and establishing an Information Security Committee as the highest information security management body, with the President serving as its convener and the CISO serving as the executive secretary. The information security department, which is directly under the President, manages the implementation of our information security executive plan, emerging information security issues, and corresponding solutions and reports these related matters to the Information Security Committee Meeting every six months. The department is also required to present critical issues to the Board of Directors. It reports the overall progress of the information security executive plan to the Board every year to disclose the effectiveness of Taiwan Life' s information security controls.

In order to leverage the synergy of the consolidated resources of the parent company and subsidiaries, the Chief Information Security Officer and CTBC Holding supervisors participate in regular information security management meetings, which are convened to discuss information security issues, exchange information, and review the effectiveness of information security controls across the group.

● Information Security Committee



3.3.2 Information security defense

In the face of the rapidly changing cyberthreat landscape, Taiwan Life adopts diverse defense technologies against different types of attacks. The Company applies various security techniques to protect our networks, application systems, hardware, operating systems, and data from external threats. In order to strengthen the protection of critical information security, we engage a third party to conduct regular penetration tests and DDoS attack drills to ensure that systems have sufficient protection capabilities. In addition to improving protection through external organizations, Taiwan Life also cultivates and enhances the professional capabilities of information security personnel and strengthens employees' information security awareness through regular social engineering drills and information security publicity.

● International information security standards

Company	Standard	Certification scope
Taiwan Life	ISO 27001:2013 Information Security Management System	All system development, operation and maintenance, network management, data center, and information support activities in information department as well as information security department business
	BS 10012: 2017 Personal Information Management System	Entire organization, including all departments of the head office, all branches, regional centers, and correspondence offices
CTBC Insurance	ISO 27001:2013 Information Security Management System	Official website, internal core system, and external service system, including the development, operation, and maintenance of online insurance, server room management, network infrastructure, and related information processing support activities, as well as the Digital Finance Department' s operational activities using the official website and online insurance
	BS 10012: 2017 Personal Information Management System	Entire company, including branches, correspondence offices, and service centers and covering personal information protection and related information operations throughout the organization

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, and have received certification for both. We have also formulated comprehensive risk prevention, monitoring, and contingency measures in our information operation procedures to improve our information security management.

3.3.3 Monitoring and response

To ensure information security, Taiwan Life has implemented Security Information and Event Management (SIEM) to monitor all changes in our internal system environment 24 hours a day, enabling us to detect and mitigate security threats in real-time. In terms of information, operating systems, and computers, Taiwan Life has also established a monitoring mechanism to protect them from network viruses and detect abnormalities as quickly as possible. The Company has established an information security incident reporting mechanism, and drills are held regularly to ensure that personnel can handle information security incidents appropriately in real time.

3.3.4 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) to establish security mechanisms and resolve system vulnerabilities in conformity with the regulations of the Information Security Management System. The Company also actively strengthens information security through information security attacks and defense drills. For external website services, a certified third-party information security company is appointed to conduct a penetration test every year to ensure the effectiveness of the security framework.

3.3.5 Personal information protection

Taiwan Life has in place a Personal Data Infringement Emergency Response Plan for using in the event of personal data infringement or security incidents. If employees discover or receive 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 set up an emergency response center to handle the incident. The incident response officer will be assumed by a department head level manager or above of the unit responsible for the incident while the members of the information security promotion team will join the emergency response center to take up the assignments of incident management, communication and coordination, investigation and evaluation, public relations and media management, etc. The responsible unit should submit a detailed incident report after the resolution of the incident and conduct a root-cause analysis to reduce the likelihood of such an incident reoccurring.

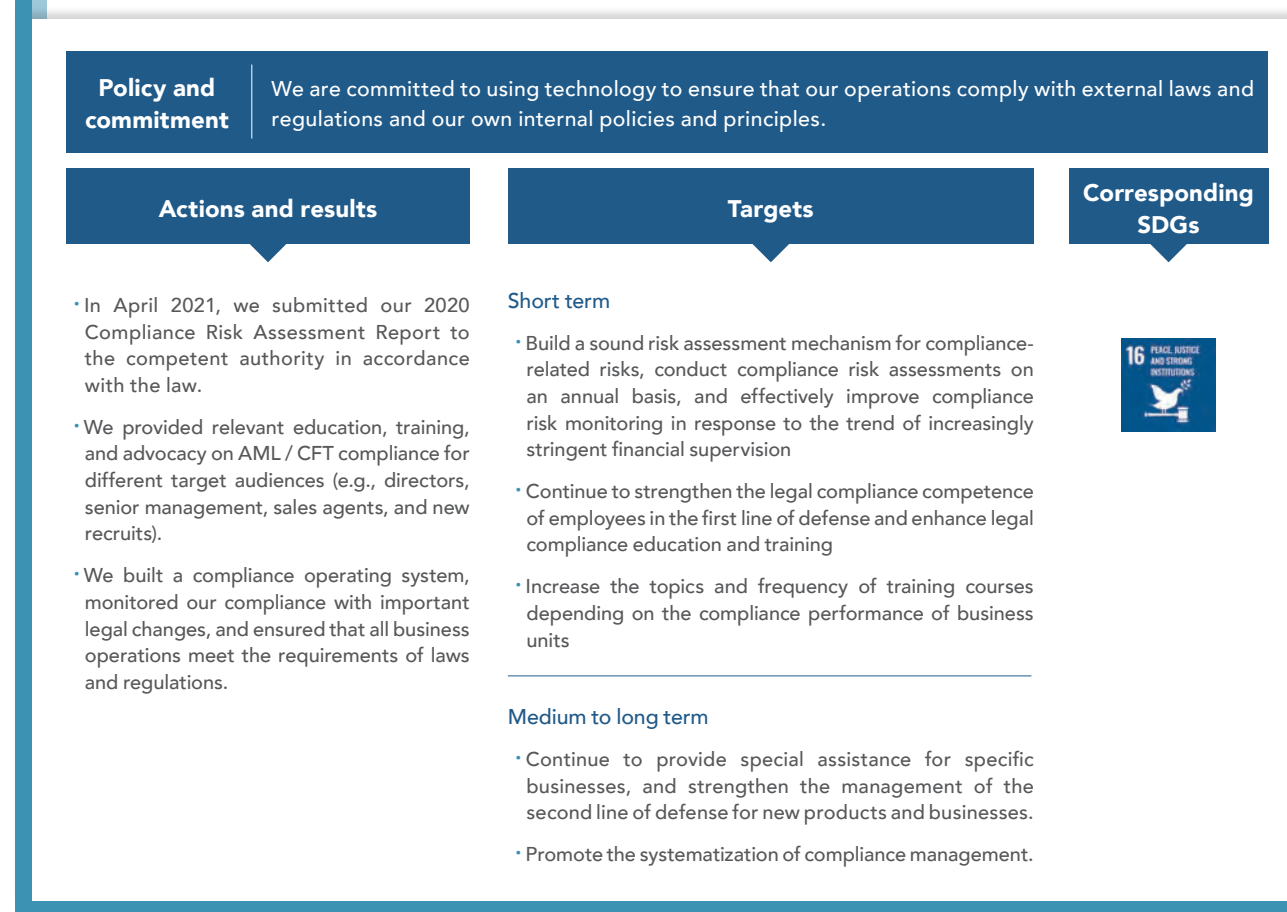
Taiwan Life strictly protects customers' data. To reduce the risk of personal information overexposure, all systems are designed with user interfaces that display only the necessary information required for the service being rendered. We also reinforce the defense-in-depth security of our infrastructure, including data classification, internet access control, data leak prevention (DLP), online browsing isolation framework, network activity monitoring, and privileged account management, in order to prevent DDoS and advanced persistent threat (APT) attacks. In addition, the effectiveness of protection against viruses, hackers, and data leaks is regularly monitored, and remind the department which does not meet the standards.

● Information security training

Participant	Course	Course hours	Number of participants (person-times)	Training format
Dedicated staff	Information Security Training Course	15	8	Online and in-person
General staff	Information Security Training Course	3	8,987	Online
General staff	Personal Data Protection Act	0.5	8,985	Online

3.4 Legal compliance

Management approach: Legal compliance



Taiwan Life continues to enhance its compliance system and relevant measures, and conducts compliance self-evaluations every six months to ensure that all businesses and operations comply with the regulatory requirements. We have formulated Compliance Risk Assessment and Reporting Guidelines and completed a Compliance Risk Assessment Report in April 2021. The assessment results and optimization measures were reported to the Board of Directors.

Each unit is required to comply with external laws and regulations when conducting business. If there is any violation, the Compliance Department is responsible for supervising each unit to analyze the reasons for the deficiency, evaluate the potential impact, and put forward improvement plans. The Chief Compliance Officer also reports to the Board of Directors and the Audit Committee every six months, so that the Board of Directors and relevant senior management are informed of the implementation status of legal compliance matters. In addition to meeting the regulatory requirements at the time of appointment, the Chief Compliance Officer, Compliance Department personnel, and the compliance officers of each Taiwan Life department also receive over 20 hours or over 15 hours of on-the-job training every year. In 2021, there was one case of a compliance violation with a significant penalty for Taiwan Life.

● Significant penalties by the competent authorities and corrective actions taken in 2021.

Issue for improvement	<p>The FSC inspected the operation of insurance business by Taiwan Life. It found the following violations of relevant Insurance Act provisions and issued separate penalties for each:</p> <ol style="list-style-type: none"> For customers purchasing investment insurance products with funds from policy loan, the company failed to implement the verification mechanism related to the source of insurance premiums. The company leased real estate property from a third party for use by related parties. The company did not provide documentation evidencing that the transaction conditions were not superior to those of similar transactions before submitting the transaction to the designated level for approval. <p>< Letter No. Jin-Guan-Bao-Shou-Zi-11004911602, dated March 23, 2021 ></p>
Penalty	<ol style="list-style-type: none"> A fine of NT\$1.2 million was imposed according to paragraph 5 of Article 171-1 of the Insurance Act. A fine of NT\$2 million was imposed according to paragraph 8 of Article 168 of the Insurance Act.
Corrective actions	<ol style="list-style-type: none"> The revision of the relevant internal regulations and the adjustment of the system review function have been completed, and the relevant control mechanism has been further improved. The relevant checklist has been revised to require that public utility service charges and building management fees be included as part of the transaction terms for comparison in the event that Taiwan Life provides office space leased from a third party to related party for use. Relevant checklist supporting information shall be submitted to the designated level for approval.

Note: This table discloses non-compliance events involving penalties of NT\$1 million or more.

3.4.1 AML / CFT compliance

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 relevant internal policy and guidelines to improve its AML / CFT systems. The Company also actively promotes education and training. Senior supervisors need to attend the training every year, and Taiwan Life requires all employees to regularly participate in common anti-money laundering courses as well. Moreover, we have established an AML / CFT Committee, which 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 2021. It is held accountable for ensuring that AML / CFT-related risks are well-controlled and related mechanisms are properly implemented.

3.4.2 Personal information protection

Taiwan Life has 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:

- We promulgated the Personal Information Management Policy 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 oversee the operation of our personal information management system and assess the soundness of the system.
3. We regularly evaluate the effectiveness of our personal information management objectives and oversee 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 to adequately manage the Company' s personal information flow and follow up on the implementation of maintenance measures.
6. We regularly organize emergency response drills for personal information archive intrusion incidents to ensure that all units can effectively carry out contingency measures and discuss improvement plans.

3.4.3 Intellectual property right

To facilitate the development of Taiwan Life' 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 2021, Taiwan Life had obtained 8 domestic invention patents, 21 utility model patents, and 2 design patents, for a total of 31 patents supporting the Company' s online insurance, underwriting, claims, and other insurance operations. In addition to these, 16 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 Company and manages computer resources in order to ensure that only legally licensed software is used. The software also regularly scans and checks the computer software programs of each unit to avoid the infringement of IP rights.

Customer care and sustainable insurance

04



- 4.1 Treating Customers Fairly
- 4.2 Digital finance
- 4.3 ESG insurance products

Meeting the real needs of real customers is at the heart of everything we do. As such, "Internalize Treating Customers Fairly into our DNA", "Become the top recommendation of customers", and "Promote social sustainability" are the three core policies of our TCF policy. We focus on listening to customers and examining the customer experience throughout the entire insurance policy life cycle. At the same time, Taiwan Life voluntarily complies with the U.N. Principles for Sustainable Insurance (PSI) and continues to develop innovative ESG insurance products as well as products specifically supporting seniors, health promotion, and disadvantaged groups.

Customer care and sustainable insurance

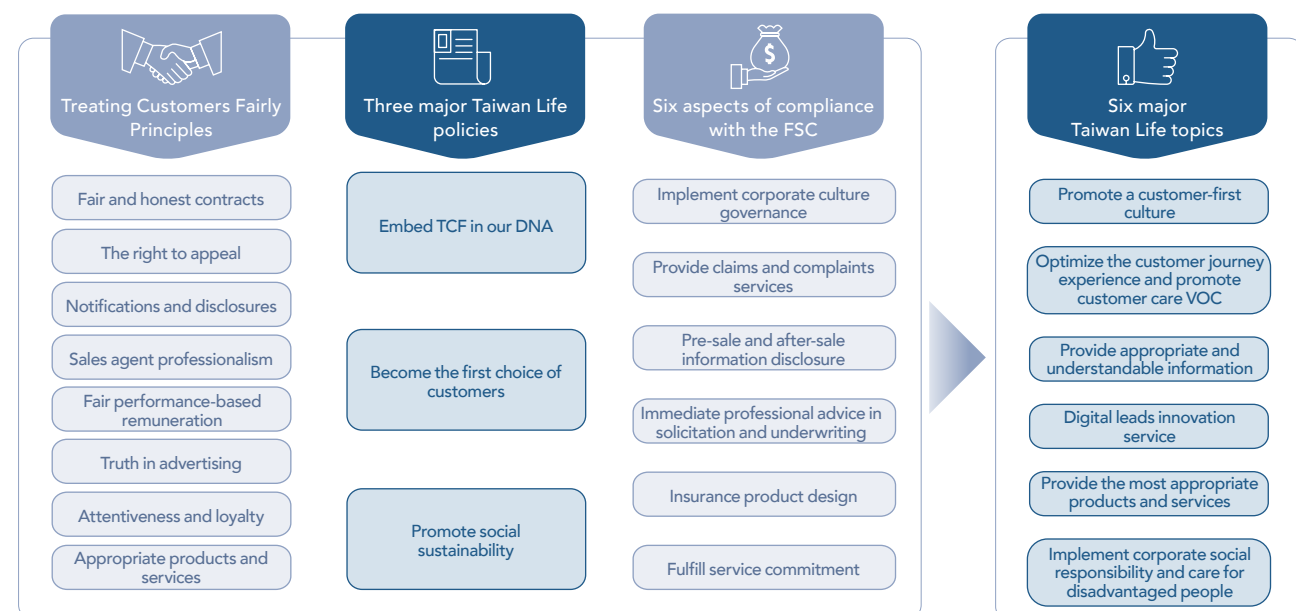
4.1 Treating Customers Fairly

Management approach – Service quality and customer satisfaction



Taiwan Life has established three major policy themes for TCF: embed TCF in our DNA, become the first choice of customers, and promote social sustainability. Through the monthly supervision and guidance of the Board of Directors, the concrete implementation actions and reports of the executive team, and learning from peers' best practices, Taiwan Life continues to make improvements and to form a dynamic and optimized loop mechanism to accomplish a sound TCF system.

TCF blueprint



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.

TCF policy theme outcomes

Policy theme	2021 achievements
Embed TCF in our DNA	<ul style="list-style-type: none"> Expanded coverage for people with a physical or mental disability We relaxed the insurance restrictions for micro-whole-life group insurance and expanded the insurance coverage for people with a disability. The restriction against level 1 to level 11 disabled groups applying for disability insurance was removed, and these groups may also now apply for insurance through e-sales channels by fax. In 2021, 814 people with a disability received coverage, with an underwriting rate of 0.36%—up from 0.33% in 2020. IDEA Box staff innovation contest The IDEA Box campaign welcomes staff to propose innovative, TCF-minded solutions, and those whose suggestions are taken on board receive additional points in their performance evaluations. Twenty departments submitted 111 proposals in 2021, of which 53 were selected and three cases have been implemented. Website TCF section A dedicated TCF section was added to the corporate website to raise awareness among customers, providing easy-to-understand information, communication channels, and Taiwan Life's TCF philosophy. Since its launch in September 2021 to the end of 2021, the cumulative number of views reached 15,415.
Become the first choice of customers	<ul style="list-style-type: none"> After-settlement care service Customer care services are provided to incapacitated and critically ill policyholders: This includes arranging counseling to support their mental health during the treatment process and providing preferential loans to reduce long-term economic pressure. Forty appointments made for after-claims settlement services in 2021. iHealth platform The platform, established in cooperation with Med-net, offers online doctor consultations and remote consultation services, providing people with vaccine administration inquiries, reducing the inconvenience of clinic visits, and becoming the most powerful health support platform amid the epidemic. TeamWalk Workplace Health Management app The TeamWalk app provides a range of self-health management resources for employees. Able to be synced with wearable fitness trackers, the app encourages exercise through individual, double, and group competition. It also provides group insurance options based on each employee's circumstances and has functions including guarantee inquiries, claim settlement applications, and a one-click button to contact service staff. The app was launched in August 2021, since which nearly 2,500 enterprises have signed up to adopt the platform, together comprising 240,000 potential users. AI health score app This app provides AI-based chronic disease risk prediction models, allowing customers to perform self-assessments of their future health risks and insurance needs, with senior-friendly TCF measures also in place. Launched in October 2021.
Promote social sustainability	<ul style="list-style-type: none"> Products for seniors and disadvantaged groups In 2021, the Company launched capital-protected and non-capital-protected long-term care insurance to meet different needs of customers, and a one-year dementia insurance with cognitive impairment and death protection is expected to be launched to fill the expense gap in case of illness in old age. Priority claims settlement for disadvantaged groups In line with Taiwan Life's disadvantaged group care policy, the three-day clearance rate for micro-insurance claim settlement applications is 100%; in 2021, 29 micro-insurance claim settlement cases received priority treatment.

4.1.1 Striving for an insurance experience with peace of mind

The insurance service has started even before a policy is signed—that is why Taiwan Life focuses on the initial contact with customers, 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 customer journey. Through the continual improvement of our Target Operating Model (TOM), we better connect customers with appropriate products, and accelerate and deepen the services offered to customers through digital tools. These efforts ensure that customers feel they are treated fairly, reasonably, transparently, and warmly throughout the insurance journey.

● Transparent and reassuring insurance applying process

Before insurance application

Insurance Advisory System

We integrate existing policy and household information of policyholders, and use Big Data analysis technology to group customers according to life stages. Through graphical demand analysis, we assess with modules for six major coverage demands, namely death, accident, hospitalization full medical expense reimbursement, critical illnesses, and long-term care, making insurance planning closer to the needs of customers.

Safety, Stability, and Wealth Inheritance

We launched a new customer service website with the three key focuses of providing safety, stability, and wealth inheritance.

- "AI fortune-telling" section: By uploading photos of their palm prints, customers 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 of life" section: From birth to retirement, customers' lives are divided into nine stages. Customers receive customized insurance plans for each stage based on their financial strength.



AI fortune-telling



Nine-square of life



Insurance consultant matching

Insurance consultant matching

- Customers can choose the type of insurance they want to take and their location, and Taiwan Life will match them with an insurance adviser accordingly.
- Since the launch of the platform, the annual number of visits has reached nearly 260,000, with a service satisfaction rating of 4.7 stars (out of 5). In 2021, Taiwan Life observed that many of the customers who made appointments for consultation were new parents, and Taiwan Life issued the best insurance guide for newborns to help more new parents understand the concept of insurance and be able to check whether they have a protection gap that needs to be filled.

During insurance application

Mobile insurance app

- 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.

Remote insurance

- To meet post-epidemic needs, we have developed a new remote insurance service model to provide customers with a consistent insurance application experience and ensure uninterrupted safe insurance services.
- We are planning a new solicitation model for sales agent that uses online video and signing technology, requiring no sending back and forth of paper documentation. This expedites the insurance process while also supporting the eco-conscious transition to paperless operations.

Online insurance

- Online insurance application is currently the fastest way to apply for insurance and can greatly reduce physical contact. Taiwan Life's 24-hour online insurance application service can be completed in as little as 3 minutes.
- Online insurance products are highly efficient and have a wide variety of products, including annuity, life insurance, injury insurance, critical illness insurance, and travel insurance to meet customers' different insurance needs.

Insurance by phone

- Our year-round telephone insurance application service for travel insurance sends customers a text message and LINE notification immediately upon completion of the application.
- Customers can use our official LINE account to make an appointment for a call to apply for travel insurance at any time. The insurance application is then completed with just one phone call.

E-note system

- Through its reply platform, 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.
- 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.
- The processing time has been shortened from the 7.8 days required when using conventional paper copies to only 2.5 days.

After insurance application

Claims via blockchain

- Policyholders can log in to the Policyholder's World Section to fill in the claim application according to the online guide and perform hospital authorization. The authorization is transmitted to the hospital using blockchain technology to prevent counterfeiting, leaking, theft, and abuse, and the hospital then uses blockchain to transmit the medical certificate designated by the policyholder to the Taiwan Life system to complete the claim application.

Convenient compensation via ibon

- Policyholders can use the ibon self-service kiosk at any 7-Eleven to fill in the claim application according to the online guide, scan and upload the diagnosis certificate and medical receipt using the office machine, and then send the documents to Taiwan Life in a free package provided at the counter.

QR code for health check fees

- Taiwan Life has introduced the industry's first 24-hour instant payment service for health checkups. After receiving the notification, policyholders can scan the QR code to select the payment method, fill in the remittance information, and complete the payment within 1 minute.

Post-claim caring services

- We provide professional psychological counseling for policyholders who have a disability or are critically ill, helping to relieve the negative emotions of sudden illness and treatment process.

Official LINE insurance service

- Taiwan Life is leading the industry with its personalized services, such as claims amount predictor and progress queries, on the LINE instant messaging platform.
- Without the need to frequently log in, policyholders can predict the amount of claims or check the progress of contract changes, insurance, and claims, providing transparent and real-time information disclosure.

Mobile policyholder services

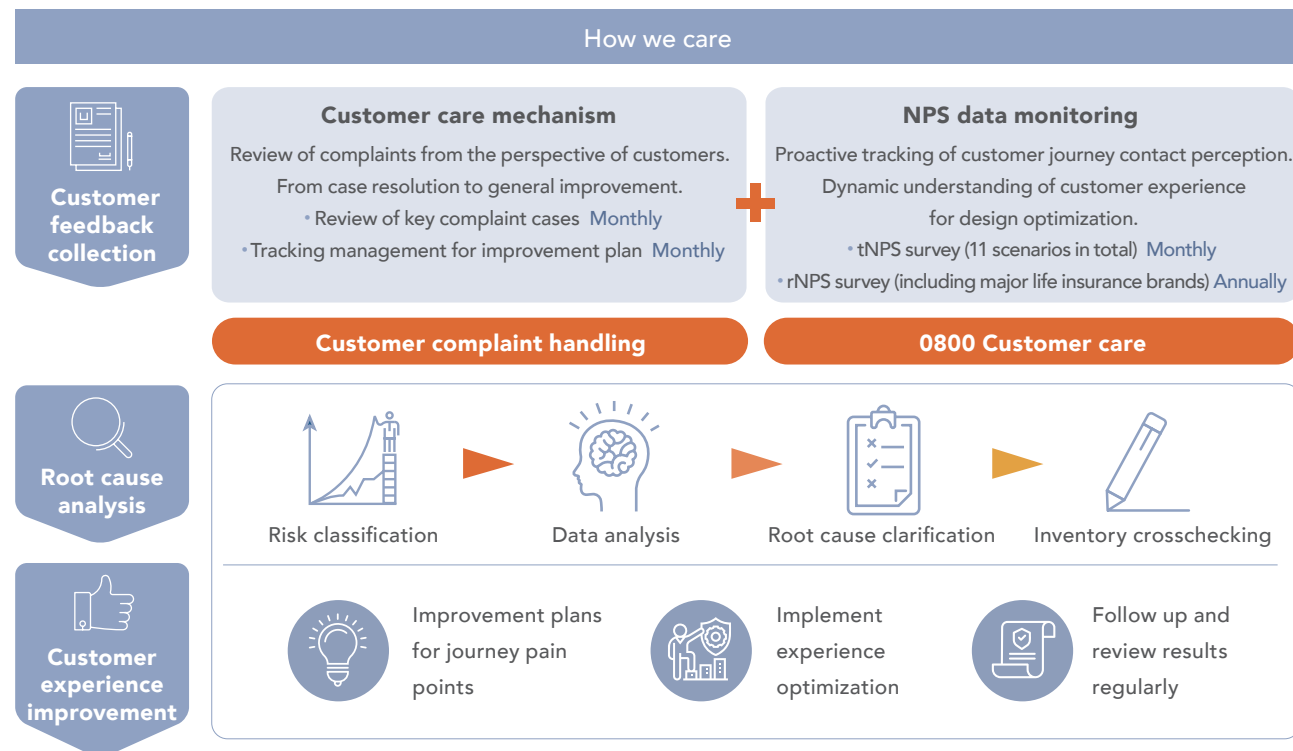
- This comprehensive digital tool enhances overall service quality and efficiency. Taiwan Life staff can use it to quickly handle insurance operations using their mobile device, eliminating tedious data input and the tendency to have incomplete documentation. This also streamlines internal administrative procedures and greatly improves efficiency.
- The average operation time has been shortened from 10 days for traditional paper documents to 4.17 days.

