



兆豐保險



2023

永續報告書

Sustainability Report

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Message from Chairman

Chung Kuo Insurance has been devoted to its development in Taiwan for a long time. In order to become the most trusted insurance service provider, the Company provides policyholders with a full range of protection and solutions, creates long-term stable returns for shareholders, creates a quality working environment for employees, and brings a positive impact to society. The Company continuously explore in the core business and sustainable development, adopting proactive action strategies to seek more service possibilities. Chung Kuo Insurance is committed to achieving the United Nations Sustainable Development Goals (SDGs) and exerting a positive influence through its three strategic pillars of “development of a sustainable environment,” “promotion of social inclusion,” and “implementing responsible governance,” leads the corporate mission of sustainable development, and brings more added value beyond insurance products and products to important stakeholders.

Green Insurance, Taking Care of You and Me

In order to implement the concepts of inclusive finance and fair customer treatment, Chung Kuo Insurance continuously optimizes sustainability or climate change-related insurance products and services. We offer sustainable insurance products in five major categories: renewable energy and energy technology, climate risk, low-carbon transportation, pollution prevention, and residential green energy. Furthermore, in order to maintain good communication channels with customers and provide high-quality services, we proactively promote digital transformation. We have been constantly improving the user interface of our website platform, streaming processes, and leveraging innovative technologies to meet the diverse needs and expectations of our customers. In the future, Chung Kuo Insurance will continue to launch additional green insurance products and online platform functions. In addition to providing policyholders with faster and more convenient protection, we also look forward to collaborating with them to achieve sustainability transitions.

Conserving the Environment, Protecting the Earth

The global warming caused by climate change is getting worse. According to the statistics from the EU's climate monitoring agency, Copernicus Climate Change Service, 2023 has become the hottest year in the history of the earth. The establishment and implementation of greenhouse gas reduction targets are urgently needed. In response to drastic climate change, Mega Financial Group has committed to the Science Based Targets initiative (SBTi) and set its greenhouse gas reduction target based on the national policy of achieving net-zero emissions by 2050. In line with its parent holding company's policy, Chung Kuo Insurance has set its targets to reduce emissions by 42% by 2030 and achieve net-zero emissions by 2050 by adopting systematic carbon reduction measures. In addition, Chung Kuo Insurance has long supported actions for biodiversity. In 2023, we planned and carried out a restoration project for the primary forest of Dadu Mountain, calling on all subsidiaries of Mega Financial Group to participate. We not only protect the environment but also implement the Group's sustain-

Message from Chairman

Caring for Employees, Growing Together

Chung Kuo Insurance values both the professional capabilities and career development of our employees. We have established a comprehensive development framework for insurance talent and offer employees with diverse learning and development opportunities, enabling employees to fully demonstrate their strengths. Chung Kuo Insurance also believes that talent development can help seize opportunities in the wave of sustainability. Therefore, we are committed to cultivating strong sustainability awareness among our employees. In addition to arranging professional insurance training for employees, we also offer opportunities to participate in sustainability-related lectures, enabling the company to continue progressing towards a sustainability transition. Achieving corporate sustainable development is not only a strategy but also reflects the full implementation of our goals, working with employees to create a better corporate environment. At the same time, Chung Kuo Insurance is committed to creating a happy workplace. In accordance with the Group's "Human Rights Policy," we conduct human rights due diligence to identify human rights risks and plan compensatory measures. Chung Kuo Insurance also has comprehensive family-friendly measures, provides marriage and childbirth subsidies, and collaborates with major childcare centers to offer discounts on childcare services. These measures provide strong support for our employees.

Lighting the Society, Guarding with Care

In order to give back to society and benefit people, Chung Kuo Insurance has integrated social welfare into its business strategy and culture. We proactively participate in various social welfare activities in the fields of education, culture, art, sports, health, and environment. In addition, Chung Kuo Insurance continuously provides comprehensive insurance for specific activities, supporting large-scale sports events such as the "2023 Taipei Ultra Marathon," "2023 Taiwania Ultra Trail," and "2023 Yilan Donshan River Ultra-Marathon." We have created exclusive insurance for runners, enabling them to move forward with peace of mind. In 2023, Chung Kuo Insurance won the Taiwan Corporate Sustainability Award (TCSA) "Social Inclusion Leadership Award." This award not only recognizes the efforts of our employees but also provides more progress for our continuous investment in building a better society.

In the global trend of sustainable development, Chung Kuo Insurance stays aligned with global practices and makes dedicated efforts towards sustainability issues. Looking ahead, Chung Kuo Insurance will continue to uphold the expertise of the insurance industry and the spirit of "Guarding with Care, Ensuring Safety." We will not only create the most trustworthy haven for our customers but also protect the health and property of the citizens. In the meanwhile, we are committed to continually seeking ways to exert a positive influence, guiding our company and society toward a better and more sustainable future.

Chairman

梁正德 Cheng-te Liang



Highlight of Key Sustainable Performance and Recognitions

Strategic Focus	Key Performance	Recognition
Commitment to achieving net-zero emissions and Fulfilling environmental sustainability	<ul style="list-style-type: none">Taoyuan Branch obtained the Diamond-level Green Building Label.Our global operating locations have completed ISO 14064-1 greenhouse gas inventory and have successfully passed third-party verification.We have obtained dual certifications for ISO 14001 Environmental Management and ISO 50001 Energy Management systems.We have signed power supply contracts with green power plants. In 2023, the green power transmitted through Taipower's grid totaled 114,286 kWh, with a green power utilization rate of approximately 10.90%.Our green procurement amount reached NTD 15.6 million dollars, which accounted for 9.50% of our total procurement amount.All suppliers have signed the "Supplier Sustainability Declaration" with a 100% signing rate.	<ul style="list-style-type: none">Received the “2023 Excellence Performance in Green Procurement for Enterprises” award from Taipei City Government’s Environmental Protection Department.
Deepen financial inclusion and promote social co-prosperity	<ul style="list-style-type: none">Our investment in social co-prosperity activities amounted to NTD 4.75 million, benefiting a total of 75,400 individuals.total of 91 volunteers participated in the public welfare activities, contributing more than 435 hours of volunteer serviceImplement industry-academia cooperation projects with universities and colleges, providing work-study internship opportunities for 14 students	<ul style="list-style-type: none">Won the "Micro insurance Competition Business Excellence Award" and "Sustainable Care Award" from the Financial Supervisory Commission2023 Taiwan Corporate Sustainability Award (TCSA) "Social Inclusion Leadership Award"Won the gold award of “Excellence in Charity Project Planning“ of the Taiwan Insurance Excellence Awards

Strategic Focus	Key Performance	Recognition
Strengthen talent development and implement employee care	<ul style="list-style-type: none">Employees completed a total of 38,485 hours of training, with an average training duration of 46.59 hours per employee.A total of 41 employees were subsidized for financial professional certifications or qualification examinations, with the total subsidy amount reaching NTD 360,000.A total of 4,812 employees participated in human rights education and training, with the total training duration reaching 9,269 hours.We provided marriage subsidies totaling NTD 90,000 and childbirth subsidies of NTD 160,000.	<ul style="list-style-type: none">For 12 consecutive years, the Company has been honored with the top rating for "The Most Aspired Property and Casualty Insurance Company by Financial and Insurance Graduates" by RMi Inc.
Refine digital technology to promote sustainable finance	<ul style="list-style-type: none">Completed the implementation and verification of ISO 27701 Privacy Information Management System.A total of 826 employees completed more than 2,478 hours of training for treating customers fairly.	<ul style="list-style-type: none">Received the SGS Information Governance Excellence Award-Privacy and Personal Information Management Excellence Award.Received the gold award of “Excellence in Policyholder Service Project Planning” from Taiwan Insurance Institute.
Strictly abide by ethical management and implement corporate governance	<ul style="list-style-type: none">All directors and senior management have signed the "Integrity Business Policy Statement" with a 100% signing rate.The completion rate of employee training on the Code of Conduct and risk management-related education came to 100%.	<ul style="list-style-type: none">Received the “Best Professional Consultant Award (assistant general manager Li-Ching Lu)” and the "Best Communication Award (Property and Casualty Group)" in the 24th Faith, Hope & Love Awards of Insurance.



About
Chung Kuo Insurance

1.1	Fundamentals	012
1.2	Economic Performance	015

Corresponding SDGs	
Corresponding material topic	Economic Performance
Corresponding GRI topic	<ul style="list-style-type: none">GRI 201: Economic Performance
Stakeholders to prioritize reading	<ul style="list-style-type: none">Employees/UnionShareholders/InvestorsSuppliers

1.1 Fundamentals

About the Company

Chung Kuo Insurance Company, Limited (Chung Kuo Insurance), formerly known as China Insurance Co., Ltd., was founded in Shanghai on November 1, 1931 through investment by the Bank of China. At present, the Company's history spans nearly a century. In December 1949, the Company relocated to Taiwan together with the Bank of China and continued to implement property and casualty insurance businesses. In February 1972, in order to simplify the government-owned property and casualty insurance organization and improve operating performance, the Ministry of Finance completed the merger of the Company and Non-Life Insurance Department of the Central Trust of China after approval by the Executive Yuan. The new entity continued to use the name of "Chung Kuo Insurance Company, Limited." It was invested directly by the National Treasury instead as an insurance institution affiliated with the Ministry of Finance. At the time of public operation, the Company mostly engaged in insurance businesses with institutions of the central government and business units under the Ministry of Economic Affairs.

Adhering to the purpose of its foundation, "to provide services for industrial and commercial enterprises, and ensure securities for government property," the Company became an exclusive insurer dedicated to government owned businesses. In conformity with the policy of privatization of public enterprises, the Company became both the first government-owned property to be privatized and first casualty insurance company on May 5, 1994. It also aggressively built marketing channels and expanded business locations to develop property insurance businesses as a private enterprise. To expand the scale of operation and improve business competitiveness, the Company was converted to a wholly-owned subsidiary of Mega Financial Holding Co., Ltd. through transfer of shares on December 31, 2002, and became a member of the Mega Financial Group. To establish a consistent corporate image as a whole with the Mega Financial Group, the Company's Chinese name was changed to "兆豐產物保險股份有限公司" on July 6, 2006, and the English name remained as "Chung Kuo Insurance Company, Limited".

In addition to pursuing business performance, Chung Kuo Insurance also continues to cultivate the seeds of love by providing insurance products to protect the lives and properties of the general public. By fully utilizing available social resources, we are committed to creating a better society and ensuring the sustainability of our business.

Company Name

Chung Kuo Insurance Company Limited

Founded

November 1, 1931

Headquarters

No. 58, Section 1, Wuchang Street, Zhongzheng District, Taipei City

Chairperson of the Board

Cheng-Te Liang

President

Ying-Hao Weng

Ticker Symbol

5834 (Publicly offered)

Paid-up Capital

NTD 5,333,500 thousand

Number of employees

826 (full-time employees)

Principle Services

- Property insurance business
- Operation of accident insurance and health insurance businesses permitted by the competent authority



Chung Kuo Insurance is a wholly-owned subsidiary of Mega Financial Holding Company Limited. The company's headquarters is located in Taipei City, Taiwan and it has established 11 branch offices and 18 communication offices in major counties and cities throughout Taiwan (including Kinmen County), totaling 30 branch locations nationwide. Additionally, it has a representative office in Guam for overseas regions.

1.1 Fundamentals

Participation in public associations

Chung Kuo Insurance takes an active role in participating in public associations and actively contributes to various projects or committees. We engage in information exchange and collaborate with relevant industry peers, sharing insights on business practices and the promotion of sustainable development. Through these public associations, we also provide valuable recommendations to the government regarding insurance industry policies, fostering the healthy growth of the insurance sector. As of the end of 2023, Chung Kuo Insurance participated in a total of 13 public associations, with 8 of them being served by senior executives.

Associations or organizations of participation

Positions held by Chung Kuo Insurance's Senior Executives

The Non-Life Insurance Association of the ROC	Executive Director, Supervisor
Nuclear Energy Insurance Association of the Republic of China	Chairman of the Board, President
Risk Management Society of Taiwan	Executive Director
Insurance Society of the Republic of China	Executive Director
CR Classification Society	Supervisors
Engineering Insurance Association	Managing Director
Chinese Insurance Service Association	Director
The Actuarial Institute of the Republic of China	Director
China Maritime Institute	Member
Taiwan Financial Services Roundtable	Member
Institute of Financial Law and Crime Prevention	Member
FinTech Industry Development Association	Member
Non-Life Underwriters Society of the Republic of China	Member

1.2 Economic Performance

In 2023, Chung Kuo Insurance continued to maintain steady growth, with an overall increase of 7.19% in premium revenue compared to the previous year. Among the 19 insurance industry peers, we ranked tenth. Specifically, we ranked first in the marine hull insurance market, third in the residential fire insurance and aviation insurance market, and fourth in the commercial fire insurance market. In the future, Chung Kuo Insurance will continue to focus on existing channels and expand our business sources to enhance customer service and premium revenue.

