

**Chung Kuo Insurance Company, Limited**  
**Corporate Governance Execution Status and Deviations from**  
**“Corporate Governance Best-Practice Principles for Insurance Companies”**

■ **Corporate Governance Execution Status**

Items	Implementation Status	Deviations from “Corporate Governance Best-Practice Principles for Insurance Companies”
<b>1.Shareholding Structure &amp; Shareholders’ Rights</b>		
(1)Method of handling shareholder suggestions or complaints	The Company acts in compliance with the “Regulations Governing Subsidiaries in Monitoring and Control” of Mega Financial Holdings Company, in responding to suggestions or queries from shareholders for the protection of the rights of the shareholders.	Compliance with the Corporate Governance Best-Practice Principles for Insurance Companies
(2)The Company’s possession of a list of major shareholders and a list of ultimate owners of these major shareholders	The Company was incorporated by only one corporate shareholder (owned by Mega Financial Holdings Company 100%). The corporate shareholder appointed all of the Company’s directors and supervisors.	Compliance with the Corporate Governance Best-Practice Principles for Insurance Companies

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(3)Risk management mechanism and “firewall” between the Company and its affiliates	The Company established the “Regulations Governing Transactions of Other Than Loans Business with Interested Parties” in accordance with the Financial Holding Companies Act and applicable laws governing insurance industry and stakeholder transactions, and thereby acts in conformity to the “Firewall Policy” of Mega Financial Holdings Company to avoid transactions with stakeholders not in arm’s length and the conflict of interest.	Compliance with the Corporate Governance Best-Practice Principles for Insurance Companies
<b>2.Composition and Responsibilities of the Board of Directors</b>		
(1)Independent Directors	The Company has appointed three independent directors by Mega Financial Holdings Company.	Compliance with the Corporate Governance Best-Practice Principles for Insurance Companies
(2)Regular evaluation of CPAs’ independence	The external financial auditors issued the statement of declaration of impartiality and independence. The Company	Compliance with the Corporate Governance

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	conducts assessment on the impartiality and independence of the commissioned certified public accountants for financial audit annually.	Best-Practice Principles for Insurance Companies
<b>3.Communication Channel with Stakeholders</b>	The Company has advised the contact information of authorities department in the internal and external network to supply through channels for communications with the stakeholders, and disclosed the information on its financial position, business status, and corporate governance in the annual report or the official website of the Company annually as required.	Compliance with the Corporate Governance Best-Practice Principles for Insurance Companies
<b>4.Operations of the Company’s Nomination Committee, Compensation Committee, or other committees of the Board of Directors</b>	The Company has established the Risk Management Committee to handle all the matters related to risk management. An independent director shall assume the position of Chairman of Committee. The Chairman, as the convener, shall call the Committee meeting once every three months. The Chairman may call a temporary meeting, if necessary.	Compliance with the Corporate Governance Best-Practice Principles for Insurance Companies

Items	Implementation Status	Deviations from “Corporate Governance Best-Practice Principles for Insurance Companies”
<b>5. If the Company has established corporate governance principles based on “Corporate Governance Best-Practice Principles for Insurance Enterprises”, please describe any discrepancy between the principles and their implementation</b>	<p>The Company has defined its own corporate governance best-practice rules and conducted its corporate governance in accordance with the Corporate Governance Best-Practice Principles for Insurance Companies. Therefore, there is as near as no difference between the Company’s rules and said Principles.</p>	<p>Compliance with the Corporate Governance Best-Practice Principles for Insurance Companies</p>