Function optimization for policy change applications

- Online policy 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 23 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.

4.1.2 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), using it to systematically manage customers' experiences and feelings, and optimize them 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: Relational 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).

tNPS

- The Company conducts monthly analysis based on NPS survey results collected from 11 major customer journeys, including policy selection, insurance application, daily contact, payments, policy inquiries, policy changes, policy loans, customer services, benefit, claims and policy surrendering. We produce monthly tNPS reports, revisit open-ended customer feedback, prepare NPS analysis reports on a quarterly basis, coordinate all units to solve customers' issues in real time, and formulate improvement plans based on customer opinions, so as to reduce complaints and grievances from customers and obtain positive feedback from customers.
- In 2021, 920,000 tNPS questionnaires were issued, and 12,000 were collected; 334 customer comments were handled immediately to reduce the incidence of customer complaints. The overall recommendation score for 2021 was 27, an increase of 23.8% from 2020.

rNPS

- We conduct an rNPS survey every year and commission a third-party market research company to conduct a market survey on the six major life insurance brands, enabling senior management to gain an overview of the market competition and set strategic directions.
- The results of the 2021 survey showed that Taiwan Life's rNPS turned positive for the first time, a sharp increase of 19 points from 2020, ranking third among the six major life insurance brands. Among the five major evaluation items of the insurance company satisfaction survey, Taiwan Life's customers were more satisfied with the product content and product price. The number of valid samples for the survey was 1,213, and age and gender sampling control was carried out according to the population distribution of Taiwan.

Note: Six major life insurance brands: Taiwan Life, Cathay Life, China Life, Nanshan Life, Fubon Life, and Shin Kong Life.

4.1.3 Handling customer feedback carefully

To listen to the voice of the customer, Taiwan Life provides multiple complaint channels. In order to protect the rights and interests of our customers, we have established the Financial Consumer Dispute Resolution System, which improves the efficiency and quality of consumer dispute handling. We also have a dedicated unit to clarify the facts of disputes and provide solutions in a timely and appropriate manner. Furthermore, the Company has formulated Management Measures for the Early Warning Mechanism of Customer Complaint Review Cases. For resolved cases in which customers are still unsatisfied and apply for review at the Financial Ombudsman Institution, a monthly warning report is issued for regular control purposes, and the implementation progress of the improvement plans of the responsible units is tracked to ensure such issues do not occur again.

● Ombudsman application rate

	2021	2020	2019
Industry ranking	9th place	4th place	10th place
Number of ombudsman cases	91	70	68
Total number of signed contracts	12,047,631	11,036,115	9,972,990
Rate of ombudsman cases	0.075533522	0.063428118	0.068184165

Note 1: Rate of ombudsman cases = [number of ombudsman cases / total number of signed contracts] * 10,000
 Note 2: Large life insurance companies refer to those with assets of NT\$1 trillion or more

● Explanation of the rising rate of ombudsman cases and improvement measures

The number of ombudsman cases in 2021 increased by 21 compared from the previous year. After analyzing the reasons on a case-by-case basis, we have adjusted our operations as appropriate. Forty-four of these cases (48%) were related to claims, mainly due to claims recognition criteria and disputes over the recognition of the physical condition/level of disability insurance. Regarding the issue of claims recognition, communication has been enhanced to reduce such issues. For disability insurance, the clause of "surviving until six months after the date of diagnosis of disability" has been incorporated into new product terms to reduce similar disputes on disability insurance policies in the future. For Taiwan Life, every dispute is a driving force for the Company's learning and growth. Through ongoing adjustment and improvement, we are committed to increasing customer satisfaction.

4.1.4 Diverse customer communication

Understanding that different customers have different preferences in how they receive information, Taiwan Life has established multiple communication channels 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	Implementation
Official website	Anytime	<ul style="list-style-type: none"> • Helps customers understand the content of insurance products • Matches customers with insurance advisers according to each customer's specific demands for saving their time
Official Facebook page	Weekly post	<ul style="list-style-type: none"> • Boosts customer loyalty • Promotes the brand image of Taiwan Life
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 on a regular basis
Press releases	1 or 2 per month	<ul style="list-style-type: none"> • Provides customer information and insurance-related knowledge • Raises awareness of social issues and provides customers with financial management information
Lectures and forums	Irregularly	Provides customers with health and financial management information
Seminars on retirement-related issues	Yearly	<ul style="list-style-type: none"> • The surveys are conducted on the pension, long-term care, medical care confidence, adequacy, and life satisfaction of retired and non-retired people in Taiwan • Fosters understanding and healthy approaches to retirement and raises awareness of new retirement philosophies in Taiwan's aging society
0800 customer service hotline	Anytime	Provides customers with consultation on various policy issues
Official LINE account	Irregularly	<ul style="list-style-type: none"> • Pushes personalized insurance notifications • Provides the latest Company news and activity information • Boosts customer loyalty

4.1.5 Customer satisfaction

Taiwan Life attaches great importance to the moment of truth (MOT), particularly at the five most frequent points of contact with customers, namely the 0800 customer service hotline, payment, change of policy, claims settlement, and counter service. We collect customer satisfaction data and feedback through telephone interviews on a regular basis. The average customer satisfaction rate in 2021 was 96%, which we take as an important reference indicator of customer experience.

● Customer service satisfaction by year

Item	2021	2020	2019
0800 customer service hotline	98%	99%	99%
Payment service	94%	91%	96%
Policy change service	96%	96%	95%
Claim service	95%	98%	95%
Counter service	97%	99%	98%
Average	96% (Note)	97%	97%



Note: The "business service" item was removed from the survey in 2021. This item was 99% in both 2019 and 2020, which may affect the satisfaction results, but both have exceeded the satisfaction target value of 95%.

4.2 Digital finance

Management approach—Digital finance

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.

Actions and results	Targets	Corresponding SDGs
<ul style="list-style-type: none"> Maintained the official LINE account, with 1.49 million people having added it as of the end of 2021. The new official website was launched in July 2021, providing a number of innovative functions, including product recommendations, product comparisons, and a claims calculator. The page views of the official website have doubled since the launch. Taiwan Life has introduced robotic process automation (RPA) to assist staff to perform repetitive tasks. In 2021, the Company added six RPAs to its operations to streamline manual search and logging procedures and introduced the RPA unmanned factory mode to centralize the management of automated processes and improve overall operational efficiency. 	<p>Short term</p> <ul style="list-style-type: none"> Constantly improve the Taiwan Life official website, optimize the mobile app, and launch intelligent customer services and a health promotion app Refine digital insurance tools and launch digital tools such as a mobile policyholder service and mobile claims settlement, so as to leverage these by combining them with the warm, professional services of our staff In response to the demand for contactless insurance services amid the epidemic, launch a remote insurance service with facial biometric identification to provide safe and convenient digital insurance services <p>Medium to long term</p> <ul style="list-style-type: none"> In line with the development of financial technology, expand remote services and multiple identification applications to enhance service efficiency and facilitate secure non-face-to-face contact insurance services Create a new insurance business model that integrates online and offline services, through which the sales staff can complete their tasks on mobile devices, including customer consultations and appointments, demand analysis, policy planning, and policy services, regardless of time and place Build a cross-channel digital tracking platform, promote online and offline integration, and achieve an omni-channel service experience 	  

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 strategies for digital finance. We promote online and offline digital engineering to achieve a consistent customer financial service experience for all channels. The EdgE digital process transformation project lab has been set up since 2017 to develop a series of digital tools, including the iKASH smart assistant, Proposal System, mobile insurance app, remote insurance, mobile policyholder services, E-note system and Advisory financial planning system, 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.

In addition, with the help of digital technology, we also integrate the potential ESG-related risks and opportunities of various products for improvement and development. We look forward to reducing our environmental impact and creating a greater social influence through the application of digital finance.

4.2.1 Digital tools for intelligent empowerment

Our 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 agents use our mobile insurance app, which greatly reduces the filing time and completes the underwriting process faster. 98% of our agents also use the iKASH smart assistant to facilitate customer interviews, activity management, and customer management.

In 2021, Taiwan Life introduced a biometric identity authentication mechanism to allow remote insurance with "Three Scans and Three No's." Customers do not need to register as a member or download separate software ("No downloads"); instead, they can easily scan their faces three times with a personal mobile device and use encrypted electronic transmission. This ensures that their sensitive insurance information is not found on paper ("No paper") and allows them to complete the insurance through video ("No contact"). We also launched the industry's first "parent-child facial recognition in the same frame" feature to allow insurance for minors to also be completed easily online.

4.2.2 Digital platforms for comprehensive service

Taiwan Life provides a digital financial experience with multiple scenarios, convenience and speed, and complete service. Taiwan Life launched its official LINE account in 2020, and 1.49 million people had added it as of the end of 2021.

The new official website was launched in July 2021, providing a new user interface and user experience, with a number of innovative functions including the product recommendations, product comparison, and a claims calculator. The page views of the official website have doubled since the launch.

In addition, the Company is committed to integrating insurance into customers' daily consumption scenarios, so they can easily access appropriate insurance products whenever necessary. In 2021, Taiwan Life partnered with key players in different industries to provide such innovative services. This included partnering with tourism operators to market travel insurance and working with payment companies to provide consultation services for new parents on newborn insurance. In response to a call from the government, Taiwan Life also partnered with FundRich to provide affordable life insurance and critical illness insurance for people with inadequate protection, thereby also realizing greater financial inclusion.

With the rapid development of e-commerce, the Company will continue to enhance various digital platform services in the future. In addition, the replacement rate(Note) of using eClaim blockchain with partner hospitals reached 7% in 2021, reducing the time between insured customers being discharged and receive their reimbursement from 15 days using the previous paper-based application to 3.6 days.

Note: The replacement rate is calculated based on the use of eClaim to replace the paper application.

4.2.3 Intelligent back-office support

Taiwan Life has utilized RPA since 2018 to assist staff to perform repetitive tasks in order to improve operational efficiency; currently, there are 17 RPA applications in operation. In 2021, the Company added six new RPA applications^(Note) to streamline its manual search and logging procedures. The Company also introduced RPA-based unmanned factory mode to centralize the management of automated processes, meaning users do not need to activate the bot themselves, in turn improving overall operational efficiency and allowing scheduling adjustments to be made according to operating requirements.

Note: These RPA applications were for inquiries into the financial legacy of decedents, inquiries into the use of funds in the 502 CTBC virtual account, receipt signing for LSP registration inquiry and policy status, receipt signing for writing back the date, benefit operation acceptance and notes, and benefit acceptance and case closure.

● Digital financial services

Category	Item	Usage in 2021	Achievements in 2021
Insurance application	iKASH smart assistant	The usage rate by business supervisors exceeded 98%	Brought in first-year premium income of NT\$743 million
	Mobile insurance app	The usage rate by agents was close to 100%	Saved 1.342 million sheets of paper from being printed
	Online insurance	The number of new online members registered exceeded 90,000 and total online members reached nearly 400,000	<ul style="list-style-type: none"> First-year premiums of online insurance reached NT\$33 million Ranked No. 1 in the online life insurance market
	Remote insurance	In December, 344 agents assisted customers in using remote insurance services	In December, a total of 643 cases were accepted, and the new contract premiums totaling NT\$34.09 million
Claims	E-Pay Snap Transfe	More than 4,500 cases	Shorten the original 15 day claim settlement process to 30 minutes
	ibon convenience store claims		
	Blockchain service	More than 9,000 cases	-
Policyholder service	Blockchain service	More than 12,000 cases	Usage 1.91 times higher than in 2020
	Online policy changes	84,216 cases	An increase of 6,878 cases from 2020

4.3 ESG insurance products

Management approach—Financial inclusion

Policy and commitment

We actively support the government's campaign to strengthen people's protection, filling the gaps in social insurance and social assistance mechanisms through the promotion of micro-insurance and small -amount whole life insurance, as well as the development of inclusive financial products.

Actions and results

We have launched insurance products available for people with certain mild to moderate physical and mental disabilities.

We are working on the establishment of an investment portfolio Advisory system.

We have offered after-sales customer service for the investment portfolio.

Targets

Short term

In line with the government's policy, continue to develop inclusive financial products, expand insurance coverage for our customers, and lower the threshold for insurance

Go live in the second half of 2022

Expand the scope of after-sales service via digital platforms

Medium to long term

Continue to develop products for seniors, disadvantaged groups, and people with pre-existing conditions to meet the needs of diverse customers

Increase the browsing traffic of the system and customer satisfaction

Improve customer satisfaction

Corresponding SDGs



Management approach—Insurance product development

Policy and commitment

Facing the emergence of an aging society, we continue to develop various insurance policies for seniors and to advocate preventive medicine to reduce the burden on medical resources through health promotion products, thereby creating positive value for policyholders and society.

Actions and results

- We launched product combination programs for seniors.
- We boosted sales to senior customers aged 55 and above, with 27.01% growth in underwriting.
- We launched group health spillover policies combined with an app to motivate corporate employees to develop exercise habits.

We have incorporated corporate governance in the evaluation of cooperative securities investment trust companies and increased the percentage of AUM in sustainability or ESG-themed investment targets.

ESG investment target training.

Targets

Short term

Continue to develop products for seniors as well as spillover-effect health management insurance products

Introduce more sustainability or ESG-themed investment targets

Conduct training to study the reports in relation to the theme of ESG/sustainability

Medium to long term

Build a medical health ecosystem through more diverse cross-industry cooperation solutions and digital technology

Increase the percentage of AUM in sustainability or ESG-themed investment targets



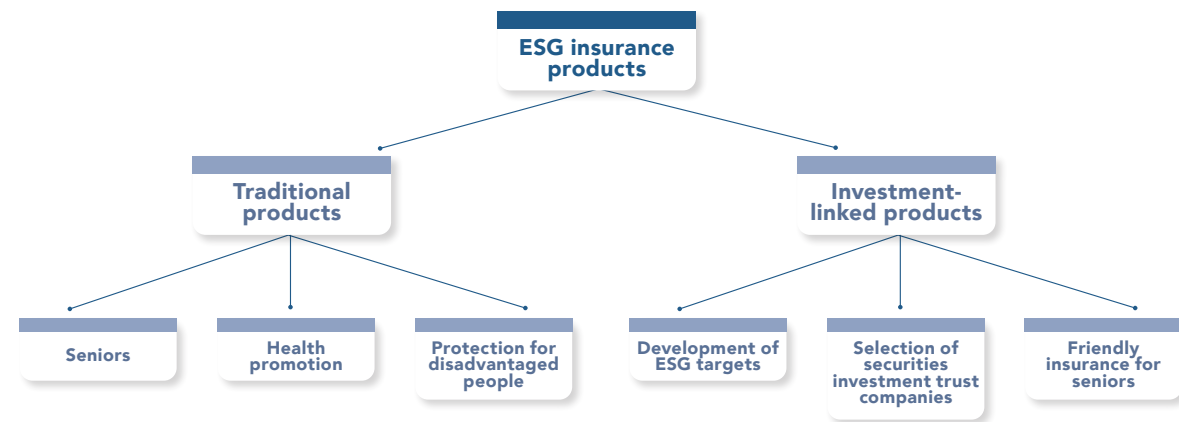
Traditional products

- In anticipation of the increasing demand for medical care and long-term care driven by Taiwan's aging society, as well as developing various A&H products for seniors, we also aim to optimize product services and develop in-kind payment or health-promoting spillover-effect products for seniors.
- We expand the insurance safety net for disadvantaged people, implement the TCF Principles, explore the medical protection needs of those with pre-existing conditions, and continue to develop insurance products for them.
- We will improve insurance coverage for people in Taiwan, reduce the threshold of insurance for millennials, and launch financial inclusion products.
- We continue to develop spillover-effect health management insurance products. In line with our health promotion policy, we will launch a Big Data-based spillover-effect policy in the future, improve medical quality through high-tech medical insurance, and design exclusive medical insurance for seniors as well as specific medical insurance policies for those with pre-existing conditions.
- We saw strong growth in the sale of ESG-related products in 2021. In order to benefit more people, we will continue to promote and develop the ESG-related products going forward.



Investment-linked products

- Due to the investment risks of investment-linked insurance policies, understanding the investment risks and 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 their investment attributes to "conservative" and "stable," with the highest level of risk and return set at RR3 for available investment targets for those over 70.
- In the process of planning investment-linked insurance products and linking targets, we will consider whether the investment strategies involve sustainability- or ESG-related issues, such as water resources, climate change, renewable energy, and ESG themes, and the partner's ESG will be considered in the selection process.
- As of the end of 2021, the AUM associated with sustainability and ESG themes was approximately NT\$12.7 billion. We will continue to plan sustainability- and ESG-themed products to fulfill our commitment to green finance.
- Investment insurance products linked to discretionary accounts were launched in 2021. For example, the investment strategy of the Fidelity Global Trends investment account has incorporated future trends, including water and waste treatment trends, climate change, and other related issues, and we will continue to incorporate ESG themes into product development and design. We are also evaluating increasing the number of ESG-related funds listed for customers to choose from.



4.3.1 Traditional products

Taiwan Life is committed to meeting the needs of our customers throughout Taiwan, striving to develop insurance products and pursue innovation, and promoting more high-quality services. In 2021, 41 new traditional products were developed and 451 partial changes (including 377 revisions) were made, for a total of 492 products. The main product development activity was as follows:

- Strengthened the sales force of retirement planning products**
 The traditional products with the most sales potential in 2021 remained interest-sensitive life insurance products.
- Family protection and asset inheritance planning**
 A design with a high death benefit is provided as a plan to protect families and asset inheritance.
- Provides the largest variety of A&H specialty products (including impaired-risk policies) in the industry, and expands the customer base that can be served**
 A&H products introduced the concept of preventive medicine and health. We developed a number of spillover-effect policies to meet the needs of diverse customer groups and expanded the service market for sales staff.

Seniors

To fill up the gaps in social insurance and social assistance mechanisms, we not only promote micro-insurance and small-amount whole life insurance but also work to help more seniors, those with pre-existing conditions, and disadvantaged groups to be fully protected. At the same time, we provide preventive medical services as one of the core values of product development. To address the problems arising from Taiwan's aging society, we have developed the industry's first impaired-risk insurance policy and the industry's first step-linked spillover-effect policy. We have also developed and provided high-quality and practical insurance protection to help reduce the cost of an aging society.

● Achievement of products for seniors

Product type	Summary	Sales amount in 2021
Insurance products for seniors (including annuity and long-term care)	<ul style="list-style-type: none"> We launched a combination of deferred annuity and term life insurance riders to meet the protection needs of different life stages and reserve financial resources for the elderly. We provided long-term care insurance to prepare for future care costs in old age. In addition, we continue to promote in-kind group long-term care insurance to provide comprehensive protection through insurance benefits and home care services. We raised the maximum insured age for popular A&H products to 75 and the renewal age to 85 to expand the customer base. 	NT\$32.86 million
Small-amount whole life insurance	To support the government's policy 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, which can meet the basic insurance needs of Taiwanese people.	NT\$230.67 million

Health promotion

Based on the design concept of "healthy aging, active aging," Taiwan Life combines digital technology to embed health management rewards into the design of its products, encourages people to develop long-term habits of self-motivated exercise and health management, and expands the impact of insurance. We are also developing more diverse cross-industry cooperation programs to create product differentiation to improve Taiwanese people's health, indirectly reduce the overall social medical expenses and claims expenses of insurance companies, and improve public health.

● Achievement of health promotion products

Product type	Summary	Sales amount in 2021
Step-linked spillover-effect product	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.	NT\$35,000
Health check-linked spillover-effect product	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%.	NT\$211,000
Diabetes exclusive insurance product	<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. 	NT\$5.86 million
Health rewarding product	Policyholders are encouraged to maintain their health through the "No Hospitalization, No Claims Reward Benefit." As long as the policyholders remain healthy and have not applied for hospitalization-related benefits, they have the opportunity to enjoy the rebate every year.	NT\$74.27 million

Protection for disadvantaged people

In order to fulfill its corporate social responsibility and practice the TCF Principles, Taiwan Life explores the medical protection needs of various disadvantaged groups and has developed seven impaired-risk policies so far. In 2021, the Company launched a new impaired-risk insurance product for people with disabilities, which expands coverage and provides specific protection for disabilities and has become a leading benchmark in the domestic insurance industry. Overall sales have shown healthy growth, and the Company will continue to promote and develop products for disadvantaged groups moving forward.

● Insured amounts of products for disadvantaged people

Product type	Summary	Achievement		
		2021	2020	2019
Micro-insurance	<ul style="list-style-type: none"> Personal micro-insurance products 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 pay a small premium to get protection. Group micro-insurance products 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. 	Accumulated insured amount: NT\$39.10 billion	Accumulated insured amount: NT\$35.05 billion	Accumulated insured amount: NT\$23.03 billion
Product for people with physical or mental disability	<ul style="list-style-type: none"> In 2014, Taiwan Life cooperated with Taiwan Lottery, administrator of the national public welfare lottery, to tailor products for its sales staff, including those who have a physical or mental disability, people from low-income groups, such as single parents and indigenous people. We provide death and maturity benefits, which also serve as a financial planning tool. In 2018, we launched Taiwan's first whole life medical insurance for certain mild to moderate physical and mental disabilities, providing life insurance, hospitalization, and surgical protection. In 2021, we launched a disability-exclusive product with death and cancer protection. 	Accumulated insured amount: NT\$3.23 billion	Accumulated insured amount: NT\$2.99 billion	Accumulated insured amount: NT\$2.98 billion
Impaired-risk product	<ul style="list-style-type: none"> In 2014, we launched the first product for people with pre-existing conditions in Taiwan, providing exclusive 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, and provided death or funeral expenses benefits and survival benefit as the capital protection mechanism. 	Accumulated insured amount: NT\$4.4 million	Accumulated insured amount: NT\$4.3 million	Accumulated insured amount: NT\$2.9 million

Project Impact Analysis: Sharing Love Small Amount Whole Life Insurance

In 2021, Taiwan Life's Sharing Love Small Amount Whole Life Insurance product was included in CTBC Holding's first impact evaluation project, which adopted the Global Impact Investing Network (GIIN) IRIS+ framework. The product was launched by Taiwan Life in support of a government policy to improve the basic protections for the public and to enable disadvantaged groups to obtain basic insurance protection at lower premiums. Since its launch in 2017 to the end of December 2021, it yielded 12,666 inforce policies with accumulated premium income of NT\$748,423,132. The annual growth rate of the number of inforce policies was over 17%.