Chung Kuo Insurance's Generated and Distributed Economic Values in the Past Four Years (Unit: NTD thousands)

ITEM	2020	2021	2022	2023
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A Generated direct economic value

Operating revenue	5,717,564	5,839,253	6,034,608	6,225,241
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B Distributed economic value

Operating cost	-4,146,873	-3,864,055	-14,783,496	-5,179,410
Employee salary and benefits	-732,941	-826,381	-795,984	-837,680
Donation	-736	-1,741	-1,852	-1,651
Distributed shareholder dividend	-	-	-107,224	-
Income tax	-96,128	-122,790	-640,474	-1,203,968
Distributed economic value subtotal	-4,976,678	-4,815,481	-15,048,566	-7,222,709

A – B Retained economic value

	740,886	1,023,772	-9,013,958	-997,468
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Note 1: In 2023, the donation projects primarily focused on supporting educational, cultural, public welfare, charitable organizations or groups, and charitable trusts. There were no political contributions or other inappropriate donation activities involved.

Note 2: The distribution of shareholder dividends in 2023 represents the allocation of earnings from the fiscal year 2022, as decided by the board of directors and approved by the shareholders' meeting in 2023.



Sustainable Strategy

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Stakeholders to
prioritize reading

- All stakeholders

2.1 Framework of Sustainable Governance

Chung Kuo Insurance follows the group's "Sustainable Development Best Practice Principles" and "Sustainable Development Policy". In 2021, the Chairman approved the "Key Points for Sustainable Development ESG Implementation" and established a cross-departmental "Sustainable Development ESG Implementation Task Force" with the President serving as the convener. The task force includes five subgroups: Corporate Governance, Sustainable Finance, Employee Care, Environmental Sustainability, and Social Co-prosperity. Each subgroup is coordinated and managed by relevant units or individuals responsible for the respective areas of work. A total of 19 relevant departments, including product departments, customer service, green procurement, investment, and risk management are involved in the task force.

The "Sustainable Development ESG Implementation Task Force" implements sustainable development initiatives by brainstorming ideas, conducting discussions, and monitoring projects to ensure the integration of sustainability issues into our internal operational practices such as green product planning, underwriting and claims optimization, and system process improvement. The goal is to comprehensively enhance ESG performance in all aspects. In addition, the "Sustainable Development ESG Implementation Task Force" holds quarterly meetings to report to the Chief Convener on the Company's progress in environmental protection, social responsibility, and corporate governance (ESG). The Planning and Actuarial Department provides an annual report to Chung Kuo Insurance Board on relevant ESG strategies and execution. Chung Kuo Insurance's Board plays a supervisory role, regularly reviewing the progress of strategies and urging adjustments to the "Sustainable Development ESG Implementation Task Force" and the management team when necessary.

Framework of Sustainable Governance

2023

- Published our first-ever sustainability report in both Chinese and English versions and obtained third-party verification
- Won the Taiwan Corporate Sustainability Award (TCSA) "Social Inclusion Leadership Award"
- Received the "Excellence Performance in Green Procurement for Private Enterprises and Organizations in Taipei City" award from Taipei City Government's Environmental Protection Department for 2 consecutive years

2022

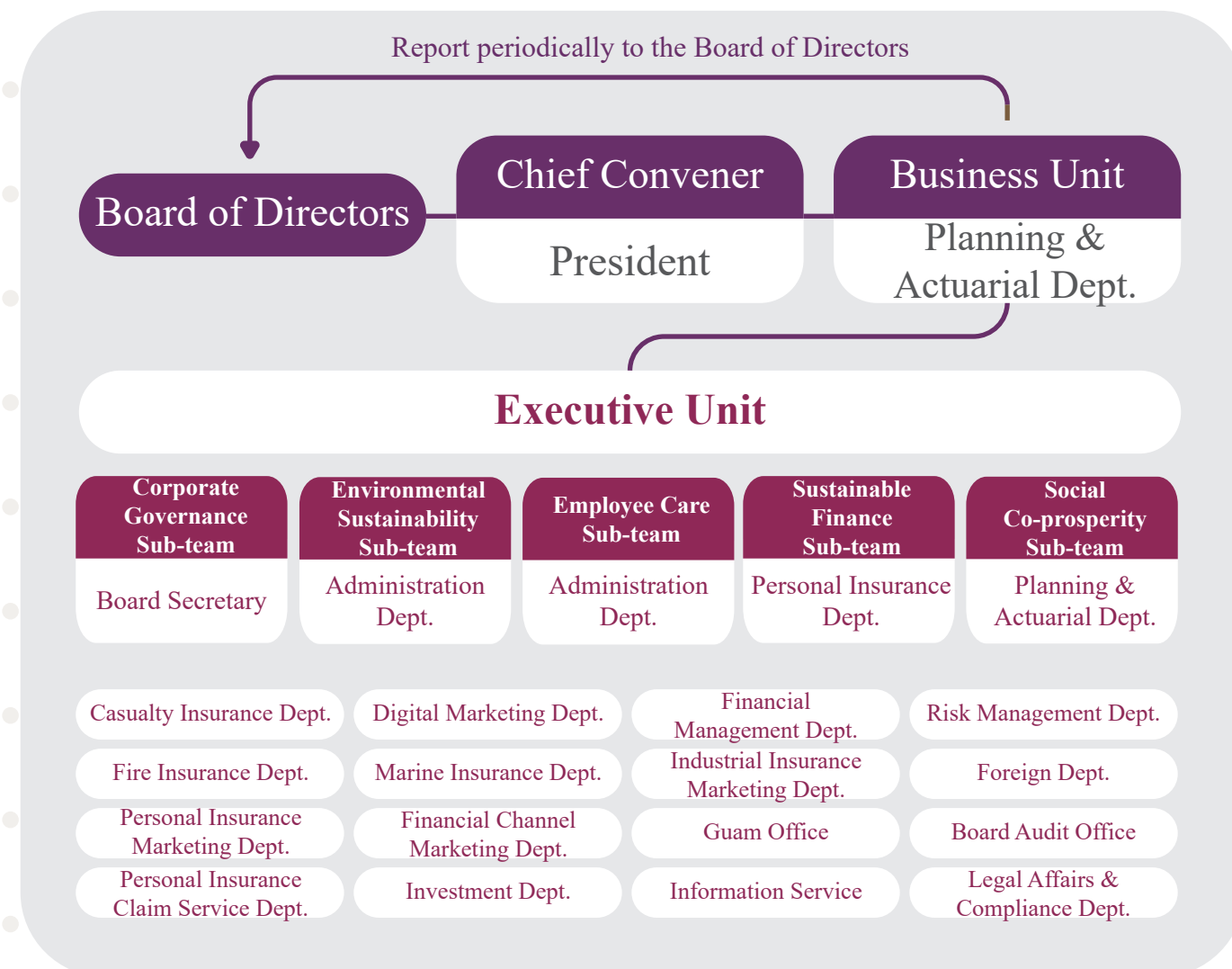
- Received the "Excellence Performance in Green Procurement for Private Enterprises and Organizations in Taipei City" award from Taipei City Government's Environmental Protection Department
- Established our "Sustainable Finance Policy," "Climate Risk Management Guidelines," and "Sustainable Investment Management Guidelines" and revised our "Supplier Sustainable Development Management Guidelines"
- Implemented ISO 14001 Environmental Management System, ISO 50001 Energy Management System, and ISO 27701 Privacy Information Management System, all of which have been verified by third-party certification

2021

- Established our dedicated ESG unit along with the "Sustainable Development ESG Implementation Taskforce" and formulated our "Sustainable Development ESG Implementation Taskforce Guidelines"
- Established our "Sustainable Insurance Operation Guidelines"
- Implemented ISO 22301 Business Continuity Management System

2.1 Framework of Sustainable Governance

Structure of Chung Kuo Insurance's Sustainable Development ESG Implementation Task Force



The "Sustainable Development ESG Implementation Task Force" also serves as the liaison for our parent company, Mega Financial Holding's "Sustainable Development Committee." It undertakes the development of sustainable business core operations for Mega Financial Holding while aligning with the group's sustainable strategy framework. It collaborates with the group to respond to corporate governance assessments, such as DJSI, CDP, Sustainalytics, and other sustainability rating questionnaires, demonstrating the achievements of the group and the Company in sustainable management.

Internally, it adopts the United Nations' "Principles for Sustainable Insurance (PSI)" and the Financial Stability Board's "Task Force on Climate-related Financial Disclosures (TCFD)" to identify, assess, prioritize, manage, and monitor various ESG risks and opportunities in operational processes formulates strategic policies and implementation plans to enhance operational efficiency and deepen the social significance and value of insurance products and services.

2.2 Sustainability Visions and Strategies

Adhering to Mega Financial Group's vision of becoming the “Sustainable Paradigm of the Asia-Pacific Financial Industry”, Chung Kuo Insurance is guided by its mission of "Creating Positive Impact and Leading Sustainable Development." We are committed to uphold the values of "Respect and Inclusiveness, Professionalism and Trustworthiness, Integrity and Accountability" in all our operational activities and we are dedicated to honoring our commitments to the natural environment, society, investors, customers, and the overall business. Our aim is to foster a culture of sustainability, deepen employees' awareness of ESG (Environmental, Social, and Governance) principles, and establish three core ESG strategy pillars: "Develop environmental sustainability, Promote social co-prosperity, and Implement responsible governance." By doing so, we strive to contribute to the United Nations Sustainable Development Goals (SDGs).

Mega Financial Group’s Blueprint of Sustainable Strategy

Adhering to the sustainability strategy of Mega Financial Group, Chung Kuo Insurance focuses on eight Sustainable Development Goals (SDGs) and through five strategic pillars, we identify relevant sustainability issues and develop concrete action plans and key performance indicators within each division of the Sustainable Development ESG Implementation Task Force. In addition, we have also established relevant short-term and mid/long-term sustainability goals. In order to raise the sustainability awareness among stakeholders, including employees, policyholders, and the general public, Chung Kuo Insurance organized a total of 85 educational trainings and activities in 2023, with a total of 16,444 participants. These efforts were aimed at promoting our common goal of a sustainable society.



Chung Kuo Insurance's Sustainability-related Events in 2023 (Unit: number of sessions, number of participants)				
	Environmental Dimension	Social Dimension	Corporate Governance Dimension	Total
Number of sessions	85	18	28	85
Number of participants	5,275	9,450	1,719	16,444

2.2 Sustainability Visions and Strategies

Mega Financial Group's Pillars of Sustainable Strategy

Commitment to achieving net-zero emissions
and Fulfilling environmental sustainability
(Environmental Sustainability Team)

Deepen financial inclusion
and promote social
co-prosperity
(Social Co-prosperity Team)

Refine digital
technology to promote
sustainable finance
(Sustainable Finance Team)

Strengthen talent
development and
implement
employee care
(Employee Care Team)

Strictly abide by
ethical
management and
implement
corporate
governance
(Corporate Governance Team)



2.2 Sustainability Visions and Strategies

Chung Kuo Insurance's Sustainability Strategic Goals

Pillars of Mega Financial Group's Strategies

Corresponding SDGs

Commitment to achieving net-zero emissions and
Fulfilling environmental sustainability



Corresponding material topics presented in the Chung Kuo Insurance Sustainability Report	Chung Kuo Insurance's Promotional Strategies	Promotional Status for Chung Kuo Insurance In 2023	Chung Kuo Insurance's Short-term Goals By 2024	Chung Kuo Insurance's Medium and Long-term Goals By 2029
Climate Action	Enhance employees' awareness and professional knowledge of climate change issues	<ul style="list-style-type: none"> We have already conducted 1 training session related to greenhouse gas inventory, environmental management, or climate issues, with a 100% completion rate 	<ul style="list-style-type: none"> Conduct 1 training session related to climate change issues, with a 100% completion rate 	<ul style="list-style-type: none"> In line with the Group's greenhouse gas carbon reduction target (Scope 1+2), we will reduce emissions by 36.75% by 2029, 42% by 2030, and achieve net-zero emissions by 2050.
	Continuous engagement with and response to environmental sustainability initiatives and activities	<ul style="list-style-type: none"> We joined the global one-hour lights-off activity from 8:30 pm to 9:30 pm on March 25. 	<ul style="list-style-type: none"> In response to the "Earth Hour" activity, we will turn off our signboard lights, shop window lights, and decorative lights at our operating locations for 1 hour on the night of the event. 	<ul style="list-style-type: none"> Organize or participate in related activities (e.g., continuous cooperation with the "Earth Hour" activity)
	Continue to achieve the Group's GHG reduction targets (Reduce emissions from Scope 1+2 by more than 10.5% compared to the base year, 2022)	<ul style="list-style-type: none"> We have signed power supply contracts for green power wheeling with green power plants. In 2023, the consumption of green power wheeling totaled 114,286 kWh, with a green power utilization rate of approximately 10.90%. 	<ul style="list-style-type: none"> Our HQ shall utilize 60% or higher green energy in our energy consumption profile 	<ul style="list-style-type: none"> Carbon neutrality (Scope 1+2): All our domestic operating locations use 100% renewable energy by 2030 Evaluate the setting of internal carbon pricing
Green operations	Continue to conduct the "ISO 14064-1 Greenhouse Gas Inventory" verification for all domestic and overseas operating locations, and achieve the reduction targets for water and waste at all domestic operating locations	<ul style="list-style-type: none"> All our domestic and international operating locations complete the "ISO 14064-1 Greenhouse Gas Inventory" process and obtain third-party verification certificates 	<ul style="list-style-type: none"> All our domestic and international operating locations shall undergo the "ISO 14064-1 Greenhouse Gas Inventory" process and obtain third-party verification certificates 	<ul style="list-style-type: none"> Continue to apply for the "ISO14001 Environmental Management System" recertification for domestic operation locations

Pillars of Mega Financial Group's Strategies

Corresponding SDGs

Commitment to achieving net-zero emissions and
Fulfilling environmental sustainability



Corresponding material topics presented in the Chung Kuo Insurance Sustainability Report	Chung Kuo Insurance's Promotional Strategies	Promotional Status for Chung Kuo Insurance In 2023	Chung Kuo Insurance's Short-term Goals By 2024	Chung Kuo Insurance's Medium and Long-term Goals By 2029
Green operations	Continue to conduct the "ISO 14064-1 Greenhouse Gas Inventory" verification for all domestic and overseas operating locations, and achieve the reduction targets for water and waste at all domestic operating locations	<ul style="list-style-type: none"> We have completed the "ISO 50001 Energy Management System" recertification for the headquarters building. We have completed the implementation and verification (including recertification) of the "ISO 14001 Environmental Management System" for 12 operating locations in northern Taiwan We have reduced water consumption by 1.5% compared to 2020 by using water-saving appliances with water-saving labels and promoting the proper concept of water consumption Taoyuan Branch obtained the Diamond-level Green Building Label. 	<ul style="list-style-type: none"> To process the "ISO 50001 Energy Management System" recertification for the headquarters building. Complete the implementation and certification of "ISO14001 Environmental Management System" for 30 domestic operation locations 	<ul style="list-style-type: none"> Continue to apply for the "ISO50001 Energy Management System" recertification for the self-owned buildings of the headquarters, and evaluate the feasibility of expanding the scope of ISO50001 Reduce total water consumption at all domestic operating locations by 5% compared to the base year Reduce total waste at all domestic operating locations by 10% compared to the base year
Sustainable Supply Chain	Carry through responsible procurement and sustainable development of suppliers	<ul style="list-style-type: none"> Purchased a total of 3 hybrid or electric vehicles, accounting for 75% of the annual corporate fleet procurement The amount of green procurement reached 9.5% of our total procurement amount for the year 	<ul style="list-style-type: none"> To raise the composition of electric or hybrid vehicles in the annual corporate fleet procurement to 80% Raise the amount of green procurement 2.5% of our total procurement amount for the year 	<ul style="list-style-type: none"> Raise the composition of electric or hybrid vehicles in the annual corporate fleet procurement to 100% by 2026

2.2 Sustainability Visions and Strategies

Chung Kuo Insurance's Sustainability Strategic Goals

Pillars of Mega Financial Group's Strategies

Corresponding SDGs

Commitment to achieving net-zero emissions and
Fulfilling environmental sustainability



Corresponding material topics presented in the Chung Kuo Insurance Sustainability Report	Chung Kuo Insurance's Promotional Strategies	Promotional Status for Chung Kuo Insurance In 2023	Chung Kuo Insurance's Short-term Goals By 2024	Chung Kuo Insurance's Medium and Long-term Goals By 2029
Sustainable Supply Chain	Carry through responsible procurement and sustainable development of suppliers	<ul style="list-style-type: none"> Suppliers have signed the "Supplier Sustainability Declaration," achieving a 100% signing rate Key suppliers (those with a single or cumulative transaction amount of NTD 1.5 million or more in the previous year) have participated in the "Supplier Sustainable Development Self-Assessment Questionnaire Survey" conducted by Mega Financial Holding Key suppliers have participated in the ESG supplier conference organized by Mega Financial Holding Received the "Excellence Performance in Green Procurement for Enterprises" award from Taipei City Government's Environmental Protection Department 	<ul style="list-style-type: none"> All suppliers are required to sign the "Supplier Sustainability Declaration", with a 100% signing rate Key suppliers participate in the "Supplier Sustainability Self-Evaluation Survey" conducted by Mega Financial Holding Key suppliers participate in at least one ESG communication meeting 	<ul style="list-style-type: none"> Continue to align with the government's green procurement plan, give priority to green products and services, and raise annual green procurement to 3.5% All suppliers are required to sign the "Supplier Sustainability Declaration", with a 100% signing rate Key suppliers continuously participate in the "Supplier Sustainability Self-Evaluation Survey" conducted by Mega Financial Holding Regularly communicate with suppliers regarding ESG-related issues through joint supplier conferences

Pillars of Mega Financial Group's Strategies

Corresponding SDGs

Refine digital technology to promote sustainable finance



Corresponding material topics presented in the Chung Kuo Insurance Sustainability Report	Chung Kuo Insurance's Promotional Strategies	Promotional Status for Chung Kuo Insurance In 2023	Chung Kuo Insurance's Short-term Goals By 2024	Chung Kuo Insurance's Medium and Long-term Goals By 2029
Information security management	Strengthen information security and personal data protection systems and response procedures. Introduce international standards for information security management and obtain certification	<ul style="list-style-type: none"> Conducted two social engineering simulations, with employee testing coverage reaching 100% All employees have completed 2 sessions of awareness promotion and educational training on information security, achieving a 100% completion rate We have maintained the effectiveness of certificate for the ISO 27001 Information Security Management System standard and the ISO 27701 Privacy Information Management System 	<ul style="list-style-type: none"> Ensure zero incidents of information security breaches and personal data leaks Conduct at least two social engineering simulations with employee testing coverage reaching 100% Conduct at least one comprehensive cybersecurity awareness and education training for all employees, with a completion rate of 100% Complete the expanded verification of the systems and departments covered by the ISO 27001:2013 Information Security Management System standards 	<ul style="list-style-type: none"> To ensure zero incidents of data leakage in the future To achieve 100% completion rate for cybersecurity awareness and education training for all employees Complete the update of the ISO 27001:2022 Information Security Management System standards

2.2 Sustainability Visions and Strategies

Chung Kuo Insurance's Sustainability Strategic Goals

Pillars of Mega Financial Group's Strategies

Corresponding SDGs

Refine digital technology to promote sustainable finance



Corresponding material topics presented in the Chung Kuo Insurance Sustainability Report	Chung Kuo Insurance's Promotional Strategies	Promotional Status for Chung Kuo Insurance In 2023	Chung Kuo Insurance's Short-term Goals By 2024	Chung Kuo Insurance's Medium and Long-term Goals By 2029
Customer relations	Conduct customer satisfaction surveys and strengthen service quality	<ul style="list-style-type: none"> We conducted customer satisfaction surveys for motor insurance and health/accident insurance claims, and achieved an overall satisfaction score of 91.2% 	<ul style="list-style-type: none"> To conduct customer satisfaction surveys at least once, with the target of achieving an overall satisfaction score of 86% 	<ul style="list-style-type: none"> Continue to conduct customer satisfaction surveys and improve the satisfaction score over the years Continue to strengthen employees' understanding of product suitability (Know Your Product, KYP) and customer risk
	Increase the number of training hours for customer relationship management	<ul style="list-style-type: none"> Our employees completed more than 6,608 hours of training for treating customers fairly, with an average of 8 hours of training per employee and a 100% completion rate 	<ul style="list-style-type: none"> To conducted a total of 6 hours of training for treating customers fairly 	<ul style="list-style-type: none"> Improve the implementation of the "Principles for Fair Customer Treatment in the Financial Services Industry" and aim to be ranked in the top

Pillars of Mega Financial Group's Strategies

Corresponding SDGs

Strengthen talent development and implement employee care



Corresponding material topics presented in the Chung Kuo Insurance Sustainability Report	Chung Kuo Insurance's Promotional Strategies	Promotional Status for Chung Kuo Insurance In 2023	Chung Kuo Insurance's Short-term Goals By 2024	Chung Kuo Insurance's Medium and Long-term Goals By 2029
Happy Workplace	Manage employee absenteeism to ensure workforce stability and track employees' attendance status	<ul style="list-style-type: none"> Our absenteeism rate came to 0.928% 	<ul style="list-style-type: none"> To achieve an absenteeism rate not exceeding 0.56% 	<ul style="list-style-type: none"> Continue to implement Employee Assistance Program (EAP) Establish maternity and paternity leave days that are superior to the legal requirements (Know Your customer, KYC) and implement responsible marketing principles
	Conduct regular health and safety seminars or training, as well as health promotion activities	<ul style="list-style-type: none"> We provided health check-up subsidies for a total of 525 employees, with subsidies exceeding NTD 3.17 million Organized 4 health seminars We hosted 4 on-site health services, benefiting a total of 14 individuals through health consultations 	<ul style="list-style-type: none"> Conduct at least 2 health promotion or on-site consultation events every year 	<ul style="list-style-type: none"> Continue to provide various subsidy programs to employees, including health check-up subsidies, marriage, and childbirth allowances 25% Organize at least 14 health seminars or related health promotion activities
Talent Attraction	Control the average turnover rate to ensure that the turnover of talents is within a reasonable range	<ul style="list-style-type: none"> Total turnover rate came to 8.96% Voluntary turnover rate came to 8.35% 	<ul style="list-style-type: none"> Achieve a total turnover rate not exceeding 8.13% Achieve a voluntary turnover rate not exceeding 4.93% 	<ul style="list-style-type: none"> Create a pleasant and friendly workplace with comfortable office spaces, provide smooth and trustworthy internal communication channels, and offer diverse and comprehensive benefits Encourage internal recruitment for slash career and establish an internal recruitment and transfer system

2.2 Sustainability Visions and Strategies

Chung Kuo Insurance's Sustainability Strategic Goals

Pillars of Mega Financial Group's Strategies

Corresponding SDGs

Strengthen talent development and implement employee care



Corresponding material topics presented in the Chung Kuo Insurance Sustainability Report	Chung Kuo Insurance's Promotional Strategies	Promotional Status for Chung Kuo Insurance In 2023	Chung Kuo Insurance's Short-term Goals By 2024	Chung Kuo Insurance's Medium and Long-term Goals By 2029
Talent Development	Continue to organize employee training programs	<ul style="list-style-type: none"> On average, each employee received approximately 49.6 hours of training, amounting to a total training time of 38,485 hours All employees participated in our ESG education training, with 100% completion rate 	<ul style="list-style-type: none"> Each employee receives an average of 40 hours of training Each company shall conduct at least one ESG-related course with a completion rate of 90% and administer at least one ESG awareness test to employees after the course 	<ul style="list-style-type: none"> Through organizing various forms of educational training, competition activities, and industry-academia collaborations, we aim to cultivate professionals in various financial fields (including financial technology, information security, ESG and so forth) Encourage employees to obtain certifications or pass qualification exams while continuing to provide relevant subsidies to enhance their career competitiveness
	Encourage employees to take finance-related professional certifications or qualification examinations, and continue to provide related subsidies	<ul style="list-style-type: none"> We offered subsidies for professional insurance certifications to 41 employees, totaling NTD 360,000 	<ul style="list-style-type: none"> We will continue to provide subsidies for financial-related professional certifications or qualification exams 	<ul style="list-style-type: none"> Increase employee education and training hours so as to achieve an average of 50 training hours per employee per year. In addition, we will strive for a 100% completion rate for annual ESG training for all employees 25% We will incorporate ESG (such as occupational safety, privacy incidents, etc.) as factors in employee's individual performance evaluations

Pillars of Mega Financial Group's Strategies

Corresponding SDGs

Strictly abide by ethical management and implement corporate governance



Corresponding material topics presented in the Chung Kuo Insurance Sustainability Report	Chung Kuo Insurance's Promotional Strategies	Promotional Status for Chung Kuo Insurance In 2023	Chung Kuo Insurance's Short-term Goals By 2024	Chung Kuo Insurance's Medium and Long-term Goals By 2029
Ethical management	Regularly conduct education and training on ethical management to enhance employees' moral awareness of honesty and integrity	<ul style="list-style-type: none"> A total of 826 employees completed our annual integrity management education and training, achieving a 100% completion rate 	<ul style="list-style-type: none"> Conduct one ethical management educational training with a completion rate of 95% for all employees and one ethical management educational training for overseas business units 	<ul style="list-style-type: none"> Conduct ethical management educational training, with an annual completion rate of 100% for all employees
	Establish an integrity culture from top to bottom, shaping the concepts, values, and behaviors of integrity management and treating customers fairly	<ul style="list-style-type: none"> All directors and senior management have signed the 'Integrity Management Policy Declaration' 	<ul style="list-style-type: none"> All directors and senior management have signed the "Integrity Management Policy Declaration" 	<ul style="list-style-type: none"> Incorporate employees' performance in ethical management into annual performance appraisals and establish a reward and punishment mechanism linked to their remuneration
Legal compliance	Implement legal compliance education and training to enhance employees' understanding of legal compliance	<ul style="list-style-type: none"> All compliance personnel have completed the required hours of legal education and training A total of 828 employees have received legal compliance education and training, with a total training duration of 2,139 hours 	<ul style="list-style-type: none"> Compliance officers and their supervisors shall complete the required education and training hours and participate in at least one additional compliance-related training course 	<ul style="list-style-type: none"> The compliance officers shall complete education and training hours exceeding the legal requirements for compliance Regularly participate in the Group's compliance manager meetings held by Mega Financial Holding