In addition to the evaluation of investments and financing for projects suitable for IRIS+, we also applied the framework to the small amount whole life insurance product offered by Taiwan Life. We found that the Sharing Love Small Amount Whole Life Insurance constitutes a socially inclusive financial product and highlighted the social care and policy support provided by the product. In contrast to the two other projects, the customers of this product represent its main stakeholders. Although there were fewer corresponding indicators, the targets and contributions were clearer. For more details, refer to CTBC Holding's 2021 Impact Valuation Pilot Study Report.



4.3.2 Investment-linked products

In the planning of investment-linked products and new investment-linked targets, Taiwan Life incorporates corporate governance assessments into the target selection mechanism and provides ESG-related targets for the public to choose from, increasing the opportunities for the public to invest in sustainable companies and industries. By leveraging digitalization, the Company is able to promote sustainability and ESG while also providing friendly customer service and care mechanisms to achieve inclusive finance.

Development of ESG targets

As of the end of 2021, Taiwan Life's investment-linked products linking sustainability and ESG themes had a cumulative asset size (AUM) of approximately NT\$12.7 billion. In the future, Taiwan Life will continue to follow this approach of linking ESG strategic investment targets with product platforms in order to launch new products.

Incorporating ESG assessment into product development process

Taiwan Life is increasingly working with its partners to deepen its ESG-related practices. In February 2021, the Company revised its Measures for Screening and Selection Targets Linked to Investment Insurance to specifically include ESG evaluation as a selection criterion. In November 2021, the corporate governance of partners (including performance in environmental protection, corporate integrity, and social responsibility) was added to the review items.

ESG investment target training, commitment to digital system development

Through digital platforms such as our official LINE account and the "Wealth Management Section" of our website, we provide internal and external information on sustainability and ESG so as to further increase the AUM ratio of sustainability and ESG-themed investment targets. In July 2021, the "Wealth Management Section" was relaunched with a user-friendlier design. The intuitive new interface provides simple and easy-to-understand query tools and discloses relevant information on the targets of investment-linked policies. Meanwhile, the official LINE account can be utilized in tandem with digital platforms, such as the official website, to provide push notifications on investment market information, further strengthening our customer service and care.

4.3.3 Green insurance products

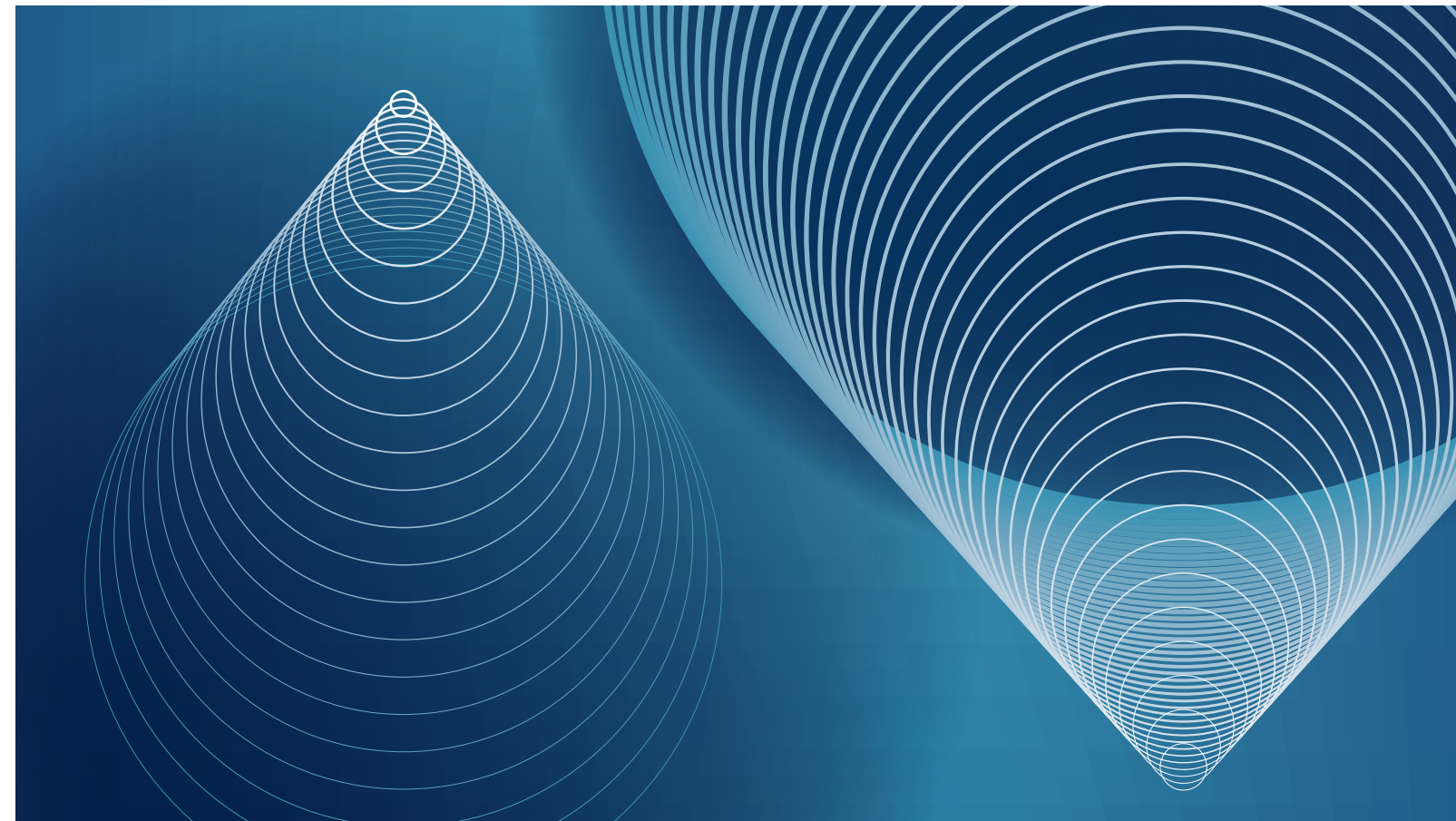
In line with our commitment to environmental sustainability and green energy, CTBC Insurance encourages the development and underwriting of insurance policies that have a positive impact on the environment and actively provides green energy industry-linked risk protection. This business grew significantly in 2021, with sales increasing 529% from 2020.

Unit: NT\$ thousand

Product	Description	Sales amount in 2021	Sales amount in 2020	Sales amount in 2019
CTBC Insurance Green Home Upgrade Rider	In the event of home damage, the insured property may be repaired or rebuilt with green building materials and equipment	64	53	27
CTBC Insurance Toxic and Chemical Concern Operator Liability Insurance	Liability insurance for third party bodily injury or property damage due to the accidental release of toxic substances and concerned chemical substances	77	81	150
CTBC Insurance Comprehensive Insurance for Installation Works (solar and wind power)	Supporting national energy policy by underwriting related insurance for green energy business (e.g., solar equipment, wind power, hydroelectric power)	2,440	78	0
CTBC Insurance Comprehensive Insurance for Electronic Equipment (solar and wind power)		3,860	1,245	284
CTBC Insurance Construction Engineering Comprehensive Insurance (Hydroelectric Power)		1,260	0	0

Responsible investment and stewardship

05



- 5.1 Stewardship policy
- 5.2 Responsible investment
- 5.3 Results of responsible investment
- 5.4 Engagement and voting management

With the large capital pools at their disposal, insurance companies can be a major driving force behind low-carbon transition and sustainability transformation—as Taiwan Life is demonstrating. We have voluntarily complied the U.N. Principles for Responsible Investment (PRI), established a comprehensive responsible investment system, and formulated related policies and procedures. In 2021, we further incorporated the U.N. Sustainable Development Goals (SDGs) into our evaluations in order to increase the attention that investees and financing companies give to sustainability. We hope to create a greater influence with every dollar we invest.

Responsible investment and stewardship

5.1 Stewardship policy

Management approach—Responsible finance and stewardship

Policy and commitment	Actions and results	Targets	Corresponding SDGs
<p>We adhere to the U.N. Principles for Responsible Investment (PRI), uphold the spirit of sustainability to contribute to sustainable development, and move forward to become a model and a benchmark for responsible investment.</p>	<ul style="list-style-type: none"> We supported sustainable investment, with approved sustainable investments and financing totaling NT\$52.7 billion Among sustainable investments, approved green investments and green financing totaled NT\$44.02 billion 	<p>Short term</p> <ul style="list-style-type: none"> Conduct ESG assessments in the investment process and strictly control investments in exclusion list and highly ESG-sensitive sectors Align major investment projects with SDG classification standards Optimize our investee engagement mechanisms Increase our investment and financing position in relation to sustainable finance Strengthen our competencies in responsible investment and financing <p>Medium to long term</p> <ul style="list-style-type: none"> Develop ESG- and climate risk-related limits Continue to strengthen our proficiency in responsible investment and financing 	

As part of our efforts to promote sustainable finance, 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 and financing parties on ESG-related issues while reducing our own investment risks in the process. Taiwan Life is responsible for leading the cross-subsidiary responsible investment project team under CTBC Holding's ESG taskforce. Following the sustainable finance policy of the parent company, Taiwan Life formulates responsible investment guidelines and sets goals accordingly. In the quarterly ESG taskforce meeting, Taiwan Life discusses related issues and presents the progress and results, which are consolidated by CTBC Holding's Corporate Sustainability Department and reported to the Corporate Sustainability Committee of CTBC Holding. Guided by its comprehensive responsible investment strategy and workflow, Taiwan Life is working to realize its commitment to the interests of clients, shareholders, and society; fulfill its responsibilities as an institutional investor; and promote responsible investment and financing.



Compliance Statement for "Code of Stewardship for Institutional Investors"

Stewardship Policy

- The Company is committed to establishing a corporate governance-related framework, implementing internal management, working in shareholders' interests, strengthening the functions of the Board of Directors, fully leveraging the functions of supervisors, protecting the rights and interests of customers and respecting the rights and interests of interested parties, maintaining solvency, improving information transparency, observing and evaluating the impact of external conditions and environmental changes on the overall operations of the Company at any time, and putting forward sound strategies to face challenges in a timely manner. The members of the Board of Directors possess the necessary knowledge, skills, and qualities to perform their duties, and comply with the Company Act, the Regulations Governing Required Qualifications for Responsible Persons of Insurance Enterprises, and relevant laws and regulations.
- In order to improve supervision and strengthen management functions, the Company maintains an Audit Committee and Risk Management Committee, each composed entirely of independent directors and responsible to the Board of Directors. The Board of Directors convenes on a monthly basis to track the implementation progress of each business unit's important initiatives in order to realize effective ethical management.
- The Company determines the manner, extent, and frequency of stewardship actions based on the overall interests of customers and shareholders when investing or performing its fiduciary duties. The Company's stewardship actions include paying attention to the operation of investee companies and having appropriate dialogue and interaction with the directors or managers of these companies through in-person visits, online meetings, attending shareholders' meetings, and exercising voting rights. Taiwan Life understands and participates in the corporate governance of investee companies through the abovementioned diverse engagement practices, and continues to communicate and interact with investee companies in a constructive manner. We aim to promote sustainable development within investee companies, in turn enhancing the long-term interests of customers and positively impacting our entire society, thereby fulfilling the Company's stewardship responsibilities as an institutional investor.
- With the responsibility of stewardship and adhering to the spirit of contributing to global sustainable development, the Company has established a responsible investment system and is moving toward becoming the model and benchmark of responsible investment. In order to provide the basis for the ESG standard evaluation of the Company's investment-related business, in accordance with the spirit of the six PRI, we have established a responsible investment policy and related evaluation process, covering stocks, bonds, funds, loans, real estate, counterparties, and service brokers. The risks and performance of investee companies in terms of ESG and SDG indicators are taken into consideration and are incorporated into investment evaluation and decision-making processes so that the Company can fulfill its stewardship responsibilities and create long-term sustainable investment value. In addition, regarding the investment decision-making process of domestic and foreign-listed companies and investment target companies traded on business premises, the scores or indicators of external third-party ESG rating agencies are reviewed and incorporated into the ESG risk assessment in order to improve the investment assessment mechanism.
- To reduce overall risk and maximize the return performance of its portfolio, the Company adjusts asset allocation and makes investment decisions according to the market environment, and refers to the relationships among assets and liabilities, risk tolerance, investment risk and return, liquidity, and solvency as the basis for decision-making, with the aim of enhancing the long-term interests of our customers, shareholders, employees, and interested parties. The manner, extent, and frequency of our stewardship actions are determined by the purpose, costs, and benefits of investments. The Company's stewardship actions include monitoring investee companies, communicating and interacting with their management, attending shareholders' meetings, and exercising voting rights.
- The Company may entrust some of its stewardship activities to professional agencies (e.g., providing voting advice or voting on behalf of the Company) based on an agreement or under the supervision of the Company in order to ensure that the entrusted agency performs at the request of the Company.
- The Company's stewardship performance is disclosed on the official website and updated at least once a year.

5.1.1 Management of conflicts of Interest

We uphold our commitment to customers and take the interests of shareholders as our top priority. In order to avoid conflicts of interest, we enforce regulations for managing such conflicts, conduct awareness raising, and have in place hierarchical responsibility, information control, firewall, and oversight mechanisms. These measures are taken to effectively control and prevent conflicts of interest. In 2021, Taiwan Life recorded no material conflicts of interest.

● When conducting business, possible patterns for conflicts of interest include, but are not limited to the following:

Type of conflict	Pattern of conflict	Management regulations	Control measures
Between the Company and customers	Customer complaints or financial consumer disputes	Treating Customer Fairly Policy	In the event of customer complaints or financial consumer disputes, the Company handles them in a timely and appropriate manner in accordance with the Company's rules and regulations and examines whether there is any violation of policies or related financial consumer protection laws and regulations. In addition, we review the Treating Customer Fairly Principles for the Financial Services Industry every year and amend our policy in alignment with the latest laws and regulations.
Between the Company and investee companies	An employee of the Company, in the course of conducting investment business, learns of material information about the Company, the parent company, or other investee companies due to their position, and makes investments in their own or another's name before or after such information is released to receive improper benefits	Management Policy for Preventing Insider Trading	In accordance with Article 157-1 of the Securities and Exchange Act, the Company has formulated the Management Policy for Preventing Insider Trading to regulate specific employees, who should not, when they become aware of the material information on the parent company or other investee companies in their positions, buy or sell securities of that company in their own names or in the names of others within 18 hours before or after the disclosure. In addition, the responsible units are required to promote or conduct training on a regular basis to ensure that all employees understand and fully comply with the relevant laws and regulations.
		Guidelines for Handling Investment Business and Preventing Insider Trading	When the Company's responsible unit is informed of material information, it notifies relevant employees of the investment department to suspend the trading of securities associated with the material information. To prevent insider trading, the investment department may conduct related investment activities only after the suspension of trading is lifted and required procedures are completed.
Between the Company and employees	In the course of conducting business, an employee directly or indirectly offers, accepts, promises, or requests any improper benefit or engages in unethical or unlawful behavior or any behavior in breach of fiduciary duty for the purpose of acquiring or maintaining benefits for themselves	<ul style="list-style-type: none"> Ethical Corporate Management Best Practice Principles Procedures for Ethical Management and Guidelines for Conduct Procedures for Handling Illegal and Unethical or Dishonest Behavior Investment Transaction Management Regulations 	The Company encourages internal and external personnel to report dishonest behaviors or misconduct, and the reported cases are handled in accordance with the Company's Procedures for Handling Illegal and Unethical or Dishonest Behavior. We regularly conduct education and training for employees to convey the importance of ethical management. The Company has also set up a dedicated unit to oversee the implementation of ethical management and report to the Board of Directors on a regular basis in order to foster an ethical and transparent corporate culture and promote sound business operations.
	An employee of the investment department engages in equity product transactions for themselves or others during the trading period with the intention of unjust profits	Investment Transaction Management Regulations	<ol style="list-style-type: none"> To strengthen the management of conflicts of interest, the head of the Taiwan stock investment department as well as the Taiwan stock manager and trader are restricted from using the internet, information and communication equipment, and mobile devices, and may not access the trading websites of securities dealers. During the normal trading period of Taiwan stocks, information and communication equipment (e.g., mobile phones and laptops) of the abovementioned employees are kept in a separate unit and returned only after the close of trade for Taiwan stocks.

Between the Company and employees	After an employee leaves the Company or transfers to another position, they illegally accesses the system to gain benefits	Information System Access Management Rules	<ol style="list-style-type: none"> The Company sets up its computer operating system and authorizations according to the duties and responsibilities of each department and personnel in order to maintain information security. If there is any change in personnel, their access rights are deleted or changed; in addition, in order to protect against password leakage, the Company requires employees to change their passwords regularly. The Company grants appropriate access in the system according to different positions, and non-duty related personnel cannot obtain information by themselves, in order to prevent improper leakage of information.
	An employee uses the Company's information equipment for their own personal part-time jobs	Employee Code of Conduct	<ol style="list-style-type: none"> Employees may not use their position to promote, sell, or refer any goods or services that are not provided by the Company for their own benefit. Employees may not use their own account for a customer's private transactions; nor may they personally undertake transactions for themselves, spouses, blood relatives within the third degree of kinship, or in-laws within the second degree of kinship on the Company's computer operating system.
Between employees and customers	An employee directly or indirectly offers or accepts an improper gift, entertainment, or sponsorship to customers or any third party related to their business	<ul style="list-style-type: none"> Employee Code of Conduct Donation and Sponsorship Regulations 	<ol style="list-style-type: none"> Employees may not intend to pay bribes or engage in illegal activities in exchange for the convenience of business. When conducting business, employees may not directly or indirectly offer, promise, demand, or accept any form of improper benefits to customers, agents, contractors, suppliers, civil servants, or other interested parties. Direct or indirect donations to political parties or organizations or individuals participating in political activities must comply with the Political Donations Act and the Donation and Sponsorship Regulations, and shall not be offered out of commercial interests.
Between the Company and employees, the Company and customers, employees and customers, or the Company and affiliate companies	The trading conditions of interested parties are superior to those for other similar counterparties	The policy governing lending and transactions other than lending with interested parties	<ol style="list-style-type: none"> Investment transaction and lending conditions (e.g., interest rate, collateral and its valuation, loan tenor, and repayment method of principal and interest) shall not be better than other similar lending obligors. When the Company and non-lending interested parties engage in transactions other than lending as mentioned in Article 11 of this policy, the conditions shall not be superior to other similar counterparties. Such transactions shall be conducted in the presence of more than two-thirds of the directors of the Company and a resolution approved by more than three-fourths of the directors present. Directors present at Board meetings shall recuse themselves from cases involving themselves or those with whom they have a conflict, and shall not represent other directors in attendance or exercising voting rights.

● Disclosure of conflicts of interest

Under the abovementioned conflict of interest management mechanism, the Company recorded no material conflicts of interest in 2021. In the event of a major conflict of interest, the Company will summarize and report the cause of the incident and how it has been handled. The Company will also notify relevant units and follow the above management mechanism to take follow-up measures. We believe that the lack of conflicts of interest reported above demonstrates that our management mechanism is effectively controlling and preventing the occurrence of such conflicts.

5.2 Responsible investment

We believe that enterprises have a social responsibility to maintain ecological balance and support resource regeneration. To these ends, Taiwan Life has introduced international standards on environmental certification, actively supports energy transformation and the localization of green industry through responsible investment, and is increasing its investment in renewable energy in order to protect the environment and foster a sustainable homeland. In terms of social care, the Company follows the footsteps of CTBC Holding's approach to community engagement, not only to expanding its own business but also to grow together with the community and the environment.

Meanwhile, in addition to strengthening corporate governance, legal compliance, risk control, and information security protection, we adopt emerging technology to create a safer and sounder business environment for the Company and establish a more open and transparent governance system. We are also implementing responsible investment, engaging meaningfully with investee companies, and assisting them to improve their corporate governance when necessary, so as to create a better business environment.

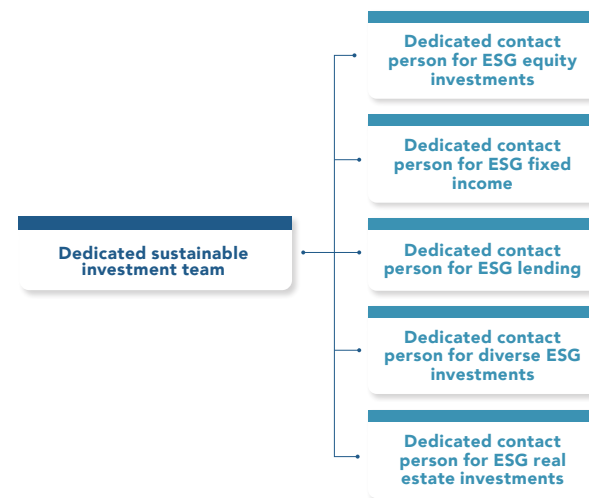
● Investment strategy planning

Term	Strategy	Actions	Benefits
Short-term (2022)	Invest in companies validated by SBTi with reference to the Task Force on Climate-related Financial Disclosures (TCFD)	Increasing the number of investee companies that take SBTi (Note) actions by 10% each year	Reduce the financed emissions associated with our investment portfolio
Mid-term (2025)	In alignment with TCFD climate risk management, gradually withdraw from carbon-intensive and high ESG-risk sectors, and incorporate PRI and SDG evaluation mechanisms to avoid reinvestment in related industries	Select key SDGs for which to increase related investment amounts	Targeting environmental and social issues, increase Taiwan Life's investment and impact
Long-term (2030)		For those companies whose ESG performance does not meet the Company's internal standards, send an engagement letter asking for SASB standards disclosure	Assist investee companies in ESG management and move toward a low-carbon economy together

Note: Science Based Target initiative (SBTi)

● Sustainable investment

We have formulated a Responsible Investment Policy and Responsible Investment Regulations in accordance with the six PRI to guide our daily operations. 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. By the end of 2021, NT\$1.3 million had been invested and approximately 60 employees of the investment unit had participated in the internal operation of responsible investment to jointly build an ESG investment blueprint.



5.2.1 Responsible investment process

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 evaluation results. For various green, social, and sustainability bonds, application of funds reports are strictly reviewed to ensure that funds are used to support environmental

and sustainable development. The scope of responsible investment covers stocks, bonds, funds, lending, building under construction (BUC) cases, transaction counterparties, and investment service brokers. In 2021, a total of 158 investees and transaction counterparties were invested in based on responsible investment assessment results.

● Responsible investment flow chart



Domestic and foreign listed stocks and bonds

1. Check exclusion list, highly ESG-sensitive sector evaluation, 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.

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 (GRESB).

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.

Domestic and foreign unlisted stocks and funds

1. Check exclusion list, highly ESG-sensitive sector evaluation, 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.

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.

5.2.2 Risk management for responsible investments

Taiwan Life maintains a list of prohibited industries for its investment portfolio based on its exclusion list, highly ESG-sensitive sectors, and assessment of the level of involvement in material ESG issues. The ESG performance of an investment target is evaluated by referencing external ESG rating systems, and the investment target is reviewed using an ESG risk assessment form. For enterprises that fail to meet the standards, further engagement and communications are conducted 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 check whether investment targets are involved in ESG risk-related matters.

● Risk management and evaluation for responsible investments

Evaluation item	Evaluation method
Exclusion list	Check whether the investment target belongs to an industry listed in the exclusion list of the Company, including crime, terrorism, armaments, and pornography.
Highly ESG-sensitive sectors	Rigorous assessment for the tobacco, oil sands, coal mining, and coal-fired power generation industries.