2.2 Sustainability Visions and Strategies

Chung Kuo Insurance's Sustainability Strategic Goals

Pillars of Mega Financial Group's Strategies

Corresponding SDGs

Strictly abide by ethical management and implement corporate governance



Corresponding material topics presented in the Chung Kuo Insurance Sustainability Report	Chung Kuo Insurance's Promotional Strategies	Promotional Status for Chung Kuo Insurance In 2023	Chung Kuo Insurance's Short-term Goals By 2024	Chung Kuo Insurance's Medium and Long-term Goals By 2029
Legal compliance	Implement legal compliance education and training to enhance employees' understanding of legal compliance	<ul style="list-style-type: none"> All compliance personnel have completed the required hours of legal education and training A total of 828 employees have received legal compliance education and training, with a total training duration of 2,139 hours 	<ul style="list-style-type: none"> Compliance officers and their supervisors shall complete the required education and training hours and participate in at least one additional compliance-related training course 	<ul style="list-style-type: none"> Participate in quarterly meetings of the Group's penalty case corrective task force held by Mega Financial Holding, establish a mechanism for improvement and tracking of compliance Present two additional important compliance issues to Mega Financial Holding's Audit Committee and Board of Directors each year Continuously strengthen the legal compliance culture, improve reporting channels and systems, and maintain a transparent corporate culture with sound management
	Establish a culture of compliance from top to bottom and supervise the implementation of compliance throughout the Group	<ul style="list-style-type: none"> Attended 4 group compliance manager meetings with a 100% attendance rate 	<ul style="list-style-type: none"> Participate in at least 4 group compliance manager meetings and compliance committee meetings. Conduct briefings on industry penalty cases during compliance manager education and training sessions on a quarterly basis 	

Pillars of Mega Financial Group's Strategies

Corresponding SDGs

Strictly abide by ethical management and implement corporate governance



Corresponding material topics presented in the Chung Kuo Insurance Sustainability Report	Chung Kuo Insurance's Promotional Strategies	Promotional Status for Chung Kuo Insurance In 2023	Chung Kuo Insurance's Short-term Goals By 2024	Chung Kuo Insurance's Medium and Long-term Goals By 2029
Legal compliance	Strengthen the effectiveness of the whistleblower system	<ul style="list-style-type: none"> No whistleblower cases have been received 	<ul style="list-style-type: none"> Report to Mega Financial Holding on the number and types of cases handled through external and internal whistleblower channels every six months to ensure the protection of whistleblowers 	
Corporate Governance	Ensure directors keep abreast of international trends in corporate governance and the latest changes in domestic regulations	<ul style="list-style-type: none"> Each board member has received an average of 16.38 hours of training 	<ul style="list-style-type: none"> Provide diverse training courses for directors from time to time New directors shall complete at least 12 hours of continuing education, while directors continuing in their roles shall complete at least 6 hours of continuing education, including minimum of 3 hours in ESG-related courses 	<ul style="list-style-type: none"> Conduct the performance evaluation of the Board of Directors every year and report the results to the Board of Directors
	Strengthen professional training for corporate governance-related personnel and enhance support for directors	<ul style="list-style-type: none"> The Corporate Governance Officer has completed corporate governance courses exceeding the legal requirements in terms of training hours. Total training duration reached 20.5 hours in 2023 	<ul style="list-style-type: none"> All Corporate Governance Officers complete courses related to corporate governance for at least 18 hours 	<ul style="list-style-type: none"> Continue to increase the number of female directors and aim to achieve at least 30% female representation

2.2

Sustainability
Visions and Strategies

Chung Kuo Insurance's Sustainability
Strategic Goals

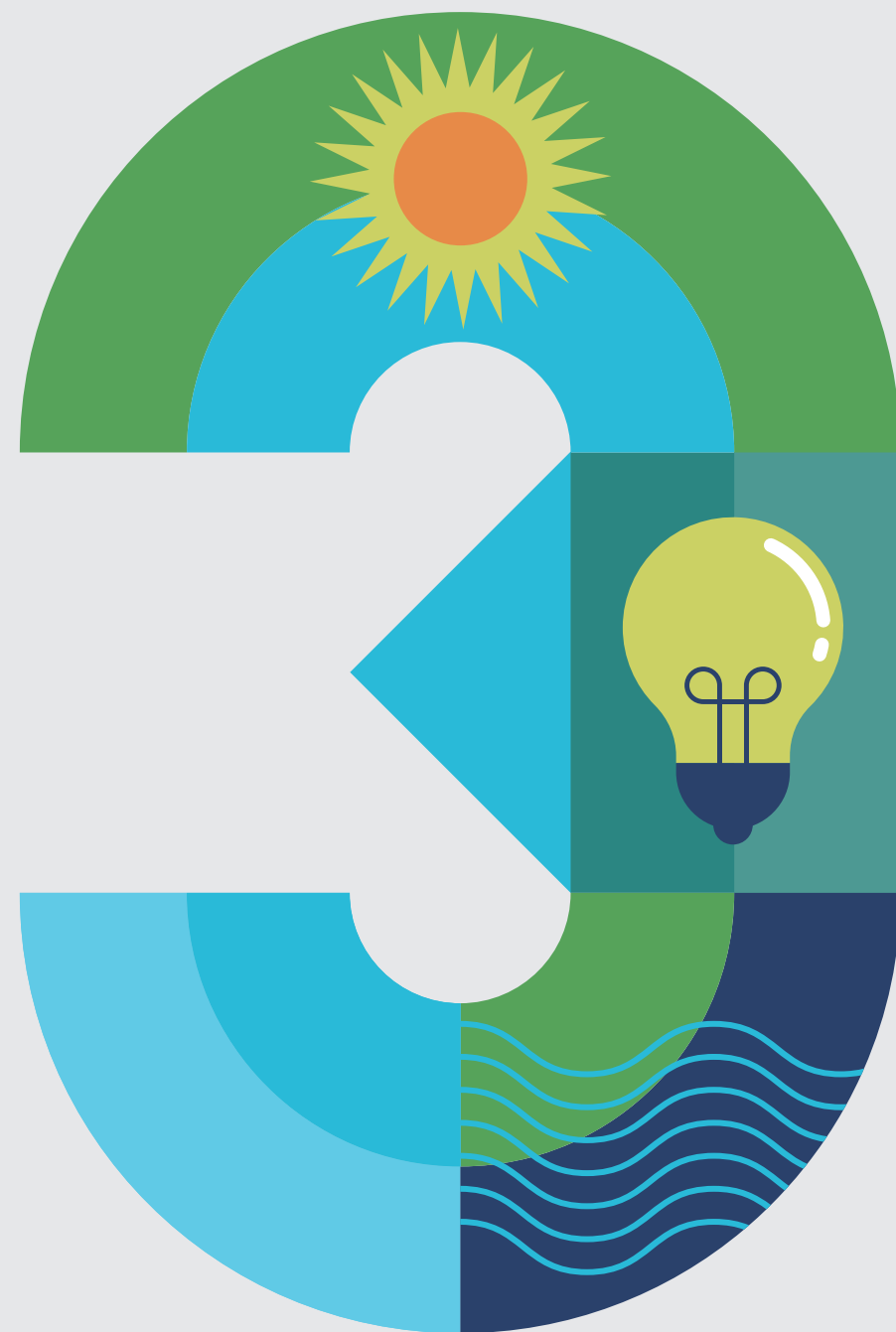
Pillars of Mega Financial Group's Strategies

Corresponding SDGs

Strictly abide by ethical management and implement corporate governance



Corresponding material topics presented in the Chung Kuo Insurance Sustainability Report	Chung Kuo Insurance's Promotional Strategies	Promotional Status for Chung Kuo Insurance In 2023	Chung Kuo Insurance's Short-term Goals By 2024	Chung Kuo Insurance's Medium and Long-term Goals By 2029
Risk Management	Strengthen the identification and management of climate change risks	<ul style="list-style-type: none">In line with Mega Financial Holding, we have adopted a group-consistent approach and conducted regular identification of climate change risks and opportunities. In addition to the inventory of climate-related risks and opportunities that impact the group, we have also further identified climate risks and opportunities related to Chung Kuo Insurance and formulated response measures accordingly	<ul style="list-style-type: none">Conduct carbon inventories and plan mitigation and adaptation actions in line with the Science Based Targets Initiative (SBTi) goals adopted by Mega Financial Holding	<ul style="list-style-type: none">Continue to cooperate with the Group's carbon reduction strategies and action plans
Economic Performance	Effective management over the generation and distribution of economic values	<ul style="list-style-type: none">Our overall premium revenue has increased by 7.19% compared to the previous year. Marine hull insurance (with a 19.36% market share) ranked first; residential fire insurance (with a 10.26% market share) and aviation insurance (with a 11.63% market share) ranked third; and commercial fire insurance (with a 9.93% market share) ranked fourth.	<ul style="list-style-type: none">Ensure stable revenue growth, regularly review financial standing, and honestly report financial performance	<ul style="list-style-type: none">Disclose the generation and distribution of economic value through public information and maintain stable revenue growth



Environmental Sustainability

3.1	Climate Action	040
3.2	Green Operations	072
3.3	Sustainable Procurement	080
3.4	Natural Ecologies	088

Corresponding
SDGs



Corresponding
material topic

Climate action, Risk management

Corresponding
GRI topic

- GRI 201: Economic Performance
- GRI 203: Direct Economic Impact
- GRI 305: Emissions

Stakeholders to
prioritize reading

- Employees/Union
- Shareholders/Investors
- Policy holders
- Suppliers

3.1 Climate Action

3.1.1 Climate Change Governance

Mega Financial Holding Co. has signed the Task Force on Climate-related Financial Disclosures (TCFD) from 2020 to demonstrate its commitment to disclosing climate-related information in accordance with the TCFD framework. Chung Kuo Insurance is a wholly-owned subsidiary of Mega Financial Holding Company and it also follows “Guidelines for Financial Disclosure of Climate-Related Risks of Insurance Enterprise” and the TCFD framework to manage climate-related issues. The highest governing body for climate change-related matters is the Board of Directors. To ensure effective implementation of relevant policies and handle identification and management of climate risks and opportunities, relevant implementations are carried out by its Risk Management Committee and the Sustainable Development ESG Implementation Task Force.

Chung Kuo Insurance’s Climate Change-Related Governance Framework

Board of Directors

- The highest governing body for climate change-related issues, responsible for overseeing and reviewing policies and management systems regarding climate-related risks

Risk Management Room

- Regularly identify climate risks and opportunities, and formulate management countermeasures and goals based on these results
- Regularly monitor climate-related risks and report to the Risk Management Committee quarterly
- Disclose TCFD climate-related financial disclosures annually

Sustainable Development ESG Implementation Task Force

- The Task Force, led by the President, consists of sub-teams focused on various aspects such as corporate governance, sustainable finance, employee care, environmental sustainability, and social co-prosperity. The relevant units responsible for each domain are tasked with implementing the climate management measures specific to their respective sub-teams.
- The Task Force meets at least once per quarter and presents the implementation status of sustainability

Risk Management Committee

- The committee is led by an independent director serving as the convener, and its members consist of the President, Executive Vice President, Assistant vice president, and heads of various departments in the Company
- The committee convenes quarterly to ensure the identification and management of climate change risks and opportunities. The committee is responsible for guiding all company units in regularly identifying climate change risks and presenting periodic reports to the Board of Directors, ensuring their understanding and oversight of relevant risk issues

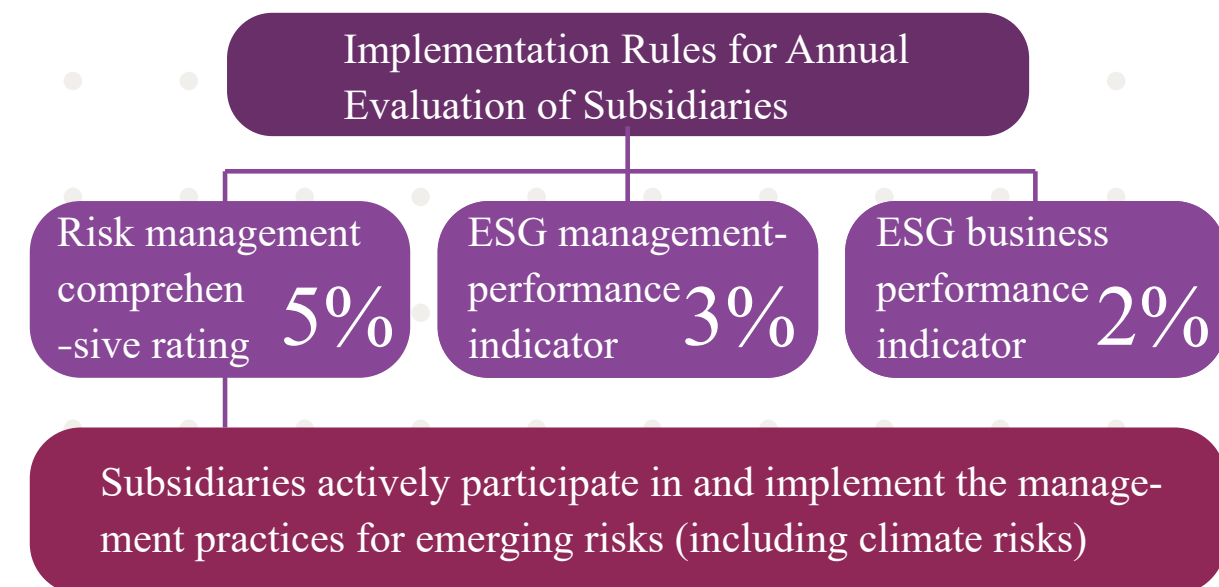
3.1 Climate Action

3.1.1 Climate Change Governance

Climate Performance Connection Mechanism

In its "Sustainability Practices Guidelines," Mega Financial Holding Group has clearly outlined the integration of remuneration policies and employee performance evaluations with sustainable development policies. The preparation of sustainability reports, climate risk management, and corporate governance have been included in the evaluation of project management. The evaluation results shall be submitted to the head for approval. Additionally, the results shall be linked to the annual performance bonus and account for at least 10%. To expand the scope of climate change performance-linked assessments, in addition to the existing project assessment items, Mega Financial Group revised its "Annual Assessment Implementation Rules for Subsidiaries" and "Risk Management Assessment Method for Subsidiaries." These revisions incorporated ESG business and management performance indicators (including the achievement status of goals in greenhouse gases, energy consumption, renewable energy, etc.) as crucial considerations for adjusting the bonuses and remuneration of subsidiary chairpersons and presidents. In 2023, the weight of climate change-related performance evaluation indicators increased to 3% for ESG management performance indicator, 2% for ESG business performance indicator, and 5% for risk management comprehensive rating.

Climate Performance Connection Mechanism



In addition, Chung Kuo Insurance has also formulated the "Guidelines for Performance Assessment" to include the investment business activities and each unit's ESG participation in the performance assessment criteria. This aims to further enhance ESG management performance and review performance achievements. In the future, we will continue to cooperate with Mega Financial Holding to proactively promote the connection mechanism between senior executives' performance and sustainability performance, integrating ESG dimensions and climate-related performance into the assessment metrics for senior executives.

Climate-Related Education and Training

Chung Kuo Insurance is committed to sustainable development and continues to conduct education and training on environmental protection, climate change and TCFD, social responsibility, and corporate governance, focusing on ESG-related issues. In addition, we have been encouraging our employees to participate in these initiatives. In 2023, all 826 employees of Chung Kuo Insurance participated in climate-related education and training, achieving a completion rate of 100%. In the future, we will continue to conduct training on sustainability-related issues such as climate change and ESG to ensure ongoing awareness and understanding.

3.1 Climate Action

3.1.2 Climate Change Strategy

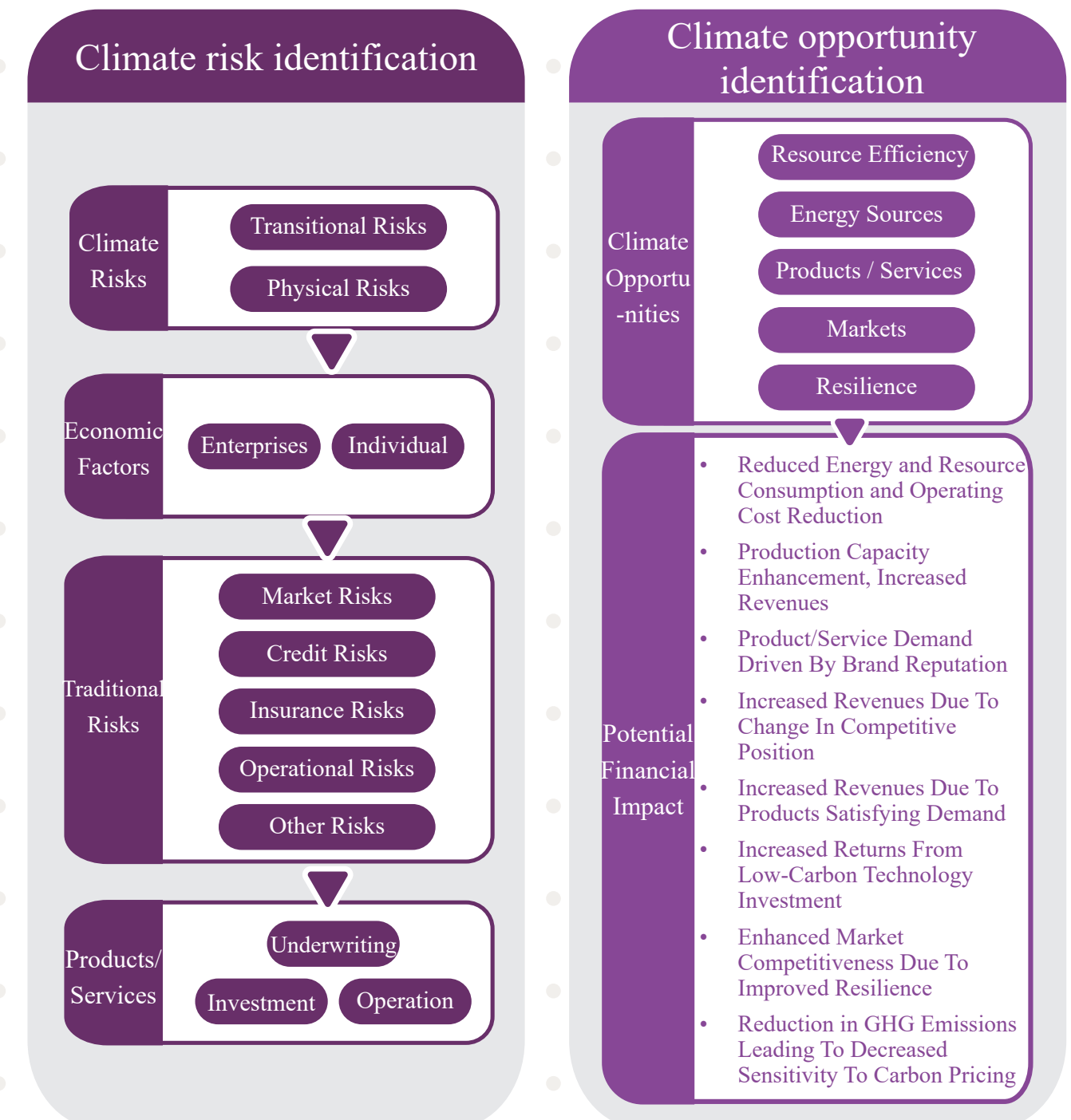
Climate Risks and Opportunities Identification

- To understand the impact of climate change on Chung Kuo Insurance, the Company follows the "Climate Risk Management Guidelines" and considers the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), as well as domestic and international climate change research reports and climate risk assessment reports from reinsurance companies. In coordination with Mega Financial Holding, we conduct regular identification of climate change risks and opportunities to assess the types of climate-related risks and opportunities that may affect Mega Financial Holding and its subsidiaries, including Chung Kuo Insurance. For example, extreme weather events such as typhoons and floods can increase the frequency and severity of risks, leading to a decrease in the value of real estate for individuals and businesses. This can impact the financial health of individuals and companies and potentially result in higher loss frequencies and magnitudes for insured assets, leading to financial losses for the Company. According to the "Recommendations of Climate-related Financial Disclosures," the main climate-related risks and opportunities that organizations should consider are as follows:

Outcomes of Climate Risks and Opportunities

- Chung Kuo Insurance aligns with Mega Financial Holding in the implementation of a consistent approach throughout the group. In addition to evaluating the influence of physical and transitional risks on existing financial risks, the Company also identifies opportunities in climate-related businesses. By assessing the "degree of impact" and "likelihood of occurrence," we have created a climate risk and opportunity matrix, which prioritizes their respective significance. This matrix considers the potential financial effects on Chung Insurance under different climate scenarios. Chung Kuo Insurance has compiled 11 climate-related risk issues and 10 climate-related opportunity issues. These issues are quantitatively analyzed and managed by multiplying the "degree of impact" and "likelihood of occurrence" to prioritize their significance.

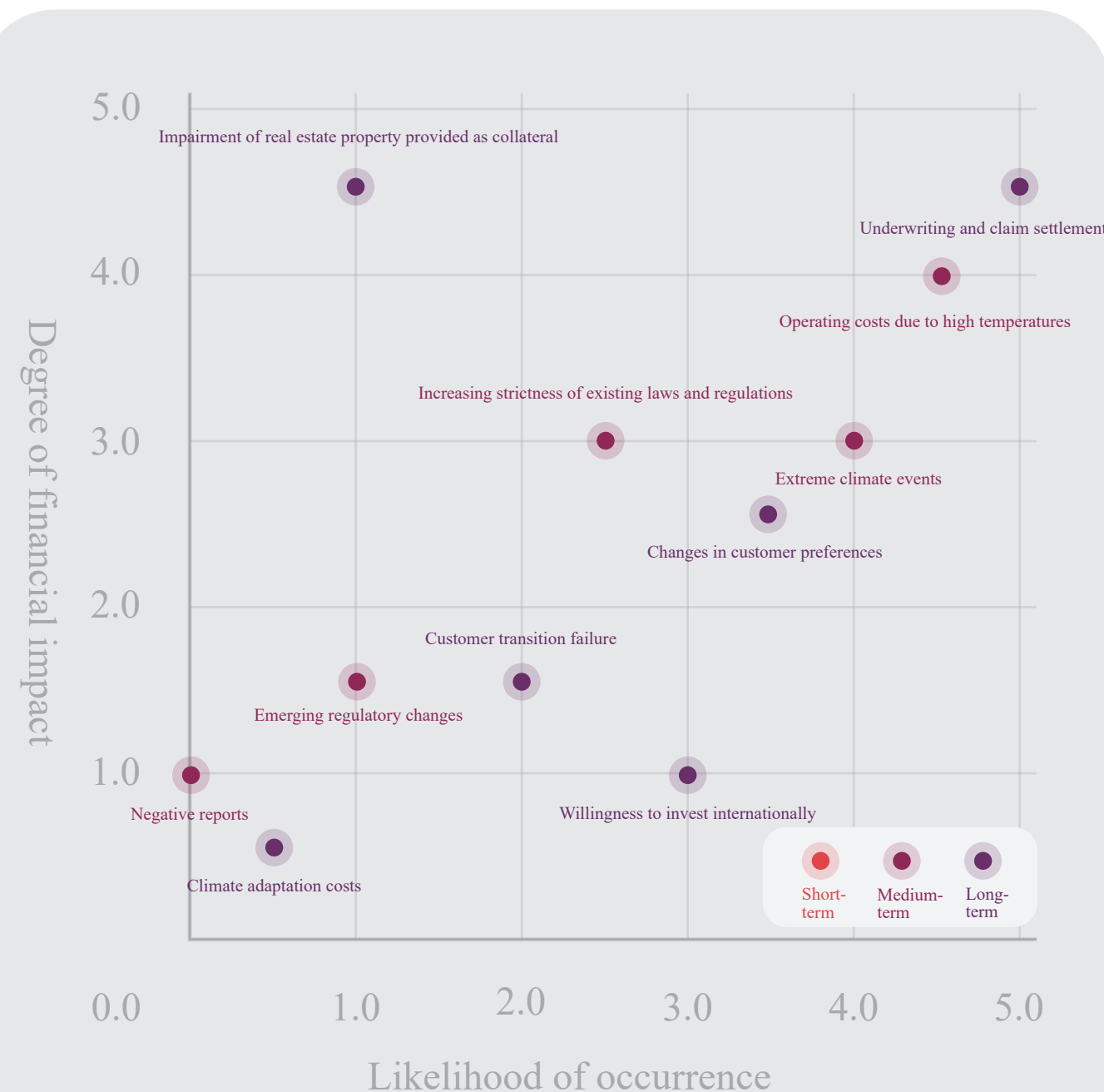
Climate Risks and Opportunities Identification