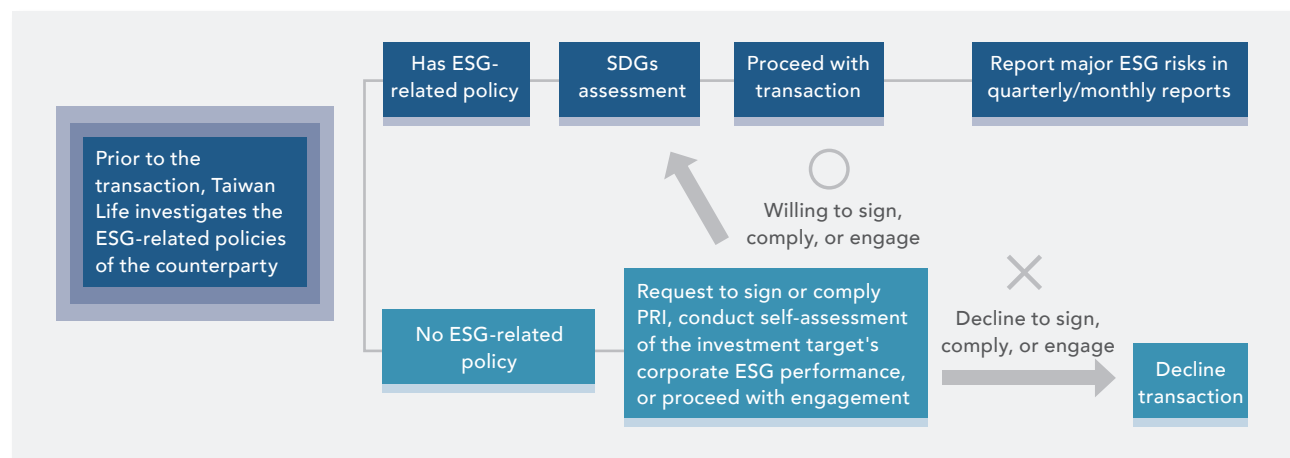
Level of involvement in material ESG issues (Refer to 5.4 Engagement and voting management)	Leverage the in-house ESG news database to search for potentially negative news related to the investment subject. If the investment target is involved in a major ESG issue, an ESG risk assessment is conducted and follow-up engagement is performed based on the assessment score.
External ESG rating indicator	Reference is made to ratings by global ESG rating organizations and by cross-checking with the ESG performance evaluation of the investment target. If the rating cannot be found or is lower than the pre-determined level set by Taiwan Life, an ESG risk assessment is conducted.
ESG risk assessment form	Public information on the investment target 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 target to adopt the GRI Standards to prepare their sustainability reports.

We examine investment services brokers or counterparties that are not listed on external ESG rating systems or for whom ESG risk assessment forms are not otherwise applicable, in order to determine whether they have formulated ESG-related policies or guidelines or to evaluate the possibility for them to formulate their own ESG policy. Furthermore, in the investment proposal stage, we work to deeply understand a company's ESG related policies, supervise its ESG risk management, and evaluate whether it is involved in any industry on the exclusion list or otherwise of major concern to 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 targets 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.

● Risk management for real estate investments

1. Implement real estate construction projects according to the health and safety operation plan approved by Taiwan Life.
2. Contractors are required to inspect the health and safety of the site every day and produce reports.
3. Record and control any deficiencies of health and safety issues, and issue rewards and penalties accordingly.
4. Review and statistically analyze health and safety incidents and report them regularly.
5. Increase the frequency of the inspection of specific items.

● Risk management process for external investment service brokers and counterparties



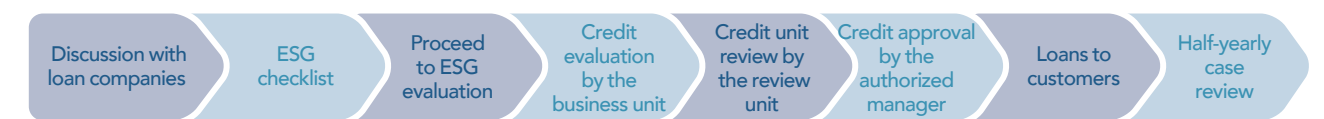
5.2.3 Responsible financing

In accordance with the Responsible Investment Operation Guidelines of Taiwan Life, 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 implement environmental protection, ethical corporate management and social

responsibility. It is required to confirm "whether it complies with the Company's responsible investment policy and operation guidelines" on the cover page of the credit approval package, and full disclosure of the evaluation information is required to be provided in the credit report, so that managers at all levels can make appropriate decisions.

As the corporate financing business is mostly domestic small and medium-sized enterprises, 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 post-financing management, the corporate entities, responsible persons, and guarantors are subject to an interim review every six months after a transaction is approved, in accordance with the Guidelines for Review Management. Interim reviews are required to renew 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.

● Responsible financing flow chart



5.3 Results of responsible investment

In recent years, Taiwan Life's investment portfolio has focused primarily on long-term holding and stable profit-making investment targets (domestic and foreign bonds), hoping to provide reassuring and stable investment protection for the insured and to safeguard their rights and interests. In 2021, the total investment assets of Taiwan Life were approximately NT\$2 trillion. The distribution by asset class is as follows.

● Investment assets in 2021

Unit: NT\$ thousand

Asset class	Amount
Bonds	1,350,744,568
Funds	170,614,373
Stocks	182,727,957
Cash and short-term assets	101,140,043
Real estate	89,600,784
Secured loans	32,993,412
Policy loans (including foreign currency policy loans)	25,662,994
Structured products	50,077,358

Note: Data current as of Dec. 31, 2021

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 2021, the cumulative approved investments in sustainable development totaled NT\$52.7 billion. The Company continues to proactively seek investment targets that meet the criteria of sustainable development in order to support the government's Green Finance Action Plan 2.0 and promote green energy investment.

● Sustainable investment

Unit: NT\$ thousand

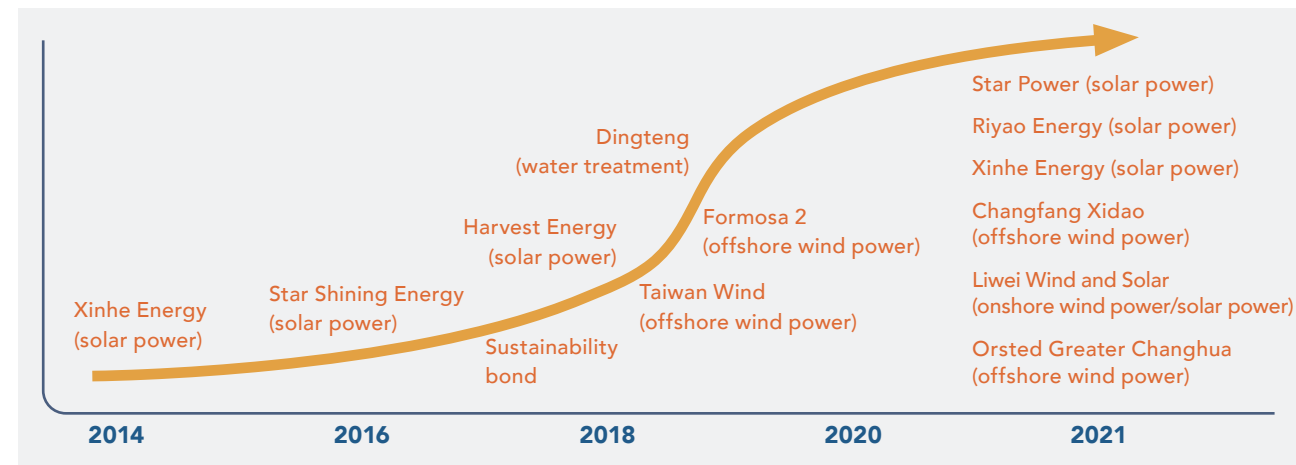
Investment type	Description	Accumulated approved amount			
		2021	2020	2021	
Sustainable bonds	<ul style="list-style-type: none"> Recognized by the International Capital Market Association (ICMA) and meeting the standards of foreign green bonds, social bonds, or sustainability bonds Domestic bonds recognized by OTC as sustainable bonds Foreign bond issuers that have more than 50% of their production capacity or revenue in green businesses/ industries 	Domestic	7,700,000	7,199,999	2,300,000
		Foreign	15,765,165	9,282,279	11,087,499
Equity and fund investment	<ul style="list-style-type: none"> Public investment: solar power generation, wastewater treatment, wind power generation and low-carbon natural gas power generation Sustainability-related funds 	-	12,765,412	9,543,694	5,748,875
Financing	Three offshore wind farm projects: Formosa 2 Wind Power, Changfang & Xidao, and Ørsted subsidiary Mercury Taiwan Holdings	-	16,459,062	16,459,062	12,959,062
Total		-	52,689,639	42,485,034	32,095,436

5.3.1 Green finance

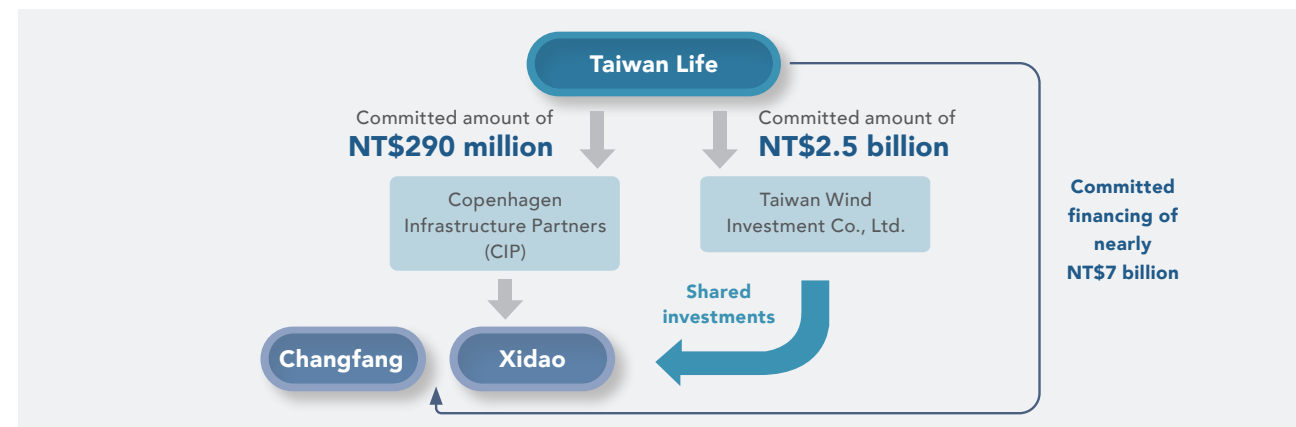
Long before adopting the PRI, Taiwan Life has been proactively involved in green finance. We were among the first in the industry to invest in solar power plants and have been doing so since 2014. We keep abreast of emerging market trends and best practices by investing in foreign private equity funds and infrastructure funds. In 2018, we invested in Copenhagen Infrastructure Partners (CIP) Funds in order to understand the industrial development, risks, and practices of offshore wind power generation. In 2019, in partnership with CIP Funds, we jointly established Taiwan Wind Investment Co., Ltd. to develop an offshore wind farm project in which Taiwan Life invested NT\$2.5 billion, representing approximately 43% of the equity. We were also the first life insurance company in Asia to invest in an offshore wind farm project. Later in 2019, we participated in the Formosa 2 syndicated loan for a 376-MW offshore wind farm project, becoming the first life insurance company in Asia to play a role in offshore wind farm syndication.

Taiwan Life's sustainable investment for 2020 and 2021 were recognized by numerous global awards. This included receiving ESG Investor of the Year for Insures in Taiwan from The Asset for two consecutive years. We also participated in the 2022 Bloomberg Hackathon with the theme "Taiwan ESG" in April 2022, winning third place.

● Past green investment projects



● Changfang & Xidao Offshore Wind Farms



● Green investment projects

Unit: NT\$100 million

Investment category	2021		2020	
	Accumulated actual investment amount	Accumulated approved amount	Accumulated actual investment amount	Accumulated approved amount
Green bonds	179.76	179.76	162.28	162.28
Green project investment <small>(Note)</small>	64.09	95.85	50.83	95.43
Total	243.85	275.61	213.11	257.71

Note: Green project investment refers to solar power generation, wastewater treatment, offshore wind power generation, solar energy system construction, Copenhagen Infrastructure Fund, etc.

● Green financing projects

Unit: NT\$100 million

Financing project	2021		2020		Benefit evaluation
	Accumulated actual financing amount	Accumulated approved amount	Accumulated actual financing amount	Accumulated approved amount	
Formosa 2 Wind Power syndicated loan	35.67	60	21.36	60	<ul style="list-style-type: none"> Estimated annual carbon emission reduction of 707,000 tons Equivalent of powering 380,000 households every year
Changfang Wind Power Co., Ltd./ Xidao Wind Power Co., Ltd. financing case	27.15	69.59	11.38	69.59	<ul style="list-style-type: none"> Estimated annual carbon emission reduction of 1.129 million tons Equivalent of powering 650,000 households every year
Mercury Taiwan Holdings Wind Power syndicated loan	22.15	35	0	35	<ul style="list-style-type: none"> Estimated annual carbon emission reduction of 1.138 million tons Equivalent of powering 650,000 households every year
Total	84.97	164.59	32.74	164.59	-

As part of our commitment to sustainability, we have proactively responded to the government's "5 plus 2" industrial innovation plan and public investment plan, focusing on investment in green energy and circular economy. 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 eliminate 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.

● 2021 5+2 industrial innovation plan

Unit: NT\$100 million

5+2 industries	2021
Green energy technology	532.27
Asia Silicon Valley	438.23
Biomedical	41.64
Defense industry	35.50
Smart machinery	9.32
High-value agriculture	9.35
Circular economy	139.98
Total	1,206.29

● Top 5 SDG investment goals

Ranking	SDG	Investment percentage
1	SDG 8 Decent Work and Economic Growth	7.83%
2	SDG 5 Gender Equality	7.76%
3	SDG 1 No Poverty	7.71%
4	SDG 10 Reduced Inequalities	7.22%
5	SDG 9 Industry, Innovation and Infrastructure	7.18%

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

5.3.2 SDG investment

Taiwan Life leads CTBC Holding's PRI project team, coordinating the investment units of five subsidiaries, including in property insurance, financing, securities, venture capital, and securities investment trusts and periodically tracking performance with regard to each SDG. In its 706 equity and bond investments at home and abroad in 2021, Taiwan Life's main priorities are SDG 8 (Decent Work and Economic Growth), SDG 5 (Gender Equality), SDG 1 (No Poverty), SDG 10 (Reduced Inequalities), and SDG 9 (Industry, Innovation and Infrastructure), which are the five SDGs with the highest degree of connection. In 2022, Taiwan Life expects to evaluate the mature inventory tools in the market and to continue to perform SDGs analysis for its investment and financing portfolio.

5.4 Engagement and voting management

5.4.1 Engagement and communication

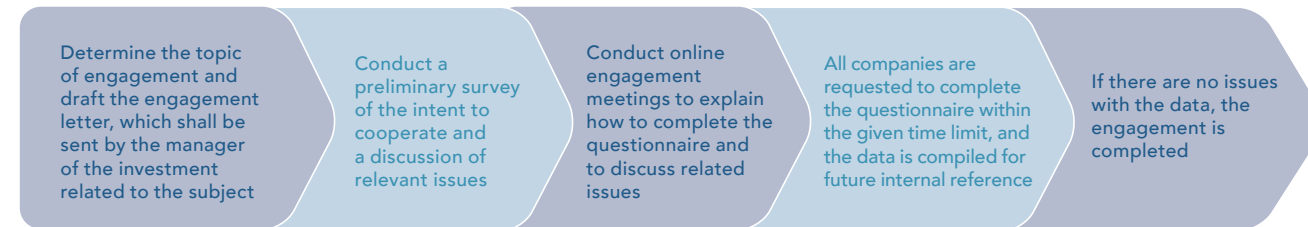
In accordance with our Responsible Investment Policy and relevant operating procedures, we conduct engagements as necessary with investment subjects that fail their ESG assessment or are not included in the ESG rating system. Our engagement methods include personal visits, online meetings, telephone 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 are exposed to significant risks, we discontinue investment or gradually reduce our holdings. For

less risky investment subjects, the Company communicates with their management or expresses our opinion by exercising our voting rights at shareholders' meetings, and does not exclude the cooperation with other investors to express our demands. The Company will continue to communicate and track the ESG performance of relevant subjects, assess their risks, and plan to track the impact of engagements on investees.

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. In 2021, the Company communicated with discretionary companies 18 times and attended real estate management committee meetings 27 times. During that period, no major ESG-related issues were found.

● Engagement process



● Major engagement topics in 2021

Engagement method	<ul style="list-style-type: none"> Engagement method: Teams online conference Date: Aug. 24, 2021 Conference theme: Taiwan Life SASB Engagement Participants: <ol style="list-style-type: none"> Supervisor and officer of the investee's sustainability unit Supervisor and officer of Taiwan Life's investment unit and sustainability unit External sustainability consultant
Content of engagement	<ul style="list-style-type: none"> Key points discussed <ol style="list-style-type: none"> Hazardous waste management Impact of project development on ecology Product disposal management Energy infrastructure integration and related regulatory management
Engagement result	The Company performed the engagement with two renewable energy company investees to understand how they treat the surrounding community and environment when developing a renewable energy project site. After review and discussion, it was concluded that the investee companies had adequate environmental and social risk management systems in place.
Institutional investor influence	Taiwan Life will continue to exert its influence as an institutional investors to make compliance requests for investment and financing targets that need to improve their ESG performance or for industries that need to enhance their disclosures. It will also consider making suggestions on occasions where it can exert its influence, such as by making proposals and exercising its voting rights at shareholders' meetings.

Every year, by attending shareholders' meetings and online meetings as well as through correspondence and in-person visits, the Company conducts appropriate communication and interaction with investee companies, so as to maintain the interests of the Company as a shareholder and fulfill the Company's stewardship responsibilities as an institutional investor.

● Engagement and communication results

Item	Frequency
Equity	350
Fixed income	110
Project investment/funds	98
Corporate lending	184
Discretionary Investments	18
Real estate management committee attendance	27

● Description of 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 or occupational health and safety regulations, we check whether the investment target 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 ethical management and management suitability. During the investment process, we examine whether the target 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

After considering ESG factors, these cases were declined

Financing project	Reasons for deviation	Follow-up actions
Land financing syndicated loan case	The collateral land is located in the offshore area of Danhai New Town in New Taipei City's Tamsui District. After examining a risk map from the National Science and Technology Center for Disaster Reduction, the location of the collateral land was found to have climate-induced flood risk.	In consideration of aforementioned ESG-related issue, the financing was not granted.
Real estate-backed financing case	News reports indicated the presence of corporate governance-related issues stemming from a fraud case involving a land purchase conducted by the target company. The chairman (joint guarantor of the target company) and director (the treasurer of the target company) were listed as defendants, raising concerns regarding the target company's ESG.	The contract with the company was about to be renewed; after the incident, the company was put under asseveration account (EW1) in accordance with CTBCs Observation Account and Early Warning Account Management Guidelines; both parties reached a consensus before the expiration of the case and the remaining loan balance of the company was fully canceled.
Land financing case	The collateral land is located on a hillside conservation site in Hsinchu County's Xinpu Township. After examining a risk map from the National Science and Technology Center for Disaster Reduction, where the collateral land is located, the location of the collateral land was found to have rockslide and landslide risk.	In consideration of the aforementioned ESG-related issue, the financing was not granted.

Cases in which clients were encouraged to promote ESG through sustainability-linked loans (SLLs) with a preferential interest rate

Financing project	ESG assessment considerations – linked with sustainability index performance	Follow-up actions
Financing syndicated loan case	During the loan period, the company was among those considered for inclusion in the Dow Jones Sustainability Index ("DJSI") by S&P Dow Jones Indices and RobecoSAM.	Interest rate adjustments were offered to incentivize the client to further increase its ESG sustainability.
Financing case	During the loan period, the company was repeatedly selected as a chemical enterprise member of the S&P Global Sustainability Yearbook.	Each year, in the month following the company's inclusion, a discounted rate is offered to incentivize the client to further increase its ESG sustainability.

5.4.2 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.

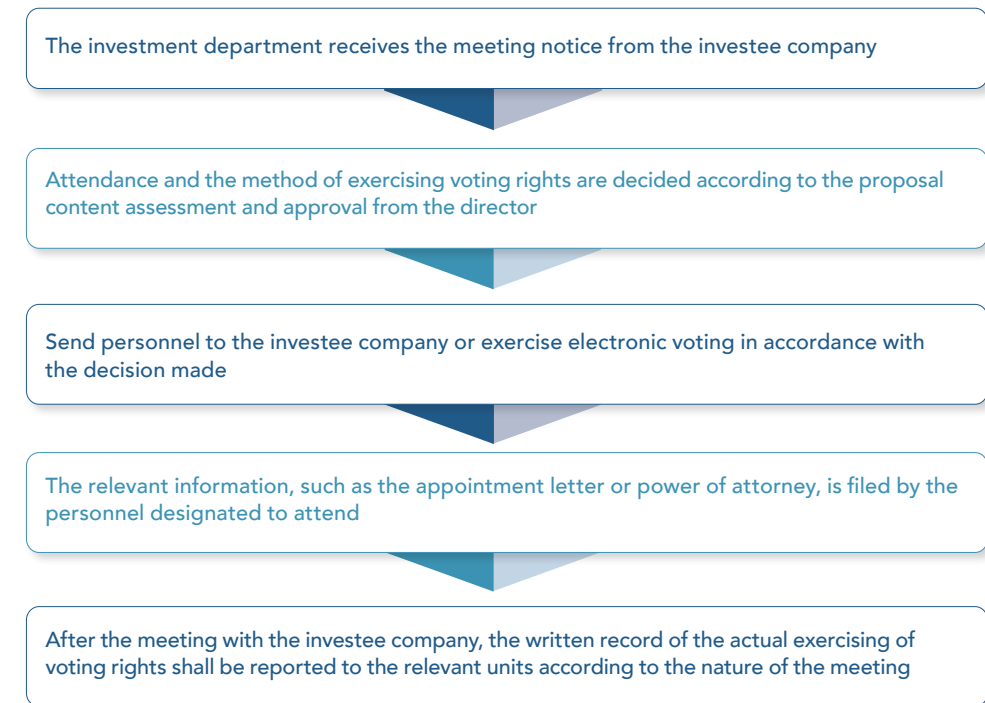
In addition to attending meetings in person to cast votes, we also exercise voting rights through electronic voting. In principle, the Company exercises its voting rights in order to express its opinions on a motion. To this end, Taiwan Life may evaluate whether a motion will impair the rights and interests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

1. In order to protect the rights and interests of customers, promote the overall interests of shareholders, and guide the Company's investment department personnel in attending shareholders' meetings and related meetings, Taiwan Life has formulated the Operation Guidelines for Attending Shareholders' Meetings and Related Meetings of Investee Companies to facilitate the management of investee companies and promote their development.
2. When receiving the relevant information on the notice of shareholders' meeting, it is necessary to carefully evaluate whether the motions of each shareholders' meeting and related meetings have a significant impact on the rights and interests of the Company's customers or shareholders, and whether there are major issues; the business unit shall evaluate and retain related documents. If necessary due to the significance of the abovementioned impact, Taiwan Life will communicate with the management of the investee company before the meeting, and explain its evaluation and analysis of the exercise of voting rights. If it is a general meeting of shareholders and Taiwan Life can exercise its voting rights by electronic voting, in principle, the voting rights should be exercised. If the business unit does not attend the meeting, such shall be approved by the authority supervisor.
3. No voting rights shall be exercised to support the Company's related parties, or related parties' directors, supervisors, or employees as directors or supervisors of the investee company, except where the investee company is qualified as a public investment when using insurance funds.
4. When exercising the rights and interests of shareholders or investors due to the possession of marketable securities, Taiwan Life shall not exchange equity or transfer interests or participate in running the investee company by means of trust, appointment, or other contractual agreement or agreement, authorization, or other method with the investee company or a third party. The exercise of Taiwan Life's rights and interests as a shareholder or investor shall not prejudice the interests of the proposer, the insured, or the beneficiary.
5. The Company and its affiliated companies shall not act as the solicitor of power of attorney of the investee company or entrust others to be the solicitor of power of attorney or jointly solicit power of attorney with others.
6. The voting rights of the Company include expressing support, objection, or abstention, but not absolute support for the content of the motions proposed by the investee company. On the basis of respecting the business expertise of the investee company and promoting its effective development, we support proposals put forward by the management in principle. However, proposals that impede the sustainable development of the investee company or violate the Company's Responsible Investment Policy will not be supported in principle.