3.1 Climate Action

3.1.2 Climate Change Strategy

Climate Risk Matrix



Climate Risk Matrix

Top 3 climate risks and corresponding response

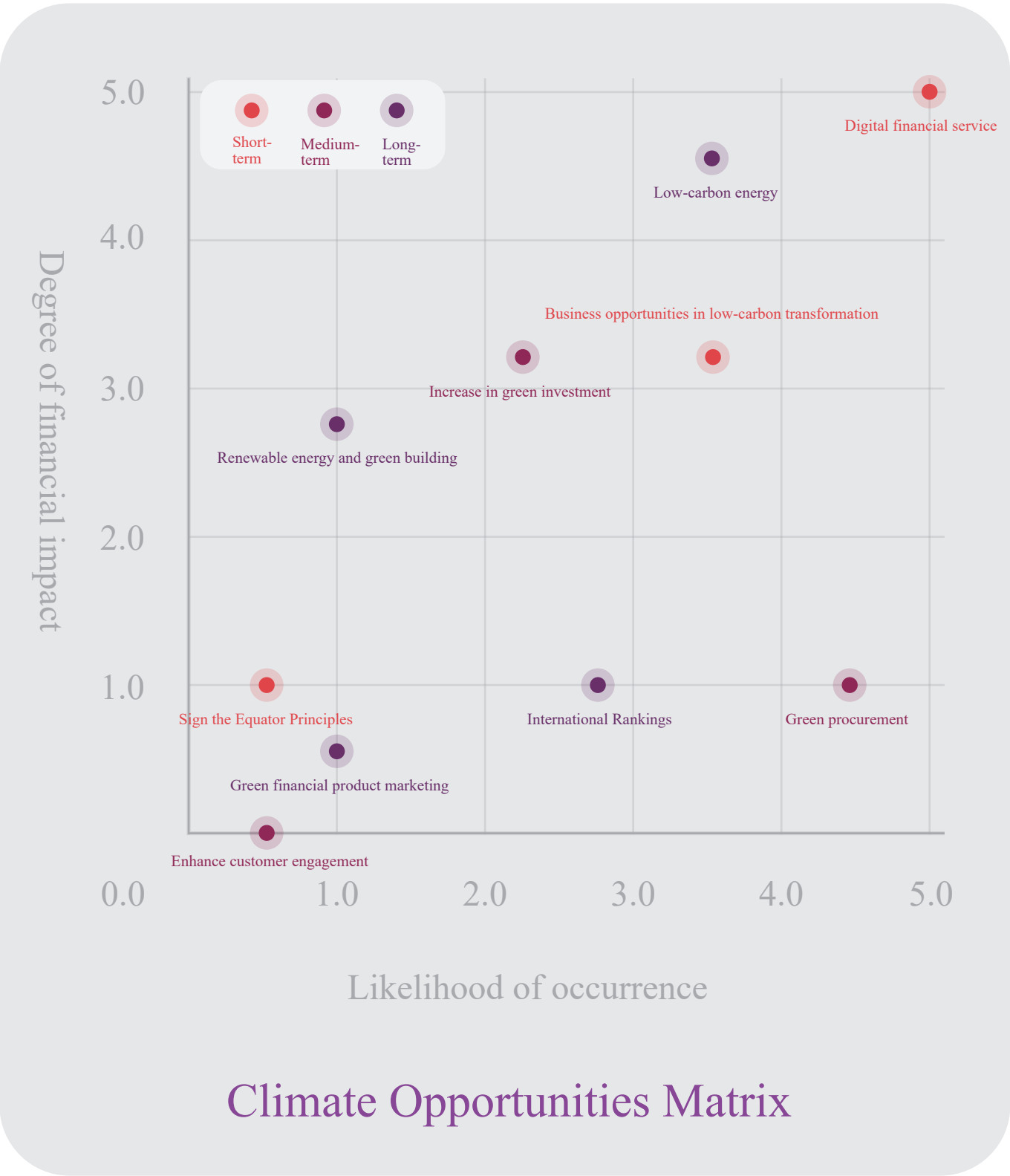
Ranking	Classification	Factor	Time frame	Risk description	Potential financial impact	Response measure
1	Physical Risks	Underwriting and claim settlement	Long-term	Climate change leading to rising sea levels may cause damage to policyholders' properties, resulting in an increase in claim amounts	Increase in claim amounts will lead to decrease in profitability	<ul style="list-style-type: none"> Incorporate climate change risk assessment in our underwriting and policy issuance processes and evaluate the feasibility of adjusting rate models based on the outcomes of relevant assessments Review our reinsurance policies and enhance our monitoring of catastrophic risk exposure and loss simulations
2	Physical Risks	Operating costs due to high temperatures	Long-term	As climate change intensifies and global average temperatures continue to rise, it may lead to an increase in electricity prices in the future. Moreover, as the Company's major energy consumption is attributed to air conditioning, rising temperatures will lead to increased demand for air conditioning, which will result in a significant increase in our operating costs.	Increased operating costs	<ul style="list-style-type: none"> Promote energy-saving and carbon reduction measures to transition towards low-carbon operations The group's buildings shall gradually adopt renewable energy and green building practices to cope with the impacts of climate change and rising temperatures Formulate energy-saving plans to reduce non-essential energy consumption during operational
3	Physical Risks	Extreme climate events	Medium-term	Climate change could lead to extreme weather events, resulting in asset losses for the Company and its customers	Property loss	<ul style="list-style-type: none"> Conduct climate information inventory to monitor the exposure to extreme weather risks for both the Company and the insured parties. This will allow us to proactively respond and be prepared in advance

Note: Short-term refers to within 1 year (including), medium-term refers to above 1 year and up to 5 years (including), and long-term refers to over 5 years.

3.1 Climate Action

3.1.2 Climate Change Strategy

Climate Opportunities Matrix



Top 3 climate opportunities and corresponding response measures

Ranking	Classification	Factor	Time frame	Opportunity description	Potential financial impact	Response measure
1	Products and services	Digital financial service	Short-term	Offer digital financial services such as online insurance transactions and electronic forms to reduce paper usage, enhance efficiency, and streamline business processes	Reduced operating costs and increased revenue	<ul style="list-style-type: none">Expand the functionality of our online services and optimize our digital service system.Adjust our traditional business model to promote paperless and online financial services
2	Energy	Low-carbon energy	Long-term	Use low-carbon energy to reduce carbon emissions, such as increasing the ratio of electric vehicles or hybrid cars in our fleet	Reduced operating costs	<ul style="list-style-type: none">In 2023, we purchased a total of 4 company vehicles, including 3 hybrid cars, with a target achievement rate of 107.14%We have signed power supply contracts for green power wheeling with green power plants. In 2023, the consumption of green power wheeling totaled 114,286 kWh, with a green power utilization rate of approximately 10.90%. Our goal is for our headquarters building to use over 60% green energy annually by 2024 and for all our domestic operating locations to use 100% renewable energy by 2030.
3	Resilience	Business opportunities in low-carbon transformation	Short-term	Prioritize the procurement of equipment with environmental and energy-saving labels to reduce office energy consumption and lower operational energy costs	Reduced operating costs	<ul style="list-style-type: none">Replace high-energy-consuming equipment to reduce energy consumption and actively transition to water-saving equipment and energy-efficient lightingEstablish "Supplier Sustainable Development Management Guidelines" to assist suppliers in promoting environmental, social, and governance sustainable development practicesAll suppliers are required to sign the "Supplier Sustainability Declaration"In 2023, the amount of green procurement reached 9.5% of our total procurement amount for the year

Note: Short-term refers to within 1 year (including), medium-term refers to above 1 year up to 5 years (including), and long-term refers to over 5 years.

3.1 Climate Action

3.1.2
Climate Change
Strategy

Climate Operation Strategy and Measurement Indicators

Chung Kuo Insurance collaborates with Mega Holding to adopt the strategic focus of "Commitment to achieving net-zero emissions and Fulfilling environmental sustainability." The policy centers on the United Nations Sustainable Development Goals (SDGs). In response, we proactively take four major climate action strategies: "green procurement," "green operations," "green insurance," and "green investment." Based on the identification of climate change risks and opportunities at the group and company levels, Chung Kuo Insurance is implementing the following strategies:

Green Strategy	Mitigation and Adaptation	Measurement Indicators	
		Sustainable Performance in 2023	Target for 2024
Green procurement	<p>Chung Kuo Insurance places a strong emphasis on green procurement when dealing with suppliers. Chung Kuo Insurance adheres to Article 3 of the "Sustainability Policy of Mega Financial Group," which states that "The Group should implement responsible procurement, assess the impact of procurement activities on the environment and society, and collaborate with suppliers to exert sustainable influence," and Article 4, which states, "To prioritize green procurement and utilize products from vendors with environmental certifications." Moreover, according to Article 15 of the "Sustainable Development Best Practice Principles of Mega Financial Holding Co., Ltd.," priority shall be given to purchasing environmentally beneficial products to ensure responsible procurement management.</p> <p>In 2019, Chung Kuo Insurance established its "Supplier Sustainable Development Management Guidelines" to assist suppliers in promoting environmental, social, and governance sustainable development practices, thereby fulfilling the objective of sustainable corporate development. Before engaging in transactions, Chung Kuo Insurance shall assess whether the supplier has previous record of negative impact on the environment and society to avoid dealing with suppliers that may violate the aforementioned guidelines.</p>	<ul style="list-style-type: none">With regards to the purchasing of company vehicles, Mega Financial Holdings aimed to have oil-electric hybrid vehicles or electric vehicles account for 70% of the total number of official vehicles in the company fleet purchased in 2023. Meanwhile, Chung Kuo Insurance purchased 4 official vehicles in 2023, including 3 hybrid vehicles, achieving a rate of 107.14% of the target.In 2023, the amount of Chung Kuo Insurance's green procurement reached 9.5% of our total procurement amount for the year100% of suppliers contracted with Chung Kuo Insurance have signed the "Supplier Sustainability Declaration"Chung Kuo Insurance arranged for its key suppliers to participate in the ESG supplier conference organized by Mega Financial Holding	<ul style="list-style-type: none">Raise the composition of electric or hybrid vehicles in the corporate fleet to 80% for the yearRaise the ratio of green procurement to our annual total procurement to 2.5%All suppliers are required to sign the "Supplier Sustainability Declaration", with a 100% signing rateIn Q3, Mega Financial Holdings shall conduct a "Supplier Sustainable Development Self-Assessment Questionnaire Survey" for key suppliers (those with a single or cumulative transaction amount of NTD 1.5 million or more in the previous year)During the Q4, Mega Financial Holdings shall conduct or invite key suppliers to participate in at least one ESG communication meeting

Green Strategy	Mitigation and Adaptation	Measurement Indicators	
		Sustainable Performance in 2023	Target for 2024
Green operations	<p>Low-carbon operation is a vital principle in the operation of Chung Kuo Insurance. Since 2023, Mega Group has adopted the Science Based Targets initiative requirements to set greenhouse gas emissions reduction targets for Scope 1+2 emissions. With 2022 as the base year, the target is "to achieve a 42% reduction by 2030 and reach net-zero emissions by the year 2050", with a 5.25% year-on-year reduction target.</p> <p>Mega Financial Group plans to obtain Green Building Labels for 20 of its self-owned operating locations by 2030 and to ensure that all newly constructed buildings receive this certification.</p>	<ul style="list-style-type: none">In 2023, Mega Financial Group organized lectures on "Climate Change and Net-Zero Emissions," achieving a 100% participation and completion rate among our employees.All our domestic and international operating locations have completed the "ISO 14064-1 Greenhouse Gas Inventory" process and obtain third-party verification certificatesChung Kuo Insurance has completed the implementation and verification of the "ISO 14001 Environmental Management System" in 12 operating locations in northern TaiwanChung Kuo Insurance has completed the "ISO 50001 Energy Management System" recertification for its headquarters building.In 2023, Taoyuan Branch obtained the Diamond-level Green Building Label.We have signed power supply contracts for green power wheeling with green power plants. In 2023, the consumption of green power wheeling totaled 114,286 kWh, with a green power utilization rate of approximately 10.90%.	<ul style="list-style-type: none">In 2024, Chung Kuo Insurance's employees shall complete at least 3 hours of education and training on ESG issues, achieving a completion rate of 90%, as well as the ESG awareness test after class.By Q2, all our domestic and international operating locations shall undergo the "ISO 14064-1 Greenhouse Gas Inventory" process and obtain third-party verification certificatesBy 2024, the implementation and certification of "ISO14001 Environmental Management System" shall be completed for 30 domestic operation locationsBy Q4, the recertification of the "ISO 50001 Energy Management System" for the headquarters building shall be processedBy Q4, our headquarters shall utilize 60% or higher green energy in our energy consumption profile

3.1 Climate Action

3.1.2 Climate Change Strategy

Green Strategy	Mitigation and Adaptation	Measurement Indicators	
		Sustainable Performance in 2023	Target for 2024
Green insurance	Chung Kuo Insurance is committed to implementing sustainable development by adopting the United Nations Environment Programme's (UNEP) Principles for Sustainable Insurance (PSI). Through identifying, assessing, managing, and monitoring environmental sustainability, social responsibility, and corporate governance risks and opportunities, the company aims to reduce risks, enhance operational efficiency, and develop innovative action plans to promote the concept of sustainable development in insurance products and services. In accordance with the provisions of Article 4, Paragraph 1, Item 1 of the "Sustainable Finance Policy," the "Guidelines for Sustainable Insurance Practices" have been formulated on December 13, 2021.	<ul style="list-style-type: none">Develop green insurance and assist farmers in adapting to climate change. In 2023, our premium from persimmon insurance policies reached NTD 1.53 million, exceeding our target of NTD 800,000.In 2023, our premium from micro insurance policies reached NTD 1.53 million, exceeding our target of NTD 800,000.We offer insurance products with green energy-related clauses or coverage for solar power, off-site wind power operators, eco-friendly vehicles, or home green energy upgrades. Our total premium income from these products amounted to NTD 170,635 thousand.	<ul style="list-style-type: none">Continuously promote various agricultural insurance and micro insurance policiesGenerate NTD 900,000 of premium income from our micro insurance policyGenerate NTD 1,000,000 of premium income from our persimmon insurance policy.Complete the carbon footprint inventory report for both offline and online insurance services.

Green Strategy	Mitigation and Adaptation	Measurement Indicators	
		Sustainable Performance in 2023	Target for 2024
Green insurance	<p>The principles of sustainable insurance are set out below:</p> <p>I. Incorporate ESG topics into the Company's decision-making process.</p> <p>II. Raise awareness of ESG topics among customers and business partners, manage risks together, and develop solutions.</p> <p>III. Collaborate with governments, regulatory agencies, and other key stakeholders to promote ESG topics, and encourage society to take action on ESG topics.</p> <p>IV. Regular disclosure of the implementation status of the principles of sustainable development in the insurance industry to demonstrate accountability and transparency of information on ESG topics.</p> <p>Chung Kuo Insurance voluntarily adheres to the Principles for Sustainable Insurance (PSI), committing to provide more comprehensive coverage to businesses, farmers, and the general public through sustainable insurance products. We continue to promote various sustainable insurance products, including comprehensive insurance for electronic equipment (for solar power operators and individuals installing solar panels for personal use), offshore wind insurance, agricultural insurance, public liability insurance with additional coverage for accidental pollution liability and so forth.</p>	<ul style="list-style-type: none">Develop green insurance and assist farmers in adapting to climate change. In 2023, our premium from persimmon insurance policies reached NTD 1.53 million, exceeding our target of NTD 800,000.In 2023, our premium from micro insurance policies reached NTD 1.53 million, exceeding our target of NTD 800,000.We offer insurance products with green energy-related clauses or coverage for solar power, off-site wind power operators, eco-friendly vehicles, or home green energy upgrades. Our total premium income from these products amounted to NTD 170,635 thousand.	<ul style="list-style-type: none">Continuously promote various agricultural insurance and micro insurance policiesGenerate NTD 900,000 of premium income from our micro insurance policyGenerate NTD 1,000,000 of premium income from our persimmon insurance policy.Complete the carbon footprint inventory report for both offline and online insurance services.

3.1 Climate Action

3.1.2 Climate Change Strategy

Green Strategy	Mitigation and Adaptation	Measurement Indicators	
		Sustainable Performance in 2023	Target for 2024
Green investment	Chung Kuo Insurance actively supports the green industry and has formulated relevant investment policies and sustainable investments. Chung Kuo Insurance's "Sustainable Investment Management Guidelines" incorporate ESG and climate factors into the Company's existing investment decision-making process. Since 2021 Q4, we have been conducting regular assessments on whether investment targets belong to the four major climate-sensitive industries and their ESG relevance to effectively manage climate-related investment risks. Additionally, a professional has been appointed to work on the amendments of the Guidelines. Through the creation of prohibited underwriting list and a high-sensitivity industry list, the Company strengthens the ESG risk management	<ul style="list-style-type: none">Before investing in equity products, the Company shall review the candidate's "Corporate Social Responsibility Report" or "Sustainability Report" and include it as one of the assessment criteria.Before investing in bond-type products, the ESG status of the issuing company shall be considered as one of the assessment criteria.The annual target for holding a total balance of NTD 190 million in green, social responsibility, or sustainable development bonds in 2023 was achieved	<ul style="list-style-type: none">We aim to invest in domestic green, social, or sustainable development bonds, with a target investment of NTD 190 million by 2025.Our goal is to invest in domestic sustainable development equities, with a target investment of NTD 300 million by 2030.At least 10% of the investment targets issue corporate responsibility reports or other relevant reports.Cooperate with Financial Holding to complete the review of SBT carbon reduction targets for Scope 3 emissions related to investment and financing. Identify the SBT status of investees and maintain a list of SBT targets.

3.1 Climate Action

3.1.2 Climate Change Strategy

Analysis of climate scenarios

Chung Kuo Insurance refers to the climate stress tests and methodologies published by various regulatory authorities in different countries, as well as the climate scenarios developed by the Intergovernmental Panel on Climate Change (IPCC) and the Network for Greening the Financial System (NGFS) established by central banks and regulatory agencies when assessing climate change risks. The Company uses the mild pathway SSP1-2.6 and the severe pathway SSP5-8.5 to simulate and compare the potential impacts on Chung Kuo Insurance under different greenhouse gas concentration scenarios in the context of physical risks. For transitional risks, we considered three pathways: orderly transition, disorderly transition, and hot house world transition. These pathways enabled us to assess the potential cost implications that the Company might face from suppliers under different scenarios and carbon risk at investment positions. Refer to the table below for the climate scenarios adopted by Chung Kuo Insurance for 2023:

Source	Description	Chosen pathway		
Intergovernmental Panel on Climate Change (IPCC)	<ul style="list-style-type: none"> Focuses on physical impacts Simulating future scenarios based on different greenhouse gas concentrations 	<ul style="list-style-type: none"> SSP1-2.6: A mild pathway, representing a low radiative forcing scenario with substantial mitigation efforts. This pathway assumes that by the end of the century, the global average temperature will increase by less than 2 degrees Celsius compared to pre-industrial levels SSP5-8.5: The stringent path with high radiative forcing and significantly high greenhouse gas emissions. This pathway assumes that by the end of the century, the global average temperature will increase by more than 4 degrees Celsius compared to pre-industrial levels 		
The central bank and supervisory agency Network for Greening the Financial System (NGFS)	Referring to the FSC's "Plan for Climate Change Scenario Analysis of Domestic Banks," we adopted the scenarios proposed by the Network for Greening the Financial System (NGFS), established by central banks and financial regulatory authorities worldwide, as the basis for macroeconomic scenario analysis. Consider the potential impacts of carbon pricing under different circumstances	Orderly transition	Below 2°C: As climate policies become increasingly stringent, the net-zero emissions are expected to be achieved after 2070.	
		Disorderly transition	Delayed transition: The level of policy activities varies by country and region. It is assumed that global annual emissions will not be reduced until 2030, and carbon dioxide removal is limited.	
		Hot house world	Current policies: Assuming that only the currently implemented policies are maintained, emissions will continue to rise, causing global warming to reach 3°C by 2080.	

Source	Description	Chosen pathway
International Energy Agency (IEA)	<ul style="list-style-type: none"> Consider the potential impacts of industrial transformation level on premiums under different circumstances 	<ul style="list-style-type: none"> Stated Policies Scenario (STEPS): Assuming that countries around the world implement current energy and climate measures, along with any concrete policies and measures being formulated, the average global temperature is expected to rise by 2.6°C by the end of the 21st century. Announced Pledges Scenario (APS): Assuming that countries around the world meet their net-zero emissions commitments as scheduled, the average global temperature is expected to rise by 2.1 °C by the end of the 21st century. Net-Zero Emissions by 2050 Scenario (NZE): Assume that global warming is limited to 1.5°C above pre-industrial levels by 2050.

Physical Risks

Through physical risk scenario analysis, we are able to evaluate the potential financial impacts that our business locations and insured positions may face in the future. The Company has constructed a climate risk simulation database and used the climate Value at Risk (VaR%) to assess potential asset value losses due to encountering physical risks in a single year. We utilized a risk model that integrates multiple physical risks, and each of these physical risks is measured based on appropriate standards to assess its impact, as shown in the table below:

Disaster	Standards and indicators to assess the impacts of the disaster
River flooding	Annual maximum 24-hour rainfall
Coastal flooding	Global sea levelrainfall
Extreme high temperatures	Annual average highest temperature
Wind erosion	Annual greatest wind speed
Ground sliding resulting from drought	Total annual rainfall
Surface flooding	Total annual rainfall

3.1 Climate Action

3.1.2 Climate Change Strategy

Physical Risks

Asset type	Financial risk	Affected business	Climate scenarios	Financial significance	Financial impact from climate scenarios in 2050					
Location of operations	Operating risk Operational Risks	Self-operation	SSP1-2.6	Minor	Chung Kuo Insurance does not have any operational facilities located in high or medium-to-high climate-sensitive areas. Estimated asset impairments for the years 2030 and 2050 are approximately NTD 1.33 million and NTD 0.70 million, respectively, with both impairment ratios being less than 0.01%					
			SSP5-8.5	Minor	Chung Kuo Insurance does not have any operational facilities located in high or medium-to-high climate-sensitive areas. Estimated asset impairments for the years 2030 and 2050 are approximately NTD 1.18 million and 1.52 million, respectively, with both impairment ratios being less than 0.01%					
	Climate sensitivity level	Climate Value at Risk (VaR%)	SSP5-8.5		SSP5-2.6					
			Number of business locations	%	Impairment ratio (%) 2030	Impairment ratio (%) 2050	Number of business locations	%	Impairment ratio (%) 2030	Impairment ratio (%) 2050
	High	> 0.01	0	-	<0.01	<0.01	0	-	<0.01	<0.01
	Medium-to-High	0.0073 0.0100	0	-			0	-		
	Medium	0.0047 0.0073	2	6.67			0	-		
	Medium-to-Low	0.0020 0.0047	4	13.33			2	6.67		
	Low	< 0.002	24	80.00			28	93.33		
	Total		30	100.00			30	100.00		
Operating risk Operational Risks	Operating expenses	SSP1-2.6	Minor	Under the warming scenarios, electricity bills for Chung Kuo Insurance’s operating locations are estimated to increase by NTD 0.13 million in 2030 and by NTD 0.23 million in 2050.						
		SSP5-8.5	Minor	Under the warming scenarios, electricity bills for Chung Kuo Insurance’s operating locations are estimated to increase by NTD 0.20 million in 2030 and by NTD 0.39 million in 2050.						

Asset type	Financial risk	Affected business	Climate scenarios	Financial significance	Financial impact from climate scenarios in 2050					
Insured positions	Insurance Risks	Property insurance products	SSP1-2.6	High	The top 30 risk exposures covered by effective policies include 20 items related to typhoon risk or flood risk. By 2030, it is expected that there will be 5 insured properties located in high climate-sensitive areas, with retained liabilities for impairment of underlying subjects amounting to approximately NTD 600.67 million. By 2050, it is expected that there will be 6 insured properties in high climate-sensitive areas, with retained liabilities for impairment of underlying subjects reaching approximately NTD 620.02 million.					
			SSP5-8.5	Material	The top 30 risk exposures covered by effective policies include 20 items related to typhoon risk or flood risk. By 2030, it is expected that there will be 5 insured properties located in high climate-sensitive areas, with retained liabilities for impairment of underlying subjects amounting to approximately NTD 600.67 million. By 2050, it is expected that there will be 10 insured properties in high climate-sensitive areas, with retained liabilities for impairment of underlying subjects reaching approximately NTD 2,649.55 million.					
	Climate sensitivity level	SSP5-8.5				SSP1-2.6				
		Retention ratio (%) 2030	Retention ratio for impairment of underlying subjects (%) 2030	Retention ratio (%) 2050	Retention ratio for impairment of underlying subjects (%) 2050	Retention ratio (%) 2030	Retention ratio for impairment of underlying subjects (%) 2030	Retention ratio (%) 2050	Retention ratio for impairment of underlying subjects (%) 2050	
		High	2.22%	10.42%	9.95%	32.92%	2.22%	9.60%	2.29%	10.23%
		Medium-to-High	0.02%	0.06%	0.59%	1.37%	0.32%	0.89%	0.32%	0.92%
		Medium	16.63%	35.71%	16.80%	25.99%	17.49%	34.60%	17.49%	35.72%
		Medium-to-Low	22.32%	33.49%	23.24%	24.60%	23.51%	32.25%	22.48%	32.00%
	Low	58.81%	20.32%	49.42%	15.12%	56.47%	22.66%	57.42%	21.14%	
	Key suppliers	Operating risk	Self-operation	SSP1-2.6 SSP5-8.5	N/A	We have no major suppliers located in high climate-sensitive areas.				
Long-Term Investments	Investment risks	Long-Term Investments	SSP1-2.6	Minor	The estimated impairment of Chung Kuo Insurance’s long-term equity investment for 2030 and 2050 is expected to amount to NTD 0.166 million, with an impairment ratio of approximately 0.01%.					
			SSP5-8.5							

3.1 Climate Action

3.1.2 Climate Change Strategy

Transitional Risks

To reduce greenhouse gas emissions, governments around the world are using carbon taxes or fees, and businesses are adopting internal carbon pricing mechanisms. By putting a price on carbon, it becomes a cost factor in decision-making, motivating both governments and businesses to reduce their greenhouse gas emissions. For upstream and downstream partners with high carbon emissions, we also develop corresponding management and engagement measures to collaboratively achieve carbon reduction targets.

With the implementation of carbon pricing leading to increased costs, suppliers may pass on the additional carbon costs to their mid/downstream partners. To gain a comprehensive understanding of the financial impact that Chung Kuo Insurance may face under this risk, we have utilized scenario analysis to quantify the risks and their effects. The Network for Greening the Financial System (NGFS), established by central banks and financial regulatory authorities worldwide, has recently released the latest climate change scenarios. These scenarios outline different potential outcomes based on varying degrees of low-carbon transition implementation and efficiency. Chung Kuo Insurance has referenced the NGFS climate change scenario framework and set up scenarios using NGFS below 2°C, delayed transition, and net-zero emissions by 2050 within the context of the entire Mega Financial Group. Through this approach, we have simulated the potential impacts of carbon cost pass-through under different scenarios, to understand the potential carbon cost transfer implications we may face. At present, the annual carbon emissions of Chung Kuo Insurance's long-term investment positions are approximately 16,999.24 metric tons of carbon dioxide equivalent, and the carbon risks under scenario modeling using Mega Financial Group's orderly transition, disorderly transition, and hot house world for 2050 are equivalent to approximately NTD 65.84 million, NTD 73.11 million, and NTD 61.76 million, respectively.

In addition, as for our business with high-carbon emission industries, Chung Kuo Insurance also analyzes their transformation status under various scenarios to estimate the potential impact on future premium income. Under the Stated Policies Scenario (STEPS), Announced Pledges Scenario (APS), and Net-Zero Emissions by 2050 Scenario (NZE) scenarios demonstrated by the International Energy Agency (IEA), premium income may be affected by impairments of NTD 162.84 million, NTD 168.55 million, and NTD 530.05 million, respectively. Based on the scenario analysis results, Chung Kuo Insurance will continue to monitor and develop corresponding management actions and response measures.