In 2021, due to the impact of the COVID-19 pandemic, the Company participated in most of the 453 domestic and foreign investee companies' shareholders' meetings electronically. Specifically, it participated in 407 electronically and 46 in person, voting on a total of 981 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 investee 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 authorized supervisor.

● Flow chart of Taiwan Life's attendance at the shareholders' meeting of the investee company and related meetings



● Explanation on the exercise of voting rights

Explanation of votes for	In respect of the professionalism of the invested companies and to promote their effective operation and development, we in principle support motions proposed by their management.
Explanation of abstentions	As a matter of principle, the Company exercises its voting rights in a proactive manner and expresses its opinion for or against the content of motions. Under certain circumstances (e.g., legal restrictions), abstentions are used. For example, according to Article 146-1 of the Insurance Act, the insurance industry is not allowed to exercise voting rights on the election of directors and supervisors of investee companies; therefore, Taiwan Life abstains from voting on such motions.
Explanation of votes against	We do not support proposals that impede the sustainable development of investee companies or violate our Responsible Investment Policy, such as those that hamper environmental sustainability, social care, and corporate governance. For example, in 2021, we objected to the management fee proposals of two investee companies during the extension period of their outsourced management. We believed that management fees should be further reduced for venture capital management activities that have entered the extension period. As the result, an amended proposal by the Company was introduced and passed by other venture capital shareholders.

● 2021 voting results

Classification of motions	Major resolutions	Total votes	For	Against	Abstain
Financial issues	Approval of business reports and financial statements	197	197	0	0
	Earnings distribution or loss offsetting	219	219	0	0
Employees benefits	Issuance of new shares with restricted employees' rights	9	9	0	0
	Issuance of employee stock options below market price	0	0	0	0
	Transfer of treasury stock below average repurchase price	0	0	0	0
Shareholders' equity	Company dissolution, merger, acquisition, share transfer or division	6	6	0	0
	Capital increase (retained earnings, capital reserves, dividend distribution, or cash as capital for issuance of new shares)	20	20	0	0
	Private placement of securities	11	11	0	0
	Capital or cash reduction (for offsetting losses or cash refund)	14	14	0	0
Corporate governance	Amendment of articles of incorporation or operating procedures	328	328	0	0
	Lifting the ban on directors from participating in competing companies	124	120	0	4
	Execution of the right to recover short-swing profit from statutory insiders	0	0	0	0
Personnel organization	Election of directors and supervisors	22	9	0	13
	Dismissal of directors and supervisors	15	11	0	4
Others	Other	16	13	2	1
總計		981	957	2	22
		100%	97.55%	0.20%	2.24%

● Sustainability partnerships and initiatives

In addition to the PRI, Taiwan Life has also adopted the Principles for Sustainable Insurance (PSI) and carries out ESG education training for major operating units and external business units. This ensures proper understanding of sustainable development can be passed on to customers and policyholders through our business units.

In 2021, we added a new corporate sustainability section to our official website, with new pages devoted to responsible investment, ESG, and stewardship principles. With the site, we are better presenting our philosophy of sustainable development to all our stakeholders—and in a more transparent and direct way.

Furthermore, not only can stakeholders participate in ESG-related activities held by Taiwan Life, but we send our own delegations to participate in major domestic and overseas sustainable development forums to gain new knowledge back and help the Company continue to improve. We also took part in the Taiwan Sustainability Classification Standards Workshop co-hosted by the Chung-Hua Institution for Economic Research and the Taiwan Academy of Banking and Finance. In the workshop, we jointly proposed economic activity classification and taxonomy standards regarding six environmental objectives.

Diverse talent development

06



6.1 Talent recruitment and cultivation

6.2 Employee rights and workplace health

Our employees are our most valuable asset. We are proactively recruiting talent with competencies that can power our IFRS 17, ICS 2.0, and digital transformation efforts. We closely monitor key duties and positions across the Company for reference in planning talent development, we raise the median and mean salary of non-managerial employees annually, and we invest substantial resources in employee welfare. By doing so, we can find the right person for every position and ensure that each of them realizes their full potential.

Diverse talent development

Our team is the foundation of Taiwan Life's strategic development. By establishing a sound training and development system and strengthening our corporate culture, we maintain a talent pool of elite professionals able to effectively implement our strategies.

Our outstanding workforce is thanks to through three key focuses: cultivating a culture of change, reinforcing organizational strengths, and improving the competencies of personnel:

- **Cultivating a culture of change:** Through means such as conferences, events, and training, we create a forward-thinking atmosphere and foster team cohesiveness.
- **Reinforcing organizational strengths:** We offer employees a comprehensive and fair talent development system.
- **Improving the competencies of personnel:** By combining our talent development system with training, rotations, and project assignments, we comprehensively improve employees' professional capabilities and management functions.

6.1 Talent recruitment and cultivation

6.1.1 Overview of employee structure

As of the end of 2021, Taiwan Life's employees totaled 9,177, comprising 1,888 office staff and 7,289 sales agent. Women accounted for 65.6% of the total number, and men accounted for 34.4% of the total number. 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 2021, we employed 8 indigenous employees and 14 employees with a physical or mental disability.

● Office staff overview

Office staff	Taiwan		Overseas	
	Women	Men	Women	Men
General employees	1,080	625	0	0
Management	89	92	0	2
Total	1,169	717	0	2

Note 1: Management refers to supervisors who are responsible for supervision and management at or above the section head level.

Note 2: All employees of Taiwan Life are full-time employees.

● Sales agent overview

Sales agent	Taiwan	
	Women	Men
General employees	3,614	1,877
Management	1,235	563
Total	4,849	2,440

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

● Age distribution of office staff

Office staff	Women						Men					
	30 or younger	As a percentage of total office staff	31-49	As a percentage of total office staff	50 or older	As a percentage of total office staff	30 or younger	As a percentage of total office staff	31-49	As a percentage of total office staff	50 or older	As a percentage of total office staff
General employees	221	11.71%	697	36.92%	162	8.58%	116	6.14%	377	19.97%	132	6.99%
Management	0	0.00%	45	2.38%	44	2.33%	1	0.05%	51	2.70%	42	2.22%
Total	221	11.71%	742	39.30%	206	10.91%	117	6.20%	428	22.67%	174	9.22%

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

● Age distribution of sales agent

Sales agent	Women						Men					
	30 or younger	As a percentage of total office staff	31-49	As a percentage of total office staff	50 or older	As a percentage of total office staff	30 or younger	As a percentage of total office staff	31-49	As a percentage of total office staff	50 or older	As a percentage of total office staff
General employees	477	6.54%	1,815	24.90%	1,322	18.14%	422	5.79%	977	13.40%	478	6.56%
Management	63	0.86%	572	7.85%	600	8.23%	82	1.12%	301	4.13%	180	2.47%
Total	540	7.41%	2,387	32.75%	1,922	26.37%	504	6.91%	1,278	17.53%	658	9.03%

Management refers to supervisors who are responsible for supervision and management at or above the business head position.

● Office staff by gender and employment contract

Office staff		2021	2020	2019
Non-regular employees	Women	1,167	1,134	1,131
	Men	718	725	701
Regular or temporary contract employees	Women	2	2	2
	Men	1	1	1
Total		1,888	1,862	1,835

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

● Workplace diversity

Office staff		2021	2020	2019
Indigenous people	Number of employees	8	9	9
	Number in management	0	0	0
People with a physical or mental disability	Number of employees (actual)	14	13	13
	Number of employees (weighted)	20	20	20
	Number in management (actual)	0	0	0
	Number in management (weighted)	0	0	0
Foreign nationals	Number of employees	0	1	0
	Number in management	0	0	0

6.1.2 Talent recruitment

We are actively recruiting talent with skills relevant to IFRS17, ICS2.0, and our own transformation and development strategy. Furthermore, to support our strategic deployment in digital transformation and development, we are also focused on recruiting tech professionals with expertise in cross-domain data analysis, process planning, and business applications to enhance the Company's competitive advantages. Recruitment expenses for Taiwan Life in 2021 totaled NT\$7.2 million.

In light of the impact of the COVID-19 pandemic, Taiwan Life has changed how it recruits, including by adopting online interviews to reduce face-to-face contact between staff and job applicants. Although the job market has been hit hard by the pandemic, we are continuing to uphold the people-oriented corporate spirit of CTBC Holding when recruiting talent. Taiwan Life provides competitive compensation, comprehensive employee benefits, and a healthy workplace to build a solid foundation for employee retention.

● New hires of office staff

	2021				2020				2019			
	Men	Percentage of all employees	Women	Percentage of all employees	Men	Percentage of all employees	Women	Percentage of all employees	Men	Percentage of all employees	Women	Percentage of all employees
30 or younger	38	2.01%	105	5.56%	61	3.28%	77	4.14%	76	4.14%	108	5.88%
31-50	55	2.91%	90	4.77%	72	3.87%	103	5.53%	98	5.34%	116	6.32%
51 or older	5	0.26%	7	0.37%	4	0.21%	9	0.48%	4	0.22%	17	0.93%
Total number of new employees	98	5.19%	202	10.70%	137	7.36%	189	10.15%	178	9.70%	241	13.13%

Note 1: Due to the different nature of their work, Taiwan Life sales agent are not included in this table.

Note 2: The new hire rate of men (women) employed in this age group = the number of new men (women) employed in this age group in 2021 / the total number of office staff at the end of 2021.

● Turnover of office staff

	2021				2020				2019			
	Men	Percentage of all employees	Women	Percentage of all employees	Men	Percentage of all employees	Women	Percentage of all employees	Men	Percentage of all employees	Women	Percentage of all employees
30 or younger	51	2.70%	108	5.72%	25	1.34%	37	1.99%	47	2.56%	66	3.60%
31-50	73	3.87%	104	5.51%	68	3.65%	125	6.71%	106	5.78%	232	12.64%
51 or older	31	1.64%	24	1.27%	21	1.13%	23	1.24%	20	1.09%	59	3.22%
Total number of resigned employees	155	8.21%	236	12.50%	114	6.12%	185	9.94%	173	9.43%	357	19.46%

Note 1: Due to the different nature of their work, Taiwan Life sales agent are not included in this table.

Note 2: The turnover rate of men (women) employed in this age group = the number of men (women) who resigned in this age group in 2021 / the total number of office staff at the end of 2021.

6.1.3 Management Associate program

Since 2012, Taiwan Life has been holding its Management Associate (MA) Program every year to recruit cross-disciplinary talent with diverse fields of expertise and nationalities as well as "SMART" characteristics of being savvy, mobile, ambitious, resilient, and a team player. The program is organized in the form of campus expositions and seminars. In 2021, due to the impact of the epidemic, the campus talent recruitment activities were conducted online. Through inter-group company rotation, MAs are able to participate in the planning and execution of various projects and sharpen their all-round skills. After two years of training, MAs in the insurance digitalization team are equipped with the project planning capabilities to take charge of operation transformation project planning and the promotion of innovative digital products. Meanwhile those in the investment transaction team grow intimately familiar with insurance operation and gain an in-depth understanding of the current conditions and future trends of investment targets, becoming elite professionals in the investment field of the insurance business. The MAs who joined in 2021 are currently undergoing rotation training in the departments of digital finance, digital transformation, customer marketing, and data analysis, and they are expected to become important parts of the Taiwan Life team going forward.

6.1.4 Internship program

Taiwan Life is actively engaged in industry-academia cooperation through partnerships with various universities and colleges. The Company's top objective is to uncover high-potential talent on campus, providing students with opportunities to connect seamlessly with us. This channel is one of the most important means of recruiting talent for Taiwan Life. We cooperate with National Chengchi University (NCCU), Feng Chia University, and CTBC Business School to operate internship program so that students have the opportunity to explore potential career directions early through practical project training and extensive activities. In 2021, 18 interns participated in the internship program. We organized a two-month learning course focusing on the products, actuarial, risk management, customer marketing, digital finance, customer service, and business planning fields. All interns had their own mentors and counselors to provide them with guidance. Through task assignment, thematic evaluation, and internship experience reports, interns can gain an understanding of the daily operation of departments, learn a comprehensive range of professional skills and knowledge, and quickly connect with their potential future workplace. When the internship completed, the Company provided job opportunities, and those ones got offers might go on to take up employment positions after their graduation.

6.1.5 On-campus recruitment

Taiwan Life holds the CTBC Business School employment exhibition in April every year, and invites its own employees to introduce their jobs and engage in workplace experience sharing. In addition to helping CTBC Business School students better understand the operations and job content of insurance companies, it also enables students to identify their aspirations before applying for jobs. The students recruited through CTBC Business School matchups receive deep training in the underwriting, claims, customer service, and process planning departments, in turn injecting new vitality into Taiwan Life and solidifying the foundation of its business operations. In November 2021, Taiwan Life sent two outstanding alumni to CTBC Business School to hold an on-campus seminar. In the post-event questionnaire, the participating students reported a "degree of willingness to participate in job matchmaking with CTBC Holding in the future" of 4.7 points (out of 5); we anticipate similarly positive results for future matchmaking events.

6.1.6 Employee remuneration system and incentives

Taiwan Life has established a complete remuneration system. By participating in salary surveys every year, we grasp market salary levels and reference them in salary reviews, salary adjustments, and promotions to ensure that the Company's competitiveness. The salary of employees is based on their experience, abilities, and position. We are committed to equal-opportunity employment, with all candidates and employees standing on the same footing regardless of gender, age, race, religious beliefs, political stance, or nationality. In addition, Taiwan Life has a complete performance management system. Through its management by objectives (MBO) mechanism, it sets up goals according to market needs and Company strategies. The performance indicators on regulation side include internal control, legal compliance, information security, and risk control; they also include cost control, personal improvement, team management, environmental, social, and corporate governance as

comprehensive performance indicators. At the beginning of every year, supervisors and employees jointly set personal work goals. Through rigorous assessment processes and transparent rules, we manage employees' work performance, review and revise such in the middle of the year, and give feedback and evaluate the achievement of various goals at the end of the year.

In addition to providing competitive remuneration and an effective performance management system, we also attract and retain outstanding professionals by offering diverse incentives and rewards, such as performance bonuses, employee compensation, employee stock appreciation rights, welfare savings trusts, and financial holding trusts.

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.
CTBC Holding Trust (Note)	A certain amount is withdrawn from the employee's salary every month to purchase CTBC Holding shares; the Company will give 20% of the accumulated amount in the current year as a bonus, and the bonus will be paid in three years, with 5% issued after one year, 5% after two years, and 10% after three years. Note : Effective Jan. 1, 2022.

6.1.7 Salary status of full-time non-managerial employees

In 2021, the total number of full-time employees in non-supervisory positions of Taiwan Life was 1,740, and their salaries for the year totaled NT\$2,440,285,307. The average salary of full-time employees in non-supervisory positions has been gradually increasing every year. The median, average, and ratio to basic salary of full-time employees in non-supervisory positions are as follows:

● Salary status of full-time non-managerial employees

Unit: NT\$

	2021	2020	2019
Number of employees	1,740	1,695	1,719
Average salary	1,402,463	1,301,190	1,273,946
Median salary	1,189,832	1,079,697	1,030,779

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: The number of full-time employees in non-supervisory positions = all employees - (the number of employees in supervisory position + the number of employees in overseas branches + the number of employees working part-time + others who can be exempted from the data).

6.1.8 Employee benefits policy

We provide various subsidies and protections to help our employees strike a healthy work-life balance. In addition to fulfilling the basic laws and regulations, we offer cash gifts and bonuses for 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. Taiwan Life's total expenditure in employee welfare in 2021 was NT\$124 million; refer to the Appendix for details.

6.1.9 Development and learning of office staff

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.

In 2021, Taiwan Life's staff education and training expenses totaled NT\$7,198,770, with 30,271 participants in general courses and 1,889 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. Course satisfaction questionnaires are conducted after the training courses to elicit participants' suggestions and feedback for reference in future curriculum planning. For the courses held in 2021, the overall average satisfaction rating was 4.39 out of 5.

● Education and training course highlights

Course type	Course description	Course audience	Sessions
Training for middle-and senior-level managerial employees	We held executive programs for senior-level managerial employees and Leadership Development Programs for middle-level managerial employees. These were jointly designed by the CTBC Holding group and the Wharton School of the University of Pennsylvania to upgrade the employees' abilities in leadership strategy planning, cross-border operation, and innovative thinking. We invited renowned scholars and industry leaders to share their experience at the Master Forum, to raise understanding of emerging global trends. In this way, participants were able to learn management thinking through case studies, practice executive decision-making skills through interactive teaching, and make strategic plans in advance for the rapidly changing external environment and cross-industry challenges.	Middle- and senior-level managerial employees	8
Supervisor e-Learning Course	We specially conducted the Supervisor e-Learning Program in 2021 in order to keep continue supervisors' training during the epidemic. Delivered online in an interactive manner, the course provides diverse and systematic training resources to enable supervisors to enhance their management capabilities and lead their teams to perform at their best and achieve organizational goals.	Supervisor at the section level and above	14
Online Digital Series Courses	To ensure employees were able to continue learning during the epidemic, and to help employees gain more workplace-relevant knowledge and skills, we held the Online Digital Series Courses in 2021. Comprising management courses and general professional courses, these were conducted using digitally using an online reading method, accessible via computer or mobile device for the convenience of employees.	All employees	6
New employee orientation	In order to enable new employee to quickly fit into the workplace and understand the company culture, the "Online Digital Learning Course Series for Newcomers" is provided during the epidemic, which can avoid the risk of cluster infection in physical courses and save time and travel costs for business travel.	New employee	3
Happiness Lecture	Focusing on arts and culture, we organized this lecture as part of our commitment to providing employees diverse learning resources and helping them maintain a healthy work-life balance.	All employees	1

Project	Outcomes
Introducing agile thinking	This project, led by supervisor-level staff, fosters an agile development culture from top to bottom. In addition, in line with the Company's strategic development, cross-unit and cross-position colleagues form a project team to carry out professional training in cooperation with project consultants.
Establishing talent cultivation/succession planning mechanisms	By improving our talent development systems and talent pool, we aim to identify outstanding candidates. In addition, we continue to implement succession planning and core competence training, with the goals of achieving a 100% replacement rate and comprehensively improving the productivity and quality of our team.

● Average annual office staff training

Unit: Hours

	2021		2020		2019	
	Men	Women	Men	Women	Men	Women
General employees	23	24	21	20	16	16
Management	59	53	51	51	36	43
Average	27	28	25	22	19	18

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

6.1.10 Sales agent development and learning

To improve the skills of Taiwan Life's sales agents, a standardized and systematic business education and training system targeting on our 7,289 sales agent has been established. With content covering various areas, including certification tests, products, customer demands, and policy risk assessments, the system can help sales agent to attract new policyholders and increase initial annual premiums. The system has been recognized with multiple Insurance Professional Development Awards.

● Average annual sales agent training and expenditure

Unit: Hours

	2021		2020		2019	
	Men	Women	Men	Women	Men	Women
General employees	30	29	39	31	39	35
Management	34	34	32	27	32	34
Average	30	29	37	30	37	35
Annual training expenses	NT\$5,771,882		NT\$7,385,340		NT\$8,963,540	

Note 1: Management refers to supervisors who are responsible for supervision and management at or above the business head level.

Note 2: In 2020-2021, due to the impact of COVID-19, many planned physical courses were canceled or changed to online or live broadcast courses to save costs. The related budget was increased accordingly for training equipment, such as for live broadcasts and e-learning platforms, to offer flexible, diverse leaning options for employees free from space and time constraints.

● Sales agent certification

Type	Certificate	Certified employees
General certificates	Insurance Sales License	7,289
	Foreign Currency License	4,904
	Investment License	3,920
	Property Insurance License	4,256
Advanced professional licenses	Trust Business Personnel	70
	Financial Planner	53
	Securities Investment Analyst	1
	US Registered Financial Planners (RFP)	30
	US Registered Financial Consultants (RFC)	36
	Associate Financial Planner (AFP)	10
	Certified Financial Planner (CFP)	3
	Underwriters	2
	Claims Adjustors	4
	Internal Control	32
Bill Finance Specialist	1	
College Entrance Examination Accountant	1	

● Promoting transformative digital learning and professional growth for front-line staff

Since 2018, Taiwan Life has been working across departments to digitally transform how its employees work. In 2019, with an eye to providing a better customer experience and treating customers fairly, we integrated the supervision policy and internal strategy of the Financial Supervisory Commission into our digital transformation. We also established the Superior Customer Experience

Project Management Office; spanning 22 departments, it is tasked with digitally integrating sales and services in order to create the best customer experience. Furthermore, Taiwan Life has invested substantial resources in identifying external consultants to work with and is proactively introducing new methodologies to continually promote digital transformation and improve customer service. The systems for Taiwan Life sales agents have won a total of 10 patents.

● E-learning platform participants and learning hours

Item/year	2021	2020	2019
Online course	161	146	142
Participation (times)	346,909	143,817	141,650

Note: Certain online courses are incorporated with live streaming. With our Top Channel video and audio platform, we offer hybrid training for employees to improve their overall competencies through digital learning.

6.2 Employee rights and workplace health

6.2.1 Employees' rights and occupational health and safety

Taiwan Life regards the safety of employees as a top priority. 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:

1. Comply with the requirements of regulations and obligations, and implement a safety-driven procurement strategy.
2. Conduct regular education and training to raise awareness of occupational health and safety.
3. Integrate relevant resources and implement a plan to eliminate hazards and risks.
4. Continually improve workplace health and safety, with regular reviews to achieve the goal of a friendly workplace.
5. Expand and leverage the influence of the Company to encourage surrounding enterprises to participate in the formation of an ecosystem that values occupational safety.

6.2.2 Employee communication and surveys

The Company conducts employee opinion surveys on a regular basis, with the most recent in 2019. The feedback is used to identify and implement improvement measures. The next employee opinion survey will be conducted in 2022 and is expected to find improvements in the following areas:

Leadership	Through routine communication meetings, the operating team provides a clear direction for the Company's development and execution strategy to improve team cohesion and give employees confidence in the decisions made by the operating team.
Direct supervisors	Through the planning and execution of individual development plans, direct supervisors effectively foster a spirit of teamwork and encourage employees to learn from mistakes.
Caring for talent	Ample training opportunities are provided to ensure employees can pursue personal development and career progression.
Performance management	Performance is assessed on a routine base, providing ongoing feedback that helps to improve performance.

6.2.3 Labor-management meetings

We conduct quarterly meetings with representatives of labors and management, discussing issues affecting employees such as labor rights and fair salary in order to create a more harmonious working environment. Four labor-management meetings were held in 2021, with 8 representatives from each side. In addition, a total of 626 full-time employees were covered by the Collective Agreement in 2021, representing a coverage rate of 7%.

6.2.4 A healthy workplace

We received ISO 45001 occupational health and safety management system certification in 2019, with our Taichung Branch office certified in 2021 and our Kaohsiung Branch expected to be certified in 2022. Our long-term goal is to achieve 100% coverage of ISO 45001 across all sites. We also have an Occupational Health and Safety Committee, which meets quarterly to review the Company's occupational safety and health efforts and handles related education and training for all employees in order to effectively reduce workplace safety risks. In order to establish a complete occupational safety and protection network, an additional seven nurses were hired in 2021, while 19 business supervisors and 66 emergency medical technicians received training to further strengthen their skills and understanding of workplace hazards. In addition, a total of 30 sets of automatic external defibrillators are installed in the head office, branch offices, self-owned buildings, and communication offices, so that emergency treatment can be carried out immediately in the case of cardiac arrhythmias.

Taiwan Life had no major occupational accidents in 2021. Ten people applied for a total of 96 days of public injury leave, all due to traffic accidents on the way to or from work. Some occupational accident statistics have dropped significantly since 2020, and the Company's project contractors had no occupational accident notifications. Refer to the Appendix for more detailed occupational accident statistics.

Since 2016, the headquarter of Taiwan Life, the Taichung Branch, and the Kaohsiung Branch have successively obtained Healthy Workplace Certification and Health Promotion Workplace Certification, while the Tainan Branch has obtained Healthy Start Workplace Certification. In 2021, the Taipei, Hsinchu, Taichung, and Eastern branches obtained Healthy Start Workplace Certification, and the originally certified workplaces have continued to obtain Health Promotion Workplace Certification. A total of eight locations across Taiwan have now been certified. In addition, one more was recognized with the Health Promotion Award at the 11th Asian Corporate Social Responsibility Awards.

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 2021, the overall satisfaction was 97.5. The team of doctors and nurses also formulated health protection plans 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

Activities		2021	2020	2019
On-site doctor consultations	Session	24	24	17
	Participation (times)	287	275	142
	Satisfaction rate	99.5%	95.4%	98.4%
Workplace health seminars	Session	120	98	32
	Participation (times)	4,334	4,000	1,280
	Satisfaction rate	97.1%	95.9%	91.8%
Health promotion activities	Session	180	155	78
	Participation (times)	5,450	4,774	3,043
	Satisfaction rate	97.8%	97.5%	99.3%
Health education	Articles	57	39	22

● Workplace health and safety measures and effectiveness

Healthy working environment

- 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.
- In 2021, 51 training seminars were held on CPR and automatic external defibrillator use.
- 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.

Workplace benefits

- **Breastfeeding and collection room:** Both the head office and branch offices have set up breastfeeding and collections rooms, which were used by 66 people in 2021 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.
- **Nurse station:** Medical services and equipment are provided for employees.
- **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 2021, the service was used 152 times.
- **Employee Assistance Program:** This program nurtures employees' physical and mental health through health assessments, online testing, and consultations. In 2021, 15 applicants applied for the program.
- **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.

Employee health checkups and health promotion plans

- 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.

6.2.5 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 2021, a total of 50 employees were eligible to apply for unpaid parental leave; 35% of eligible men and 78% of eligible women did so. Seventy-eight percent of employees who had taken unpaid parental leave returned to work in the Company. In addition, we offer a NT\$4,000 childbirth subsidy per child, and issued a total of NT\$212,000 in such subsidies in 2021. Refer to the Appendix for more details regarding parental leave.

Sustainable environmental commitment

07



7.1 Green operations

7.2 Sustainable supply chain

Environmental sustainability is a key element of our accountable operations strategy. In addition to using our core business operations to promote low-carbon transition, we and our subsidiaries have adopted and received certification for ISO 14001 Environmental Management Systems, ISO 50001 Energy Management Systems, and ISO 14064-1 Greenhouse Gas Quantification and Reporting certification. We are also proactively partnering with our suppliers to institute sustainable supply management that fulfill our environmental commitments.

Sustainable environmental commitment

7.1 Green operations

7.1.1 Environmental management systems and certifications

The Company and its subsidiaries have introduced ISO 14001 Environmental Management Systems, ISO 50001 Energy Management Systems, and ISO 14064-1 Greenhouse Gas Quantification and Reporting certification, with 100% coverage. In 2021, a total of NT\$2,163,500 was invested in management system guidance, verification, education, and training. In accordance to the plan-do-check-act (PDCA) management cycle model, we work to strengthen our management mechanisms and achieve our goal of better energy conservation and carbon reduction. As a financial and insurance company, our daily operations only generate waste associated with everyday living activities and general resource recycling, with no hazardous waste.

● ISO standards and validation coverage reached 100%

Management system	Financial reporting sites	Other sites	Total
ISO 14001 Environmental Management Systems	Headquarters and 7 branches	Taichung Wuquan Building, Kaohsiung Liuhe Building	10 sites
ISO 50001 Energy Management Systems			
ISO 14064-1 Greenhouse Gas Quantification and Reporting	Headquarters and 7 branches	Beijing Representative Office, Taipei Nanyang Building, Hsinchu Linsen Road Workplace, Taichung Longbang Building, Taichung Far East Financial Building, Taichung Wuquan Building, Kaohsiung Liuhe Building	15 sites

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

7.1.2 Energy and greenhouse gas management

Taiwan Life regularly reviews the energy use of its daily operations. In 2021, electricity consumption (kWh/person) decreased by 7.09%. 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.

● Greenhouse gas emissions reduction efforts

Event	Energy-saving competition
Activities	<ul style="list-style-type: none"> To minimize energy use and raise awareness among employees, the General Affairs Department held an energy-saving competition, fostering a culture of energy consciousness and working toward the goal of reducing electricity consumption by 1.5% annually. CTBC Finance: To achieve the goal of reducing energy use and to raise awareness among employees, the General Affairs Department encouraged a lunch-break "Lights Off" program.
Participants	2,684 people

● Energy use – Taiwan Life

Energy type	Unit	2021	2020	2019
Electricity	kWh	8,715,108	9,376,960	8,739,530
Electricity consumption per capita	kWh per person	1,651	1,777	1,799
Diesel Fuel	Liters	431	177	223
Gasoline (company car)	Liters	52,040	65,101	64,314
Total energy consumption	GJ	33,097	35,897	33,578
Total energy use intensity	GJ per person	6.6	6.8	6.9

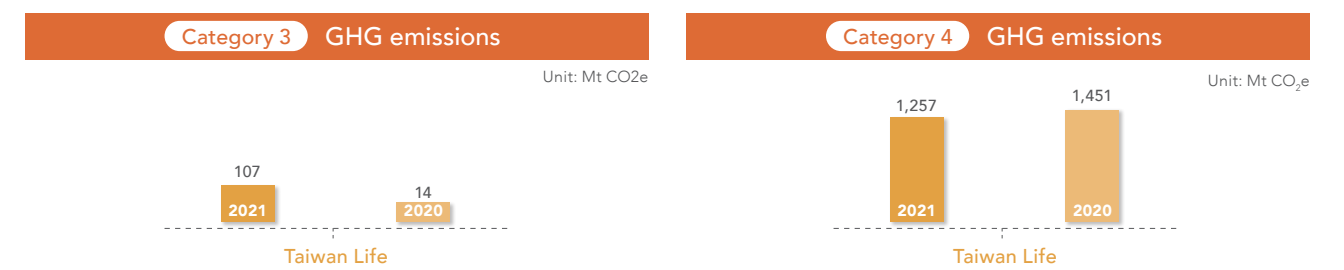
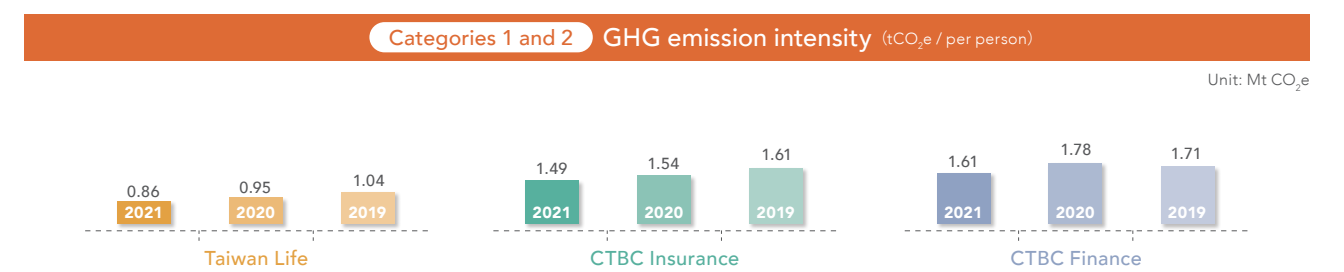
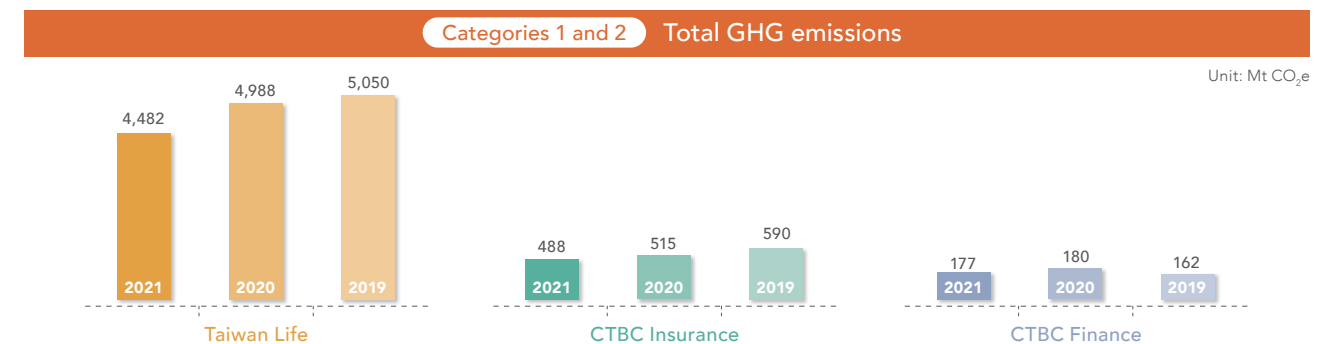
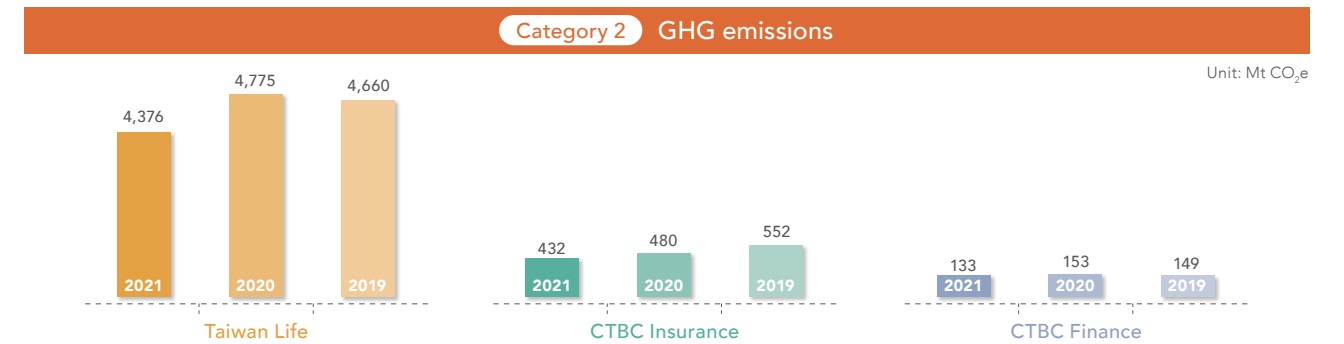
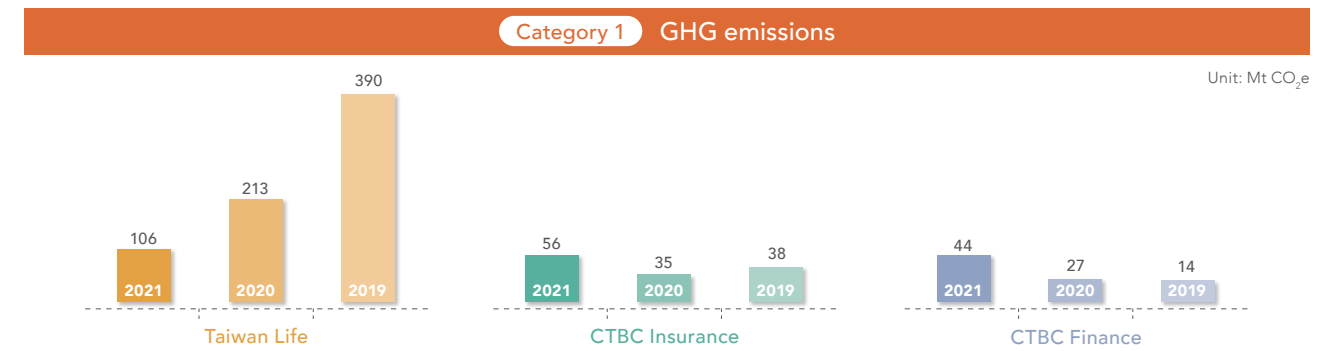
● Energy use – CTBC Insurance

Item	Unit	2021	2020	2019
Electricity	kWh	861,114	943,962	1,036,003
Electricity consumption per capita	kWh per person	2,633	2,826	2,830
Total energy consumption	GJ	3,100	3,492	3,852
Total energy use intensity	GJ per person	9.5	10.4	10.5

● Energy use – CTBC Finance

Item	Unit	2021	2020	2019
Electricity	kWh	264,317	300,421	278,690
Electricity consumption per capita	kWh per person	2,403	2,975	2,934
Total energy consumption	GJ	952	1,082	1,003
Total energy use intensity	GJ per person	8.7	10.7	10.6

● Greenhouse gas emissions



Note1: Inventory boundaries were set using the operation control method.
 Note2: Category 1: Direct GHG emissions and removals; Category 2: Indirect GHG emissions from imported energy; Category 3: Indirect GHG emissions from transportation (in 2021, the emissions from agents' daily transportation were moved from Category 1 to Category 3); Category 4: Indirect GHG emissions from products used by an organization.
 Note3: Power use coefficients of 2019:0.533, 2020:0.509, and 2021:0.502. (When the current year's coefficient has not yet been announced by the Bureau of Energy, the previous year's coefficient is used.)
 Note4: In 2019, 2020, and 2021, there were 4,859, 5,207, and 5,046 employees in Taiwan Life, respectively, at 15 certified sites.
 Note5: The numbers of CTBC Insurance employees in 2019, 2020, and 2021 were 366, 334, and 327, respectively.
 Note6: The numbers of CTBC Finance employees in 2019, 2020, and 2021 were 95, 101, and 110, respectively.

7.1.3 Expand energy saving and carbon reduction

In the insurance industry, electricity use is our main source of greenhouse gas emissions. In 2021, employee travel was newly included in our GHG inventory, with a total of 4,482 mt CO₂e recorded in Categories 1 and 2. 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 ISO 14067 Carbon Footprint Product certification and obtain product carbon reduction labels to demonstrate our determination to control GHGs and to build a sustainable future.

● Specific energy saving measures

Improvements	2021		2020		2019			
	Energy reduction (kWh/year)	Carbon reduction (tCO ₂ e)	Improvements	Energy reduction (kWh/year)	Carbon reduction (tCO ₂ e)	Improvements	Energy reduction (kWh/year)	Carbon reduction (tCO ₂ e)
Replaced lighting equipment for a total of 695 LED lamps	74,558	37.95	Replaced lighting equipment for a total of 396 LED lamps	50,740	25.82	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 2 water chiller towers in the Hualien Building	42,322	21.54	-	-	-	Replaced lighting equipment for a total of 78 LED lamps	8,199	4.17
Replaced 2 water chillers on the 16th floor of the Shoude Building	32,838	16.71	-	-	-	-	-	-
Replaced 1 water chiller in the Jianbei Building	179,882	91.56	-	-	-	-	-	-
Replaced 1 water chiller in the Xingai Building	11,395	5.80	-	-	-	-	-	-
Total	340,995	173.56	Total	50,740	25.8	Total	36,792	18.7





Note: The effectiveness of energy conservation and carbon reduction is calculated using a carbon emission coefficient of 0.502 kg CO₂e/kWh in 2021 and 0.509kg CO₂e/kWh in 2020, as announced by the Bureau of Energy.

● Paperless operations

Measures	Performance indicators	2021	2020	2019
Promote digital official documents and digital document distribution	Rate of digital official documents	100%	100%	100%
	Rate of digital document distribution	84.8%	76%	72%
Promotion of mobile insurance app service	Rate of mobile insurance policies (mobile insurance applications / applications through sales personnel)	Nearly 100%	Nearly 100%	Nearly 100%
Digital distribution of premium payment notices and receipts	Number of digital distribution	1.57 million	1.41 million	1.22 million
Paper sheets saved		1.64 million	1.57 million	1.37 million
Reduced carbon emissions (tCO ₂ e)		11.5	10.9	9.6

Note: "Paper sheets saved" calculated using official digital document and digital distribution data.

7.1.4 Green buildings

Location	Certification
 CTBC Holding Taichung Financial Building, No. 88, Huizhong Road, Xitun District, Taichung City	Obtained the Silver EEWG Green Building Label in July 2020
 Lot 15, Economic and Trade Park, Nangang District, Taipei land development project	Obtained the Gold EEWG Green Building Candidate Certificate in April 2020 and will obtain the Gold EEWG Green Building Label within 2 years after obtaining the occupancy permit
 Cultural and Creative Industries Hall in Kaohsiung Main Public Library BOT project	Obtained the Silver EEWG Green Building Candidate Certificate in September 2017; the occupancy permit was obtained in March 2020, and the Silver EEWG Green Building Label will be applied for subsequently
 Taichung Intercontinental Baseball Stadium	<ul style="list-style-type: none"> The multipurpose sports center and parking tower have obtained the Bronze EEWG Green Building Label The shopping center is under construction and the Silver EEWG Green Building Candidate Certificate is expected to be applied for in 2022; after the completion of construction, the shopping center is expected to obtain the Silver EEWG Green Building Label following an environmental impact assessment.

7.1.5 Water resources and 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. Total water consumption was estimated to be 103,473 kl in 2021, with per person consumption of 11.28 kl, which is 15% less than in 2020.

When it comes to waste management, the General Affairs Department is responsible for handling office waste and expired document recovery and recycling. We partner with a document destruction recycling service, which shreds our paper waste and expired documents for use in making recycled paper. From 2019 to 2021, 109 mt of waste paper were recycled, representing a reduction of 272.5 mt CO₂e.

● Water use

Item	Unit	2021	2020	2019
Taiwan Life				
Water Consumption	kl	103,473	125,860	145,226
Water consumption per person	kl / per person	11.28	13.39	15.35
CTBC Insurance				
Water consumption	kl	5,323	6,146	4,524
Water consumption per person	kl / per person	16.28	18.40	24.45

Note1: Water consumption is estimated based on water charges.
 Note2: CTBC Insurance's water consumption in 2019 was estimated based on its number of employees and the average per-person water consumption calculated by the Water Resources Agency.
 Note3: Calculated based on respective employee numbers in 2019, 2020, and 2021 of 9,461, 9,401, and 9,177 for Taiwan Life and 366, 334, and 327 for CTBC Insurance.

● Waste reduction measures

Year	Measure	Results
2021	Discarded office document and expired warehouse document recycling	29.51 mt recycled
2020	Discarded office document and expired warehouse document recycling	40.40 mt recycled
2019	Discarded office document and expired warehouse document recycling	34.19 mt recycled

7.1.6 Renewable energy use

Taiwan Life did not obtain renewable energy certificates or make new renewable energy power purchase agreements in 2021, but carried out the following energy conservation and carbon reduction activities:

1. We replaced the water chiller towers of the Shoude, Xingai, and Jianbei buildings and the LED lighting equipment of the Wuquan Building and other sites, reducing our carbon footprint by 345 mt.
2. Per the Montreal Convention, the production of equipment requiring ozone-depleting substances, such as R22 refrigerant, is prohibited from 2021. In 2020, Taiwan Life launched an initiative to replace air-conditioning mainframes that require such substances, aiming for three- and five-year replacement rates of 25% and 50%, respectively. In 2021, the capacity of such equipment had already been reduced by 420 RT from 1,515 RT the previous year—a decrease of 27.72%.

● Solar panels on self-owned buildings

Building	Capacity	Electricity generation	Electricity savings	CO ₂ e savings	Usage	Activation date
CTBC Holding Taichung Financial Building	21.125 kW	25,956 kWh / year 67,343 kWh / cumulative	NT\$94,656 / year NT\$247,057 / cumulative	13.03 mt / year 33.81 mt / cumulative	Self-use	May 29, 2019

Note: Explanation of electricity saving statistics: the effectiveness of energy conservation and carbon reduction is calculated using a carbon emission coefficient of 0.502 kg CO₂e/kWh in 2021, as announced by the Bureau of Energy.

7.2 Sustainable supply chain

7.2.1 Sustainable supply chain policy

Our efforts to implement environmental sustainability and fulfill our corporate social responsibility are guided by CTBC Holding's Principles for Supplier Management as well as Article 3 of Taiwan Life's organizational regulations and the standards for the division of responsibilities of directors and managers, according to which we formulate our own Supplier Management Principles for use in selecting and managing suppliers so as to reduce ESG-related supply chain risks. We strictly select partners that we are confident we can work with toward sustainable development and to achieve win-win outcomes for enterprises and suppliers alike.

● Taiwan Life's supplier management measures

1. 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.
2. 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 2021, Taiwan Life's green procurement expenditure totaled NT\$30 million, mainly going toward printing, business machine leasing, transportation equipment, and green building materials. There was no significant change in suppliers from the previous year. For the year, 100% 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	2021			2020	2019
	Procurement amount	Target amount	Achievement rate	Procurement amount	
Green procurement amount	30,046,127	30,000,000	100.15%	47,266,287	22,983,801
Procurement amount of green building materials				173,586,916	1,642,670
Green procurement rate (including green building materials)	2.67%			27.62% (Note)	2.40%
Green procurement rate (excluding green building materials)				5.91%	2.23%

Note: In 2020, large amounts of green building materials were purchased, so the proportion of green procurement was higher.

● Local procurement

Item	2021	2020
Number of local suppliers purchased from	352	334
Total number of suppliers	352	335
Local procurement rate	100%	99.70%

● Supplier Conference

In support of the SDGs and in line with international standards to promote sustainable and positive supply chains, Taiwan Life and CTBC Holding held the 2021 CTBC Suppliers Conference on Dec. 7, 2021, with a total of 131 suppliers attending. We invited sustainable development consultants to analyze the impact of the environment, labor, and human rights on sustainable procurement strategies at the conference, and reiterated CTBC Holding's sustainable philosophy and sustainable supply chain management priorities.

7.2.2 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.

● Supplier screening considerations



Human rights

- 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.



Environmental sustainability

- 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.

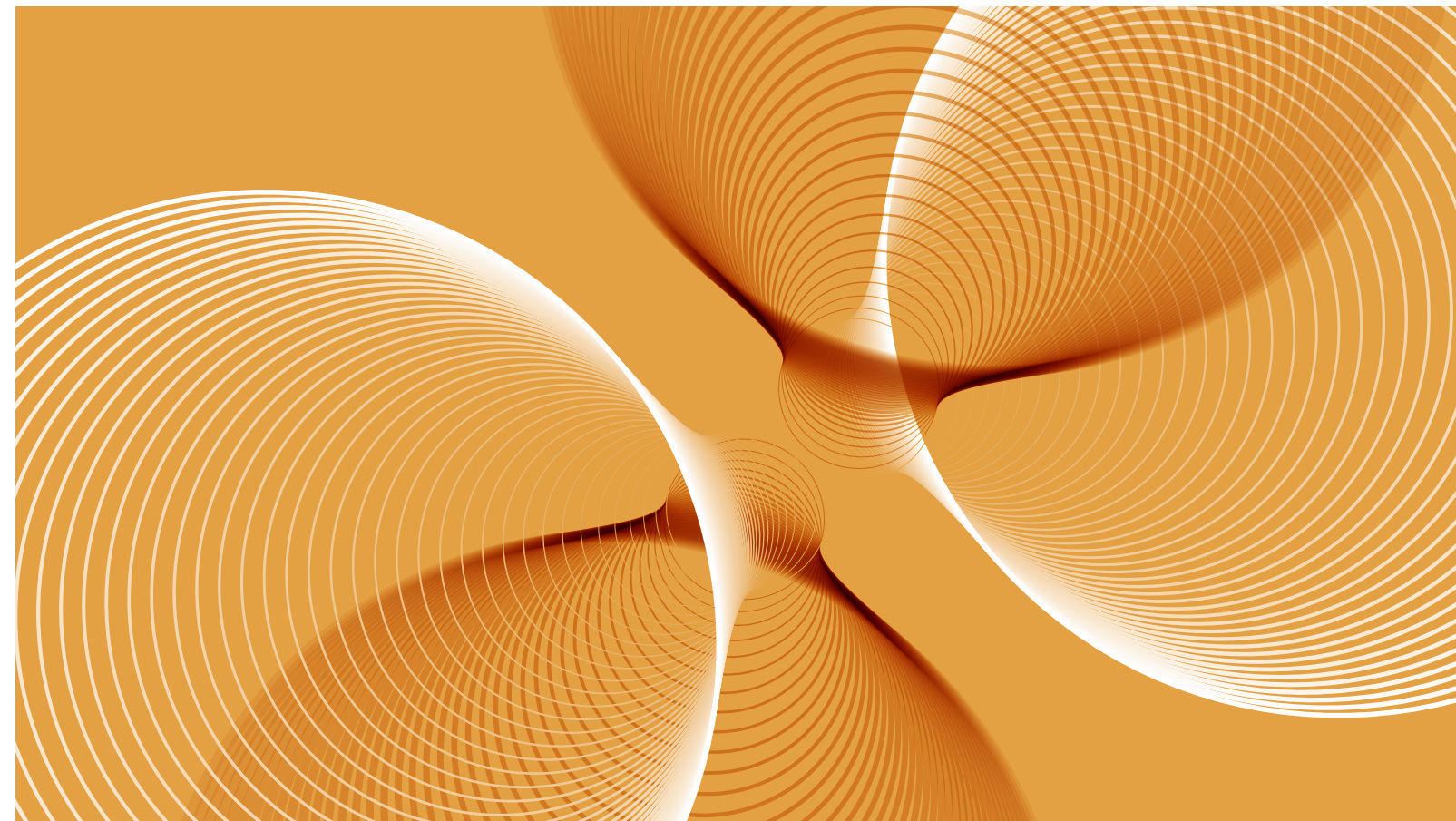


Code of conduct

- 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.

Inclusive society

08



Health promotion, active aging, caring for the disadvantaged are the three core commitments of our Inclusive Society strategy. With the continuing impact of the pandemic, the effectiveness of social investment is gaining more importance. In the face of this, we are continuing to care for marginalized and underprivileged people through our core competencies and corporate volunteers in order to deliver a positive social impact. In 2021, such efforts earned us the Social Empowerment Award, Asia Responsible Enterprise Awards from Enterprise Asia as well as the Silver prize at the Taiwan Institute for Sustainable Energy's Taiwan Sustainability Action Awards.





Inclusive society



With the goal of building a more age-friendly society, Taiwan Life focuses in particular on health promotion, active aging, and caring for the disadvantaged and encourages its employees to devote themselves to public service and sustainability. In 2021, in the face of the epidemic slowdown in Taiwan, we supported the community by leveraging our core competencies in insurance in order to continue organizing diverse public service initiatives.

In 2021, Taiwan Life won the Social Empowerment Award, Asia Responsible Enterprise Awards from Enterprise Asia as well as the Silver prize at the Taiwan Institute for Sustainable Energy's Taiwan Sustainability Action Awards. Moving forward, we will continue to work with strategic partners such as suppliers, shareholders, employees, and customers to create a sustainable future of harmony and common good and to realize responsible finance.

Social welfare contributions in 2021	
Cash donations	NT\$5 million after the Hualien train derailment NT\$25 million to Taipei and New Taipei epidemic prevention personnel, including for the purchase of PPE NT\$800,000 to the New Taipei Fire Department NT\$7.225million in microinsurance premiums NT\$185,000 in epidemic prevention insurance premiums via the Lishin Foundation
Volunteering	390 hours (NT\$66,000)
Total amount	NT\$38.276million

Management approach to community involvement


Health promotion		
Actions and results	Targets	Corresponding SDGs
<p>Three-Generation Walk for Health</p> <ul style="list-style-type: none"> Held the event for the 10th year, Launched an associated series of 3K "online walks" to foster better family ties as well as to enhance the independent health management of seniors, including through walking. A total of 2.78 million people were reached on Facebook and nearly 3,500 people participated in the "online walks," together covering 13,224 km, the equivalent of circumnavigating Taiwan 11 times. 	<p>Short term</p> <p>Walking activities and online program</p> <hr/> <p>Medium to long term</p> <p>Continually promote health promotion among all age groups</p>	 
Active aging		
Actions and results	Targets	Corresponding SDGs
<p>Bulao Baseball League</p> <ul style="list-style-type: none"> Co-hosted Taiwan's first baseball camp for seniors utilizing the resources of Taichung City Baseball Team and in partnership with the Hondao Senior Citizen's Welfare Foundation, with three sessions in northern, central, and southern Taiwan attended by 160 people. Added three new teams to the league and recruited 79 new players. 	<p>Short term</p> <p>Organize training camps to provide players with better understanding of exercise principles</p> <hr/> <p>Medium to long term</p> <p>Promote self-management among seniors</p>	 

Caring for the disadvantaged		
Actions and results	Targets	Corresponding SDGs
<p>Microinsurance protection</p> <ul style="list-style-type: none"> By donating microinsurance premiums, we provide protection for vulnerable groups. We work with Taichung City Government, Chiayi County Government, Chia-Yi Fu An Wang Ya Charity, Chinese Christian Relief Association, R.O.C Lottery Professionals Labor Union, and other organizations to practice financial inclusion and strengthen Taiwan's social safety net. Since its inception, the cumulative number of policyholders insured has exceeded 210,000 and the cumulative insured amount has exceeded NT\$43.9 billion. Received two awards in the FSC's 2021 Insurance Contest, including the Microinsurance Contest Excellent Performance Award and Microinsurance Contest Caring for the Physically and Mentally Challenged Award. 	<p>Short term</p> <p>Donate NT\$7.31 million in premiums (subject to change according to government regulations)</p> <hr/> <p>Medium to long term</p> <p>Continue to provide basic protection for disadvantaged people</p>	 

Projects and achievements in 2021

Social welfare focus	Projects	Achievements
 <p>Health promotion</p>	Three-Generation Walk for Health	<ol style="list-style-type: none"> For the 10th consecutive year, Taiwan Life held the Three-Generation Walk for Health, organizing online-to-offline events supporting mental and physical health and fostering personal workout habits and self-health management among all generations. Due to the impact of COVID-19 in 2021, we launched a series of innovative Facebook activities revolving around our online Three-Generation Walk for Health 3K event, encouraging family members of all ages to cook, exercise, and walk together. The Facebook page reached 2.78 million people and nearly 3,500 people participated in the walk, with 13,224 km covered, the equivalent of 11 laps around Taiwan. In 2021, we partnered with the ADLers health promotion team to combine digital health technology to promote health awareness among seniors in rural villages, including in indigenous villages in Taichung and at adult day care centers and other institutions in Changhua, Chiayi, and Pingtung counties.
	Taichung City Baseball Team	<ol style="list-style-type: none"> As a long-term sponsor paying the operating expenses of the Taichung City Baseball Team, we foster a sports culture and self-health management in the city. We also nurture the next generation of players and provide a stage for them to gain experience and professionalism and to realize their potential. Taiwan Life has sponsored the Taichung City Baseball Team since 2015 in order to support the development of local baseball, and has been recognized at the Sports Administration's Sports Activist Awards for five consecutive years.
	Blood donation drive	<ol style="list-style-type: none"> Taiwan Life has supported the Taiwan Blood Foundation by holding public blood drives for nine consecutive years now. In 2021, a total of 25 blood donation activities were held in Taipei, Taoyuan, Hsinchu, Miaoli, Taichung, Tainan, Chiayi, Kaohsiung, and elsewhere, yielding 4,974 bags of blood.
 <p>Active aging</p>	Bulao Baseball League	<ol style="list-style-type: none"> In order to help seniors develop healthy habits and increase their willingness to exercise regularly, Taiwan Life began to sponsor the Hondao Senior Citizen's Welfare Foundation's 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. It also shows examples of vital and physical older adults, changing how society views seniors. By combining the resources of the Taichung City Baseball Team and the Hondao Senior Citizen's Welfare Foundation, we held three training camps, namely in Yilan, Taichung, and Kaohsiung. The courses taught sports theory and practice, and were attended 160 times, providing an opportunity for exchanges between young and old players. More seniors were encouraged to form teams and play in the Bulao Baseball League, with three new teams and 79 new players joining in 2021.

 <p>Active aging</p>	<p>Centenarian Life Survey and Innovation Forum</p>	<ol style="list-style-type: none"> 1. In 2021, Taiwan's population aged 65 and over reached 3.88 million. In 2025, it is forecast to become a super-aged society. However, Taiwan is yet to become age-friendly. We engaged in cross-industry collaboration with Taipei Medical University, conducting a survey on the digital transformation of community-based care at 4,446 community care sites, gathering cross-sector insights on digital health applications with the theme "Smart Community and Aging in Place". All sectors were invited to discuss developments in digital health applications and the operational challenges faced by community care centers during the epidemic. 2. We published Taiwan's first research report on the domestic digital transformation of aged care. The Centenarian Life Survey and Innovation Forum online invited industry, academic, and research experts to share their experiences in community care; Taiwan Life is also addressing the aging society by forming cross-industry collaborations with the technology and medical sectors to create self-health management services to promote public health.
	<p>Stanford Center on Longevity Design Challenge Asia</p>	<ol style="list-style-type: none"> 1. Since 2017, Taiwan Life has partnered with the Stanford Center on Longevity and social enterprise Silver Linings Global to hold the Stanford Center on Longevity Design Challenge Asia, encouraging young people to design new solutions to old age-related problems. 2. With the competition theme " Longevity-Ready Environments: Rethinking Physical Spaces for Century-Long Lives", the 2021 edition received 26 submissions from 85 participants of 26 schools. The year's event also saw us collaborate with a local government for the first time, working with Chiayi City Government to select winners for the Chiayi City Special Award and put them into practice.
	<p>VISION 2025 Senior Aging International Trends Forum and lectures on public welfare for seniors</p>	<ol style="list-style-type: none"> 1. Taiwan Life has been invited to the VISION 2025 forum every year since 2019, working with domestic and foreign experts from industry, government, and academia to share analysis and strategies regarding aging-related issues as well as organizing active aging events and health lectures to encourage the public prepare for old age. 2. At the 2021 forum, Taiwan Life proposed a retirement framework of "Three Capitals (LOHAS capital, long-term care capital, and health capital) and Two Plans (future cash flow plan and currently available funds calculation)" to raise awareness that everyone has the ability to prepare for retirement. As of the end of 2021, an online video from the forum had amassed over 40,000 views. 3. An online lecture, titled "Realizing the Value of Retired Life", was uploaded. Speakers Hsiao-ching Tao and Tai-Wei Yao shared their experiences in discovering spirituality during retirement, offering an innovative approach to aging and fostering intergenerational understanding. As of the end of 2021, it had been viewed over 158,000 times.
	<p>Survey on Indicators of Taiwan's retirement landscape and release & the Finance for Seniors Forum</p>	<ol style="list-style-type: none"> 1. One of Taiwan Life's top priorities is for people to proactively plan for retirement—and to provide appropriate means for them to do so. Since 2019, it has conducted a survey jointly with the National Chengchi University (NCCU) College of Commerce on indicators that reflect retirement care issues in Taiwan. The survey results for the retirement confidence, retirement adequacy, and retirement satisfaction indexes and their year-on-year changes are tracked and released annually, raising public awareness of retirement finance, financial knowledge, and retirement planning. 2. 2021's survey found that people were primarily worried about "retirement preparation, retirement financial management, medical security, and long-term care" and they are afraid of facing a difficult retirement, rather than enjoying it. Taiwan Life senior vice president Yu-Jing Lai and NCCU professors Hsiao-Wen Yang and Hong-Chi Huang participated in an online symposium for the survey's release, detailing financial management knowledge required before and after retirement, and how non-retirees should plan retirement insurance and other issues to propose new solutions. 3. Also in collaboration with NCCU, Taiwan Life hosted the 2021 Finance for Seniors Forum. A total of 180 participants attended the forum, during which 13 experts and scholars from industry, government, and university shared their views on Taiwan's aging society and means of improving retirement planning and promote providing sound banking and finance for seniors.
 <p>Caring for the disadvantaged</p>	<p>Microinsurance premium donations</p>	<ol style="list-style-type: none"> 1. In 2014, Taiwan Life launched individual and group microinsurance to meet the needs of disadvantaged people. Since 2015, the Company has been continually expanding the scope and coverage of microinsurance by donating premiums to ensure disadvantaged groups can access accidental death, disability, and other protection. 2. In 2021, in collaboration with Taichung City Government, Chiayi County Government, Chia-Yi Fu An Wang Ya Charity, Chinese Christian Relief Association, R.O.C Lottery Professionals Labor Union, and other organizations, we donated premiums totaling NT\$7.225 million to provide a protective umbrella for disadvantaged people. 3. We received two awards in the FSC's 2021 Insurance Contest, namely the Microinsurance Contest Excellent Performance Award and Microinsurance Contest Caring for the Physically and Mentally Challenged Award. Furthermore, since the inception of our premium donation efforts, the cumulative number of policyholders insured has exceeded 210,000 and the cumulative insured amount has exceeded NT\$43.9 billion.

 <p>Caring for the disadvantaged</p>	<p>In-home bathing service in rural Pingtung</p>	<ol style="list-style-type: none"> 1. Bathing can be a daunting task for families caring for people with a disability. Taiwan Life has worked with the Bjørngaas Foundation for five consecutive years to operate a mobile in-home bathing service for people with a mental or physical disability across the 12 townships of Pingtung . 2. In 2021, the service was rendered 510 times, for a cumulative total of 2,169 times over the past five years. The satisfaction rate for the service is above 95%.
	<p>Emergency relief</p>	<ol style="list-style-type: none"> 1. On April 2, 2021, a serious rail accident occurred in Eastern Taiwan, killing more than 100 people and becoming one of the worst traffic disasters in recent Taiwan history. The CTBC Holding group immediately launched relief efforts, raising NT\$5 million to support the mental and physical health needs of survivors and the family of deceased. Taiwan Life also immediately activated its own individual care services and response measures, offering a number of relief options for customers and policyholders in distress. 2. We donated NT\$800,000 to the Fire Department of New Taipei City for the purchase of disaster relief equipment.
	<p>Charity gift box</p>	<p>Since 2016, in the spirit of public welfare, Taiwan Life has purchased gift boxes with goods made by NPOs and given them to customers. In 2021, NT\$120,000 was spent on the gift boxes.</p>
	<p>Enterprise volunteer services</p>	<ol style="list-style-type: none"> 1. Fifteen Taiwan Life volunteers spent time with seniors in rural areas through four activities, providing rare social interaction for 70 people. <ul style="list-style-type: none"> • We worked with occupational therapists and health promotion teams to teach age-appropriate exercises for seniors at Bjørngaas Foundation locations in Pingtung County and Hondao Senior Citizen's Welfare Foundation location in Chiayi County. • Bringing the trend of digital health to the Plahan long-term care site and Changhua Nursing Home, volunteers guided seniors to play digital fitness games, encouraging them to overcome their fear of digital tools and to use digital fitness to support their self-health management. 2. At the height of the COVID-19 epidemic in Taiwan, 25 Taiwan Life volunteers assisted the 1919 Food Bank in counting and packing rice, oats, canned food, noodles, and other supplies for a total of 470 packages for delivery to disadvantaged families in the shortest possible time, allowing their limited funds to be used for children's education and family medical care.



Appendix

Participation in public associations and external organizations

Item	Organization	Participation
1	Taiwan Insurance Institute	Learners / commissioners / instructors
2	Taiwan Residential Earthquake Insurance Fund	Member company
3	The Non-Life Insurance Association of the Republic of China	Member company
4	Motor Vehicle Accident Compensation Fund	Member company
5	The Non-Life Underwriters Society of the Republic of China	Member company
6	Institute of Financial Law and Crime Prevention	Member company
7	Engineering Insurance Association	Member company
8	Nuclear Insurance Association of the Republic of China	Member company
9	Risk Management Society of Taiwan	Member company
10	The Actuarial Institute of Chinese Taipei	Member company
11	Insurance Society of the Republic of China	Member company
12	Taiwan Insurance Guaranty Fund	Member company
13	Joint Credit Information Center	Member
14	China Credit Information Service, Ltd.	Member
15	Taiwan Depository & Clearing Corp	Member
16	Taipei Leasing Association, R.O.C.	Member
17	Taipei Rent-a-car Association	Member
18	Taipei Small Truck Rental Commercial Association	Member
19	Taipei Medical Instruments Commercial Association	Member
20	Life Insurance Association of the Republic of China	Member

Overview of employee benefits

Unit: NTD

Employee benefits		Expenditure in 2021
Three major festival bonuses and birthday cash gift	Cash gifts for Lunar New Year, Dragon Boat Festival, Mid-Autumn Festival, birthdays	55,133,500
Wedding, funeral, and childbirth subsidies	Marriage subsidies, funeral subsidies, wedding and funeral decoration supplies, childbirth subsidies	3,888,300
Benefits for long-term service	Senior employee medal, diamond tour, golden holiday	5,275,816
Retirement perks	Retirement souvenirs, retirement dinner party	243,484
Health care	Health checkups	4,731,791
	Medical subsidy for hospitalized dependents	4,449,722
	External psychological consultation cooperation project (Employee Assistance Program)	77,175
Education subsidy	Children's education scholarships	2,174,000
Living and entertainment services	Flexible benefits	16,181,433
	Employee travel subsidies (including 2020 deferred subsidies)	31,412,100

Unpaid parental leave data

Unit: number of people

	Men	Women
A. Eligible for unpaid parental leave	17	33
B. Applied for unpaid parental leave	6	26
C. Employees to be reinstated after unpaid parental leave	3	8
D. Employees who returned to work after unpaid parental leave	2	7
E. Employees who returned to work after taking unpaid leave the previous year (2020)	0	14
F. Employees who have worked for over a year after returning	0	11
Application rate: B / A	35%	79%
Reinstatement rate: D / C	67%	88%
Retention rate: F / E	NA	79%

Occupational hazard data

Year	2021		2020		2019	
	Men	Women	Men	Women	Men	Women
Total workdays	174,199	282,132	176,296	280,449	172,845	292,876
Disabling injuries	5	5	3	7	2	11
Lost days due to disabling injuries	76.5	19.5	89	71	3	57
Disabling injury frequency rate (%)	1.28	1.28	0.82	1.92	0.54	2.95
Disabling injury severity rate (%)	19.54	4.98	24.36	19.43	0.81	15.3
Disabling injury absence rate (%)	31.26	7.97	38.97	31.09	1.29	24.48
Absence rate (AR) (%)	0.044	0.007	0.019	0.016	0.001	0.012

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: Disability Injury absence rate = number of lost days due to a disabling injury / total workdays × 100%

Note 7: Absence rate (%) = days absent / total workdays × 100%

GRI Standards index

● GRI 102: General Disclosures 2016

	Disclosure	Chapter	Page	Note	
Organizational profile	102-1	Name of organization	About this report	1	
	102-2	Activities, brands, products, and services	Chapter 1 About Taiwan Life Insurance	13	
	102-3	Location of headquarters			
	102-4	Location of operations			
	102-5	Ownership and legal form			
	102-6	Markets served			
	102-7	Scale of the organization			
	102-8	Information on employees and other workers			6.1 Talent recruitment and cultivation
	102-9	Supply chain	7.2 Sustainable supply chain	104	No significant change
	102-10	Significant changes to the organization and its supply chain	7.2 Sustainable supply chain	104	
	102-11	Precautionary principle or approach	3.2 Risk management	36	
	102-12	External initiatives			No signatory on external initiatives
	102-13	Membership of associations	Appendix	112	
Strategy	102-14	Statement from senior decision-maker	Letter from the Chairman	4	
		Letter from the President	6		
Ethics and Integrity	102-16	Values, principles, standards and norms of behavior	3.1 Ethical management and corporate governance	28	
			Sustainability governance	8	
Governance	102-18	Governance structure	3.1 Ethical management and corporate governance	28	
Stakeholder Engagement	102-40	List of stakeholder groups	Chapter 2 Stakeholders and materiality	19	
	102-41	Collective bargaining agreements	6.2 Employee rights and workplace health	96	
	102-42	Identifying and selecting stakeholders	2.2 Materiality analysis	23	
	102-43	Approach to stakeholder engagement	2.1 Stakeholder communication	20	
	102-44	Key topics and concerns raised	2.1 Stakeholder communication	20	
Reporting Practice	102-45	Entities included in the consolidated financial statements	About this report	1	
	102-46	Defining report content and topic Boundaries	About this report	1	
			2.2 Materiality analysis	23	
	102-47	List of material topics	2.2 Materiality analysis	23	
	102-48	Restatements of information			No restatements of information
	102-49	Changes in reporting			No changes in reporting
	102-50	Reporting period	About this report	1	
	102-51	Date of most recent report	Taiwan Life 2020 Corporate Social Responsibility Report was published in June, 2021.		
	102-52	Reporting cycle	About this report	1	
	102-53	Contact point for questions regarding the report	About this report	1	
	102-54	Claims of reporting in accordance with the GRI Standards	About this report	1	
	102-55	GRI content index	Appendix	112	
102-56	External assurance	Appendix	112		

● GRI 103: Managerial Approach 2016

	Disclosure items	Chapter	Page	Remark
103-1	Explanation of the material topic and its Boundary	2.2 Materiality analysis	23	

● Material topic: Operating performance

Topic of GRI	Disclosure items	Chapter	Page	Remark
Economic performance	201-1	Direct economic value generated and distributed	1.2 Operating performance	16
	201-2	Financial implications and other risks and opportunities due to climate change	3.2 Risk management	36
Management approach	103-2	The management approach and its components	1.2 Operating performance	16
	103-3	Evaluation of the management approach		

● Material Topic: Ethical management and corporate governance

Topic of GRI	Disclosure items	Chapter	Page	Remark
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	3.1 Ethical management and corporate governance	28
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		None
Management approach	103-2	The management approach and its components	3.1 Ethical management and corporate governance	28
	103-3	Evaluation of the management approach		

● Material topic: Information security and personal information protection

Theme of GRI	Disclosure items	Chapter	Page	Remark
Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		None
Management approach	103-2	The management approach and its components	3.3 Information security	52
	103-3	Evaluation of the management approach		

● Material topic: Compliance with laws and regulations

Topic of GRI	Disclosure items	Chapter	Page	Remark
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations		None
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	3.4 Legal compliance	56
Management approach	103-2	The management approach and its components	3.4 Legal compliance	56
	103-3	Evaluation of the management approach		

● Material topic: Digital finance

Topic of GRI	Disclosure items	Chapter	Page	Remark
Management approach	103-2	The management approach and its components	4.2 Digital finance	66
	103-3	Evaluation of the management approach		

● Material topic: Responsive finance and due diligence

Topic of GRI	Disclosure items		Chapter	Page	Remark
GRI G4	FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	5.2 Responsible investment	78	
	FS11	Percentage of assets subject to positive and negative environmental or social screening	5.4 Engagement and voting management	83	
Management approach	103-2	The management approach and its components	5.1 Stewardship policy	74	
	103-3	Evaluation of the management approach			

● Material topic: Service quality and customer satisfaction

Theme of GRI	Disclosure items		Chapter	Page	Remark
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	3.4 Legal compliance		None
Management approach	103-2	The management approach and its components	4.1 Treating customers fairly	60	
	103-3	Evaluation of the management approach			

● Material topic: Inclusive finance

Theme of GRI	Disclosure items		Chapter	Page	Remark
Management approach	103-2	The management approach and its components	4.2 Digital finance	66	
	103-3	Evaluation of the management approach	4.3 ESG insurance products	68	

● Material topic: Community engagement and influence

Theme of GRI	Disclosure items		Chapter	Page	Remark
Indirect Economic Influence	203-1	Infrastructure investments and services supported	Chapter 8 Inclusive society	107	
Management approach	103-2	The management approach and its components	Chapter 8 Inclusive society	107	
	103-3	Evaluation of the management approach			

● Material topic: Development of insurance products

Theme of GRI	Disclosure items		Chapter	Page	Remark
GRI G4	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	4.3 ESG insurance products	68	
Management approach	103-2	The management approach and its components	4.3 ESG insurance products	68	
	103-3	Evaluation of the management approach			

● Material topic: climate change


Theme of GRI	Disclosure items		Chapter	Page	Remark
Management approach	103-2	The management approach and its components	3.2.9 Climate Change Risk	46	
	103-3	Evaluation of the management approach			

SASB insurance disclosure comparison

Topic	SASB indicators	Chapters	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	None
	FN-IN270a.2	Complaints-to-claims ratio	Ch.4 Customer care and sustainable insurance --
	FN-IN270a.3	Customer retention rate	Appendix In 2021, the customer retention ratio of Taiwan Life was 98.6%. Note: Customer retention ratio (%) = [(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	Ch.4 Customer care and sustainable insurance --
Incorporation of environmental, social, and governance factors in investment management	FN-IN-410a.1	Total invested assets, by industry and asset class	Ch.5 Responsible investment and stewardship --
	FN-IN-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment management processes and strategies	Ch.5 Responsible investment and stewardship --
Policies designed to incentivize responsible behavior	FN-IN-410b.1	Net premiums written related to energy efficiency and low carbon technology	Ch.4 Customer care and sustainable insurance --
	FN-IN-410b.2	Discussion of products and / or product features that incentivize health, safety, and /or environmentally responsible actions and / or behaviors	Ch.4 Customer care and sustainable insurance --
Environmental risk exposure	FN-IN-450a.1	Probable Maximum Loss (PML) of insured products from weather-related natural disasters	Appendix ·The PML of subsidiary CTBC Insurance due to climate-related natural disasters (mainly typhoons and floods): The loss amount of the "20-year return period" for signing and domestic distribution business is NT\$242.25 million; the amount of loss for "50-year return period" is NT\$498.88 million; the amount of loss for "100-year return period" is NT\$792.85 million; the loss amount of "200 years of return period" is NT\$837.94 million.

Topic	SASB indicators	Chapters	Disclosure content																				
Environmental risk exposure	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	<p>The amount of retained losses for the "20-year return period" is NT\$96.45 million, the risk deduction limit for non-proportional reinsurance contracts is NT\$46.23 million, and the total net retained losses is NT\$50.21 million. The amount of retained losses for the "50-year return period" is NT\$190.06 million, the risk deduction limit of the non-proportional reinsurance contract is NT\$139.72 million, and the total net retained loss is NT\$50.34 million. The amount of retained losses for the "100-year return period" is NT\$295.70 million, the risk deduction limit of the non-proportional reinsurance contract is NT\$245.24 million, and the total net retained loss is NT\$50.46 million. The amount of retained losses for the "200-year return period" is NT\$306.67 million, the risk deduction limit of the non-proportional reinsurance contract is NT\$256.20 million, and the total net retained loss is NT\$50.47 million.</p> <p>• Actual losses of the subsidiary CTBC Insurance catastrophe risk: The average loss of typhoon and flood insurance was NT\$90.88 million, and the average loss of self-retained business was NT\$35.30 million.</p>																				
	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	Ch.3 Ethical Governance																					
Systemic risk management	FN-IN-550a.1 Exposure to derivative instruments by category: (1) total potential exposure to noncentrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives		For details, please refer to the Financial Statements of Taiwan Life for year 2021, "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	The fair value of total securities collateral was NT\$11,851,434,403.																				
	FN-IN-550a.3 Description of approach to managing capital- and liquidity-related risks associated with systemic non-insurance activities	Ch.3 Ethical Governance	For details, please refer to the Financial Statements of Taiwan Life for year 2021, "II. 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	<table border="1"> <thead> <tr> <th colspan="5">Number of valid policies</th> </tr> <tr> <th>Risk category</th> <th>2021</th> <th>2020</th> <th colspan="2">2019</th> </tr> </thead> <tbody> <tr> <td>Property and casualty insurance</td> <td>653,036</td> <td>612,845</td> <td colspan="2">739,807</td> </tr> <tr> <td>Life insurance</td> <td>3,932,970</td> <td>3,798,271</td> <td colspan="2">3,510,246</td> </tr> </tbody> </table> <p>Note: CTBC Insurance has adjusted its personal insurance business structure since November 2019, so the number of effective policies in 2020 declined</p>	Number of valid policies					Risk category	2021	2020	2019		Property and casualty insurance	653,036	612,845	739,807		Life insurance	3,932,970	3,798,271	3,510,246	
Number of valid policies																							
Risk category	2021	2020	2019																				
Property and casualty insurance	653,036	612,845	739,807																				
Life insurance	3,932,970	3,798,271	3,510,246																				

Accountant's Independent Assurance Report



安永聯合會計師事務所
11012 台北市基隆路一段333號9樓
9F, No. 333, Sec. 1, Keelung Road
Taipei City, Taiwan, R.O.C.
Tel: 886 2 2757 8888
Fax: 886 2 2757 6050
www.ey.com/taiwan

English 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 2021 Sustainability 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 Company's 2021 Sustainability Report in accordance with appropriate criteria, including compiling in accordance with the core option of the GRI Sustainability Reporting 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 Company's 2021 Sustainability 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, with reference to International Standard of Assurance 3000 ("ISAE 3000").

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.

1

A member firm of Ernst & Young Global Limited.



To conclude for limited assurance, our procedures performed included:

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

3. Limitations

Non-financial information contained within the Company’s 2021 Sustainability 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.

Chang, Cheng-Tao
Ernst & Young, Taiwan
June 15, 2022

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:

Number	Article title	Remarks	Applicable benchmarking																																													
1	5.3 Results of responsible investment	<p>Investment assets in 2021 (Unit: NT\$ thousand)</p> <table border="1"> <thead> <tr> <th>Asset Class</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Bonds</td> <td>1,350,744,568</td> </tr> <tr> <td>Funds</td> <td>170,614,373</td> </tr> <tr> <td>Stocks</td> <td>182,727,957</td> </tr> <tr> <td>Cash and short-term assets</td> <td>101,140,043</td> </tr> <tr> <td>Real estate</td> <td>89,600,784</td> </tr> <tr> <td>Secured loans</td> <td>32,993,412</td> </tr> <tr> <td>Policy loans (including foreign currency policy loans)</td> <td>25,662,994</td> </tr> <tr> <td>Structured products</td> <td>50,077,358</td> </tr> </tbody> </table> <p>Sustainable investment (Unit: NT\$ thousand)</p> <table border="1"> <thead> <tr> <th rowspan="2">Investment type</th> <th colspan="3">Accumulated approved amount</th> </tr> <tr> <th>2021</th> <th>2020</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>Sustainable Bonds (domestic)</td> <td>7,700,000</td> <td>7,199,999</td> <td>2,300,000</td> </tr> <tr> <td>Sustainable Bonds (foreign)</td> <td>15,765,165</td> <td>9,282,279</td> <td>11,087,499</td> </tr> <tr> <td>Equity and fund investment</td> <td>12,765,412</td> <td>9,543,694</td> <td>5,748,875</td> </tr> <tr> <td>Financing</td> <td>16,459,062</td> <td>16,459,062</td> <td>12,959,062</td> </tr> <tr> <td>Total</td> <td>52,689,639</td> <td>42,485,034</td> <td>32,095,436</td> </tr> </tbody> </table>	Asset Class	Amount	Bonds	1,350,744,568	Funds	170,614,373	Stocks	182,727,957	Cash and short-term assets	101,140,043	Real estate	89,600,784	Secured loans	32,993,412	Policy loans (including foreign currency policy loans)	25,662,994	Structured products	50,077,358	Investment type	Accumulated approved amount			2021	2020	2019	Sustainable Bonds (domestic)	7,700,000	7,199,999	2,300,000	Sustainable Bonds (foreign)	15,765,165	9,282,279	11,087,499	Equity and fund investment	12,765,412	9,543,694	5,748,875	Financing	16,459,062	16,459,062	12,959,062	Total	52,689,639	42,485,034	32,095,436	<p>1. Investment assets in 2021: The amount of investment cost of each asset class at the end of December 2021.</p> <p>2. Sustainable investment: Statistics as of the end of 2021, 2020 and 2019, the accumulated amount of approved investment in the field of sustainable development. Please refer to the Sustainability Report for the description of each investment type.</p>
Asset Class	Amount																																															
Bonds	1,350,744,568																																															
Funds	170,614,373																																															
Stocks	182,727,957																																															
Cash and short-term assets	101,140,043																																															
Real estate	89,600,784																																															
Secured loans	32,993,412																																															
Policy loans (including foreign currency policy loans)	25,662,994																																															
Structured products	50,077,358																																															
Investment type	Accumulated approved amount																																															
	2021	2020	2019																																													
Sustainable Bonds (domestic)	7,700,000	7,199,999	2,300,000																																													
Sustainable Bonds (foreign)	15,765,165	9,282,279	11,087,499																																													
Equity and fund investment	12,765,412	9,543,694	5,748,875																																													
Financing	16,459,062	16,459,062	12,959,062																																													
Total	52,689,639	42,485,034	32,095,436																																													
2	5.3 Results of responsible investment	<p>Green investment projects in 2021 (Unit: NT\$100 million)</p> <table border="1"> <thead> <tr> <th rowspan="2">Investment category</th> <th colspan="2">2021</th> </tr> <tr> <th>Accumulated actual investment amount</th> <th>Accumulated approved amount</th> </tr> </thead> <tbody> <tr> <td>Green bonds</td> <td>179.76</td> <td>179.76</td> </tr> <tr> <td>Green project investment</td> <td>64.09</td> <td>95.85</td> </tr> <tr> <td>Total</td> <td>243.85</td> <td>275.61</td> </tr> </tbody> </table> <p>Note: Green project investment refers to solar power generation, wastewater treatment, offshore wind power generation, solar energy system construction, Copenhagen Infrastructure Fund, etc.</p>	Investment category	2021		Accumulated actual investment amount	Accumulated approved amount	Green bonds	179.76	179.76	Green project investment	64.09	95.85	Total	243.85	275.61	<p>1. Green investment projects in 2021: Statistics of the end of December 2021 of the accumulated approved amount and the actual total invested costs.</p>																															
Investment category	2021																																															
	Accumulated actual investment amount	Accumulated approved amount																																														
Green bonds	179.76	179.76																																														
Green project investment	64.09	95.85																																														
Total	243.85	275.61																																														

Number	Article title	Remarks	Applicable benchmarking																									
2	5.3 Results of responsible investment	Green financing projects in 2021 (Unit: NTS100 million)	2. Green financing projects in 2021: Statistics of the end of December 2021 of the accumulated approved amount and the actual financing balance; the estimated annual carbon emission reduction is calculated by multiplying the estimated annual carbon emission reduction by the annual Electricity Carbon Emission Factor announced by the Bureau of Energy in 2020; the estimated number of households is calculated by dividing the estimated annual electricity generation by the estimated average annual electricity consumption per household.																									
		<table border="1"> <thead> <tr> <th rowspan="2">Financing project</th> <th colspan="2">2021</th> <th rowspan="2">Benefit evaluation</th> </tr> <tr> <th>Accumulated actual financing amount</th> <th>Accumulated approved amount</th> </tr> </thead> <tbody> <tr> <td>Formosa 2 Wind Power syndicated loan</td> <td>35.67</td> <td>60</td> <td> <ul style="list-style-type: none"> Estimated annual carbon emission reduction of 707,000 tons Equivalent of powering 380,000 households every year </td> </tr> <tr> <td>Changfang Wind Power Co., Ltd./ Xidao Wind Power Co., Ltd. financing case</td> <td>27.15</td> <td>69.59</td> <td> <ul style="list-style-type: none"> Estimated annual carbon emission reduction of 1.129 million tons Equivalent of powering 650,000 households every year </td> </tr> <tr> <td>Mercury Taiwan Holdings Wind Power syndicated loan</td> <td>22.15</td> <td>35</td> <td> <ul style="list-style-type: none"> Estimated annual carbon emission reduction of 1.138 million tons Equivalent of powering 650,000 households every year </td> </tr> <tr> <td>Total</td> <td>84.97</td> <td>164.59</td> <td></td> </tr> </tbody> </table>		Financing project	2021		Benefit evaluation	Accumulated actual financing amount	Accumulated approved amount	Formosa 2 Wind Power syndicated loan	35.67	60	<ul style="list-style-type: none"> Estimated annual carbon emission reduction of 707,000 tons Equivalent of powering 380,000 households every year 	Changfang Wind Power Co., Ltd./ Xidao Wind Power Co., Ltd. financing case	27.15	69.59	<ul style="list-style-type: none"> Estimated annual carbon emission reduction of 1.129 million tons Equivalent of powering 650,000 households every year 	Mercury Taiwan Holdings Wind Power syndicated loan	22.15	35	<ul style="list-style-type: none"> Estimated annual carbon emission reduction of 1.138 million tons Equivalent of powering 650,000 households every year 	Total	84.97	164.59				
		Financing project			2021			Benefit evaluation																				
				Accumulated actual financing amount	Accumulated approved amount																							
		Formosa 2 Wind Power syndicated loan		35.67	60	<ul style="list-style-type: none"> Estimated annual carbon emission reduction of 707,000 tons Equivalent of powering 380,000 households every year 																						
Changfang Wind Power Co., Ltd./ Xidao Wind Power Co., Ltd. financing case	27.15	69.59	<ul style="list-style-type: none"> Estimated annual carbon emission reduction of 1.129 million tons Equivalent of powering 650,000 households every year 																									
Mercury Taiwan Holdings Wind Power syndicated loan	22.15	35	<ul style="list-style-type: none"> Estimated annual carbon emission reduction of 1.138 million tons Equivalent of powering 650,000 households every year 																									
Total	84.97	164.59																										
3	3.1 Ethical management and corporate governance	GRI205-2 Education and training on anti-corruption policies and procedures <ul style="list-style-type: none"> Director education and training courses <table border="1"> <thead> <tr> <th>Course</th> <th>Number of participating directors</th> <th>As a percentage of all directors</th> </tr> </thead> <tbody> <tr> <td>2021 Ethical Management Training</td> <td>10</td> <td>100%</td> </tr> </tbody> </table> Communication and training on anti-corruption policies and procedures <table border="1"> <thead> <tr> <th>Employee Category</th> <th>Course name</th> <th>Number of participants (person-time)</th> <th>Training Rate</th> <th>Training format</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Office staff</td> <td>2021 Ethical Management Training</td> <td>1,826</td> <td>100%</td> <td>On-line and classroom</td> </tr> <tr> <td>2021 Ethical Management Training</td> <td>7,159</td> <td>100%</td> <td>On-line</td> </tr> <tr> <td>Sales agent</td> <td>2021 AML/CFT Training for Agents</td> <td>7,063</td> <td>100%</td> <td>On-line</td> </tr> </tbody> </table> 	Course	Number of participating directors	As a percentage of all directors	2021 Ethical Management Training	10	100%	Employee Category	Course name	Number of participants (person-time)	Training Rate	Training format	Office staff	2021 Ethical Management Training	1,826	100%	On-line and classroom	2021 Ethical Management Training	7,159	100%	On-line	Sales agent	2021 AML/CFT Training for Agents	7,063	100%	On-line	Number of participants and rate of training in education and training on anti-corruption policies and procedures in 2021. The number of participants is the on-the-job directors, managers and employees (excluding dispatched worker) on the training base day minus the non-incumbent directors, managers and employees (such as leave without pay, parental leave, etc.) during the training period; The denominator of the training rate is the number of participants, the numerator is the number of people who have completed the training.
Course	Number of participating directors	As a percentage of all directors																										
2021 Ethical Management Training	10	100%																										
Employee Category	Course name	Number of participants (person-time)	Training Rate	Training format																								
Office staff	2021 Ethical Management Training	1,826	100%	On-line and classroom																								
	2021 Ethical Management Training	7,159	100%	On-line																								
Sales agent	2021 AML/CFT Training for Agents	7,063	100%	On-line																								

Number	Article title	Remarks	Applicable benchmarking																				
4	7.1 Green operations	Paperless operations	(1) Rate of digital official documents: Taiwan Life's official documents are all electronic (2) Rate of digital document distribution = The number of electronic documents issued in the whole year / The total number of documents issued in the year (3) Rate of mobile insurance policies = mobile insurance applications / applications through sales personnel. The numerator and denominator do not include products that cannot be covered by mobile insurance. (4) Number of digital distribution = Number of electronic pieces of payment notices and receipt for policyholders throughout the year (5) Paper sheets saved: The official digital document is calculated by saving 4 sheets of paper for one official document. The digital distribution is calculated by saving 1 sheet of paper. (6) Reduced carbon emissions: The number is calculated by multiplying the total sheets of paper saved by the 7 grams of carbon dioxide equivalent (CO2e) for 1 sheet of A4 paper, published by the Taiwan Product Carbon Footprint Information Website of the Environmental Protection Administration, Executive Yuan.																				
		<table border="1"> <thead> <tr> <th>Measures</th> <th>Performance indicators</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Promote digital official documents and digital document distribution</td> <td>Rate of digital official documents</td> <td>100%</td> </tr> <tr> <td>Rate of digital document distribution</td> <td>84.8%</td> </tr> <tr> <td>Promotion of mobile insurance app service</td> <td>Rate of mobile insurance policies (mobile insurance applications / applications through sales personnel)</td> <td>Nearly 100%</td> </tr> <tr> <td>Digital distribution of premium payment notices and receipts</td> <td>Number of digital distribution</td> <td>1.57 million</td> </tr> <tr> <td>Paper sheets saved</td> <td></td> <td>1.64 million</td> </tr> <tr> <td>Reduced carbon emissions (tCO2e)</td> <td></td> <td>11.5</td> </tr> </tbody> </table>		Measures	Performance indicators	2021	Promote digital official documents and digital document distribution	Rate of digital official documents	100%	Rate of digital document distribution	84.8%	Promotion of mobile insurance app service	Rate of mobile insurance policies (mobile insurance applications / applications through sales personnel)	Nearly 100%	Digital distribution of premium payment notices and receipts	Number of digital distribution	1.57 million	Paper sheets saved		1.64 million	Reduced carbon emissions (tCO2e)		11.5
		Measures		Performance indicators	2021																		
		Promote digital official documents and digital document distribution		Rate of digital official documents	100%																		
				Rate of digital document distribution	84.8%																		
Promotion of mobile insurance app service	Rate of mobile insurance policies (mobile insurance applications / applications through sales personnel)	Nearly 100%																					
Digital distribution of premium payment notices and receipts	Number of digital distribution	1.57 million																					
Paper sheets saved		1.64 million																					
Reduced carbon emissions (tCO2e)		11.5																					
Note: "Paper sheets saved" calculated using official digital document and digital distribution data.																							

Number	Article title	Remarks	Applicable benchmarking						
5	4.3 ESG insurance products	<p>Achievement of products for seniors</p> <table border="1"> <thead> <tr> <th>Product type</th> <th>Sales amount in 2021</th> </tr> </thead> <tbody> <tr> <td>Insurance products for seniors (including annuity and long-term care)</td> <td>NT\$32.86 million</td> </tr> <tr> <td>Small-amount whole life insurance</td> <td>NT\$230.67 million</td> </tr> </tbody> </table>	Product type	Sales amount in 2021	Insurance products for seniors (including annuity and long-term care)	NT\$32.86 million	Small-amount whole life insurance	NT\$230.67 million	The total amount of premium income of seniors insurance products in 2021.
Product type	Sales amount in 2021								
Insurance products for seniors (including annuity and long-term care)	NT\$32.86 million								
Small-amount whole life insurance	NT\$230.67 million								
6	4.1 Treating Customers Fairly	<p>Net Promoter Score</p> <table border="1"> <thead> <tr> <th>tNPS</th> <th>rNPS</th> </tr> </thead> <tbody> <tr> <td>In 2021, 920,000 tNPS questionnaires were issued, and 12,000 were collected. The overall recommendation score for 2021 was 27, an increase of 23.8% from 2020.</td> <td>The results of the 2021 survey showed that Taiwan Life's rNPS turned positive for the first time, a sharp increase of 19 points from 2020, ranking third among the six major life insurance brands. Among the five major evaluation items of the insurance company satisfaction survey, Taiwan Life's customers were more satisfied with the product content and product price. The number of valid samples for the survey was 1,213, and age and gender sampling control was carried out according to the population distribution of Taiwan.</td> </tr> </tbody> </table>	tNPS	rNPS	In 2021, 920,000 tNPS questionnaires were issued, and 12,000 were collected. The overall recommendation score for 2021 was 27, an increase of 23.8% from 2020.	The results of the 2021 survey showed that Taiwan Life's rNPS turned positive for the first time, a sharp increase of 19 points from 2020, ranking third among the six major life insurance brands. Among the five major evaluation items of the insurance company satisfaction survey, Taiwan Life's customers were more satisfied with the product content and product price. The number of valid samples for the survey was 1,213, and age and gender sampling control was carried out according to the population distribution of Taiwan.	<p>1.tNPS: Refer to the Taiwan Life tNPS survey report and recalculate the overall recommendation score improvement rate in 2020.</p> <p>2.rNPS: Refer to CTBC Financial Holding to prepare the 2021 insurance industry NPS survey report based on the survey results of outsourced third parties.</p>		
tNPS	rNPS								
In 2021, 920,000 tNPS questionnaires were issued, and 12,000 were collected. The overall recommendation score for 2021 was 27, an increase of 23.8% from 2020.	The results of the 2021 survey showed that Taiwan Life's rNPS turned positive for the first time, a sharp increase of 19 points from 2020, ranking third among the six major life insurance brands. Among the five major evaluation items of the insurance company satisfaction survey, Taiwan Life's customers were more satisfied with the product content and product price. The number of valid samples for the survey was 1,213, and age and gender sampling control was carried out according to the population distribution of Taiwan.								
7	Appendix. SASB insurance disclosure comparison Environmental risk exposure	<p>SASB FN-IN-450a.1 · SASB FN-IN-450a.2</p> <ul style="list-style-type: none"> The PML of subsidiary CTBC Insurance due to climate-related natural disasters (mainly typhoons and floods): The loss amount of the "20-year return period" for signing and domestic distribution business is NT\$242.25 million; the amount of loss for "50-year return period" is NT\$498.88 million; the amount of loss for "100-year return period" is NT\$792.85 million; the loss amount of "200 years of return period" is NT\$837.94 million. The amount of retained losses for the "20-year return period" is NT\$96.45 million, the risk deduction limit for non-proportional reinsurance contracts is NT\$46.23 million, and the total net retained losses is NT\$50.21 million. The amount of retained losses for the "50-year return period" is NT\$190.06 million, the risk deduction limit of the non-proportional reinsurance contract is NT\$139.72 million, and the total net retained loss is NT\$50.34 million. The amount of retained losses for the "100-year return period" is NT\$295.70 million, the risk deduction limit of the non-proportional reinsurance contract is NT\$245.24 million, and the total net retained loss is NT\$50.46 million. The amount of retained losses for the "200-year return period" is NT\$306.67 million, the risk deduction limit of the non-proportional reinsurance contract is NT\$256.20 million, and the total net retained loss is NT\$50.47 million. Actual losses of the subsidiary CTBC Insurance catastrophe risk: The average loss of typhoon and flood insurance was NT\$90.88 million, and the average loss of self-retained business was NT\$35.30 million. 	Calculate the maximum possible loss and the average loss of direct and net business from January 1, 2021 to December 31, 2021 based on the standard coefficient method of natural disaster risk capital published by Taiwan Insurance Institute.						

Number	Article title	Remarks	Applicable benchmarking
8	Appendix. SASB insurance disclosure comparison Transparent information and fair advice for customers	<p>SASB FN-IN-270a.3</p> <p>In 2021, the customer retention ratio of Taiwan Life was 98.6%.</p> <p>Note: Customer retention ratio (%) = [(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.</p>	Calculate the customer retention ratio based on the number of customers provided by Taiwan Life Insurance.



CTBC HOLDING
TAIWAN LIFE