Asset type	Financial risk	Affected business	Climate scenarios	Financial significance	Financial impact from climate scenarios in 2050
Key suppliers	Operating risk	Self-operation	Disorderly transition: Delayed transition	Minor	Assuming a carbon price of USD 323.70 per metric ton, our key suppliers are expected to pass on carbon costs totaling NTD 2.40 million in 2050
			Orderly transition: Below 2°C	Minor	Assuming a carbon price of USD 387.22 per metric ton, our key suppliers are expected to pass on carbon costs totaling NTD 2.87 million in 2050
			Orderly transition: net-zero emissions by 2050	Minor	The carbon price is set at USD 938.14/metric ton. Our key suppliers will collectively pass on carbon costs of NTD 6.95 million in 2050
Long-Term Investments	Investment risks	Long-Term Investments	None Hot house world	Medium	For the company's long-term equity investments, the carbon risk exposure is estimated to account for approximately 1.36% of the net value in both 2030 and 2050.
			Disorderly transition	Medium	For Chung Kuo Insurance's long-term equity investments, carbon risk exposure is estimated to account for approximately 1.23% of the net value in 2030 and 1.61% in 2050.
			Orderly transition	Medium	For Chung Kuo Insurance's long-term equity investments, carbon risk exposure is estimated to account for approximately 1.36% of the net value in 2030 and 1.45% in 2050.
Insured positions	Insurance Risks	Property insurance products	STEPS	Medium	Chung Kuo Insurance's premium income from insured positions in high-carbon emission industry (Note) is estimated to be impaired by approximately NTD 162.84 million.
			APS	Medium	Chung Kuo Insurance's premium income from insured positions in high-carbon emission industry is estimated to be impaired by approximately NTD 168.55 million.
			NZE	High	Chung Kuo Insurance's premium income from insured positions in high-carbon emission industry is estimated to be impaired by approximately NTD 530.05 million

Note: The insured position in high-carbon emission industry refers to any insured position with premiums exceeding NTD 500,000 in commercial fire insurance.

3.1 Climate Action

3.1.2 Climate Change Strategy

Chung Kuo Insurance has conducted the scenario analysis of different climate changes to evaluate the physical risks and transitional risks, and formulates the related countermeasures as follows:

1. Emergency Response

A plan for uninterrupted operations, notification of major incidents, and an off-site backup mechanism are in place to ensure uninterrupted operations.

2. Underwriting evaluation

Based on insurance application information, construction sites, etc., and supported by the disaster potential maps and flooding potential maps published by the government or research units, the Company conducts evaluation, identifies cases of the same insurance, compiles statistics on the amount of insurance coverage for the exposed positions, and places the amount into reinsurance contracts to reduce the Company's liability. We also reinforced the underwriting of climate-related risks by setting appropriate retained amounts or payout limits. For higher-risk cases, we will arrange reinsurance to diversify the liability risks assumed by the Company. We strengthen our underwriting for typhoon and flood risks and review the optimal payout limits of reinsurance contracts for catastrophes based on market conditions to protect the company's underwriting profits. In 2023, we arranged reinsurance contracts for catastrophe excess claims to cover typhoon and flood excess claims.

3. Investment evaluation

In accordance with the Stewardship Principles for Institutional Investors, the Company determines the climate-sensitive industry attributes of investees and issues CSR reports, which are used as a reference for investment decisions. Increase the proportion of low-carbon emission industries such as AI, electric vehicles, and green energy in the investment targets.

4. Product strategy

Continue to develop climate change and green energy related insurance products, such as agricultural insurance and green energy insurance, to help customers adapt to climate change risks.

5. The Climate Risk Management Guidelines have been approved by the Board of Directors to actively promote the implementation of climate risk management.

3.1 Climate Action

3.1.3 Climate Change Management

Chung Kuo Insurance adheres to the risk management mechanism of the entire Mega Financial Holding Group, which includes adherence to the international Task Force on Climate-related Financial Disclosures (TCFD) guidelines. Additionally, we also take into account relevant policies such as Taiwan's "Green Finance 3.0 Policy" and "Climate Change Response Act," the United Nations IPCC Sixth Assessment Report, Science-Based Targets (SBT), and the national net-zero emission targets, among other latest developments. By doing so, we aim to align our goals with the United Nations Sustainable Development Goals (SDGs) and the objectives set forth in the Paris Agreement.

Climate Change Management Guidelines

Chung Kuo Insurance cooperates with Mega Financial Group to actively address climate change-related issues and incorporate them into its long-term development strategy. Indeed, the identification and management of climate-related financial risks are core elements in our response to climate change. To supervise the effectiveness of risk management mechanisms, Mega Financial Holding conducts internal risk management. This includes identifying climate-related risk types, time dimensions, impact levels, and business implications. Based on physical and transitional risks, the financial services have been evaluated for their ability to address climate-related risks. The risk management unit at Chung Kuo Insurance has formulated risk management goals, monitoring metrics, risk limits, and implementation guidelines tailored to the unique characteristics of each business unit. These measures are executed by the respective units. The risk management unit will diligently monitor business and asset-liability risks and regularly report the implementation status of risk management to the Risk Management Committee and the Board of Directors. The identification and assessment of risks will serve as the foundation for various business decisions, with climate-related factors incorporated into our business and investment processes so that we can mitigate financial risks associated with climate change.

Chung Kuo Insurance has formulated the "Risk Management Policy" to establish effective mechanisms for risk identification, measurement, monitoring, reporting, and response. It has set risk management objectives and regularly tracks the implementation progress. The Company focuses on controlling major risk sources, including market risk, credit risk, operational risk, liquidity risk, emerging risk, climate risk, reputational risk, and capital adequacy. Additionally, we collaborate with Mega Financial Holding Company to develop relevant risk management measures, such as the "Climate Risk Management Guidelines," "Sustainable Finance Policy," and the "Sustainable Investment Management Guidelines." These internal regulations focus on integrating climate risk factors into core business operations, enhancing climate-related risk management. Chung Kuo Insurance assesses climate risks, including physical and transitional risks, in accordance with the "Climate Risk Management Guidelines":

- I. Physical risks: Immediate or long-term financial impacts on assets, operations, and supply chain resulting directly or indirectly from extreme weather events such as droughts, floods, and hurricanes. The evaluation includes the degree of exposure to climate risks in the regions where domestic locations, investments held, underwriting and other assets are located in order to analyze the immediate and long-term risks and the ability to withstand them. For information on geographic climate risks, refer to information published by government agencies, research organizations or financial institutions.
- II. Transitional risks: The financial or non-financial impacts arising directly or indirectly from changes in policies, regulations, technologies, and markets in the transition to a carbon-reducing economy. We established different risk level rules to assess transitional risks as a basis for enforcing the implementation of the climate risk review and control mechanism.

Climate Risk Management Process

Chung Kuo Insurance has established the "Climate Risk Management Guidelines," which define the responsibilities of the Board of Directors and senior management in managing climate risks and outline the definition and management principles of climate risks. With regard to the climate risk management process, Chung Kuo Insurance has established appropriate climate risk management mechanisms based on the nature of its business and scale and adheres to the following process to manage climate-related risks:



3.1 Climate Action

3.1.3 Climate Change Management

To effectively implement climate risk management, Chung Kuo Insurance has established a three-line defense mechanism based on the "Practical Guidelines for the Three Lines of Defense in Insurance Industry Internal Controls" and the "Internal Control System." This mechanism is used to carry out comprehensive risk management measures. The first line of defense is responsible for identifying and managing climate-related risks. It designs and implements effective internal control procedures to cover all relevant operational activities related to such risks. The second line of defense consists of specialized units responsible for risk management and regulatory compliance. They monitor and manage climate-related risks identified in the first line, establish risk management guidelines, conduct regular reviews of risk monitoring, perform scenario analysis and stress testing, and report any anomalies to higher authorities. The third line of defense is the audit unit, ensuring the proper implementation and completeness of risk management guidelines and internal control procedures.

Additionally, in response to significant climate-related risks or special circumstances in internal assessments, Chung Kuo Insurance has established the "Guidelines for Emergency Response to Major Disasters" and the "Operating Procedures for Reporting and Handling Major Incidents." These measures are aimed at strengthening the disaster prevention and rescue system and enhancing relevant disaster prevention measures. The goal is to enable the Company to respond flexibly to major disasters, reduce damages, and swiftly restore normal operations. Additionally, the procedures for reporting and responding to major incidents are in accordance with the Insurance Industry's Internal Control and Audit System Implementation Measures, the scope of reporting major incidents in the insurance industry, the procedures to follow, the major incident operation guidelines of the financial holding company (the parent company), and other relevant laws and regulations.

Catastrophe Risk

Catastrophe risk is the most important risk in Chung Kuo Insurance's business operation. Chung Kuo Insurance has properly arranged reinsurance contracts for catastrophe excess claims by purchasing entire full amount of reinsurance coverages for earthquake excess claims of \$2.6 billion and for typhoon and flood excess claims of \$700 million. For commercial earthquake or typhoon and flood insurances and construction insurances, the combined net retained payout in excess of \$200 million can be amortized from the reinsurance contracts for catastrophe excess claims. The Company also has reinsurance contracts for fire insurance excess claims per risk unit so that the portion of the one-year commercial fire insurance net retained payout in excess of \$60 million can be amortized from the reinsurance contracts per risk unit in order to control the risk of catastrophe retained payout loss.

For climate change scenario analysis in the Own Risk and Solvency Assessment (ORSA) monitoring report, Chung Kuo Insurance assumed two scenarios for climate change: scenario (i) one severe earthquake at the 1-in-250-year level causing significant disaster in northern Taiwan (influenced regions include the Greater Taipei Area, Taoyuan, Hsinchu, and Miaoli) and scenario (ii) one severe typhoon at the 1-in-200-year level causing significant disaster across Taiwan (especially in Hualien, Taitung, and southern Taiwan). These scenarios aim to help us understand the possible opportunities and risks of climate change and develop management capabilities to address the possible impacts of climate change.

In accordance with the "Scope and Formula for Calculating Regulatory Capital and Risk Capital for the Insurance Industry," the capital adequacy of the base scenario for 2024 is estimated to be 661.72%, and the impacts on capital adequacy in the two scenarios of earthquake and typhoon flood are estimated to be 488.43% and 485.64%, respectively. The Company's capital adequacy in both scenarios meets the statutory requirement of 200%.

Countermeasures and effectiveness evaluation of insurance risk factors:

1. For product design, pricing, underwriting, reinsurance, catastrophe, claims, and reserve-related risks, underwriting and claims guidelines have been formulated based on the risk characteristics of each type of insurance, loss experience, and the Company's policy objectives, in order to effectively maintain the business quality and minimize potential risks.
2. To establish a reinsurance risk management program, the Company has established a maximum retained amount for each risk unit based on the characteristics of each risk unit and the maximum reasonable loss for each type of insurance, taking into account the Company's own risk-bearing capacity and the amount of risk that may be accumulated, etc., in order to control the exposure and the loss of exposure.
3. For the natural disaster accumulation risks for property and construction insurances, the Company provides information on natural disaster accumulation every year and appoints reinsurance brokers to conduct catastrophe risk assessment to evaluate the maximum possible loss from catastrophe risk. Based on the risk assessment results, the Company purchases reinsurance contracts for catastrophe excess claims, which is expected to control the loss of retained payout and meet the requirements of the "Complementary Measures for the Implementation of the Third Phase of the Deregulation of Property Insurance Rates".

In view of the increasing trend of climate change risks, Chung Kuo Insurance has arranged for its business units to strengthen underwriting for typhoon and flood risks and review the optimal payout limits of reinsurance contracts for catastrophes based on market conditions to protect the company's underwriting profits.

Additionally, to reinforce the underwriting of climate-related risks, we set appropriate retained amounts or payout limits. For higher-risk cases, we will arrange reinsurance to diversify the liability risks assumed by the Company.

3.1 Climate Action

3.1.3 Climate Change Management

Catastrophe Risk

Natural Disaster Risk Management

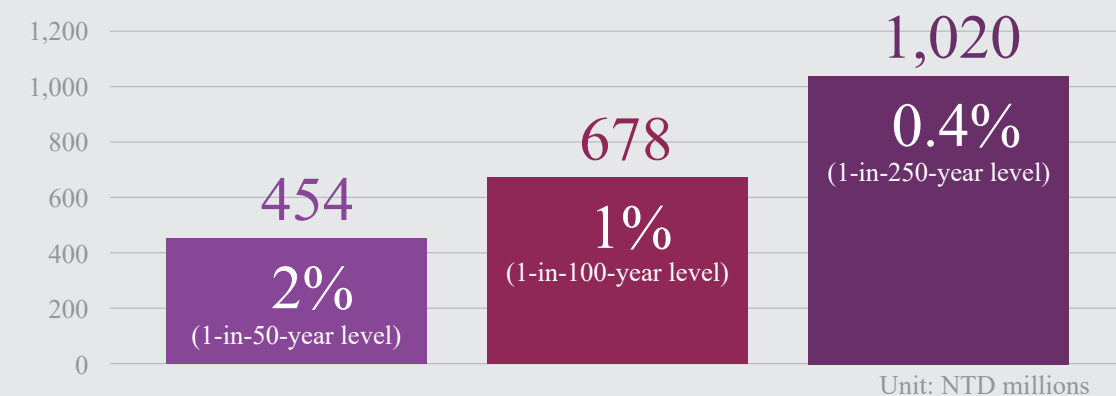
Chung Kuo Insurance's insurance claims for the typhoon floods in 2023 are as follows:

Risk Model	Insurance claims	Retained claims
Typhoon flood	257,525,341	104,013,748

Unit: NTD

Chung Kuo Insurance uses the risk model to analyze the domestic probable maximum loss, (P M L) . Based on the occurrence probability of typhoon floods, we further calculate the gross PML and the net PML for disasters with different occurrence probabilities and scale (1-in-50-year, 1-in-100-year, and 1-in-250-year). Chung Kuo Insurance has arranged appropriate reinsurance contracts for catastrophe excess claims to cover natural disaster excess claims. According to our assessment, both the gross PML and the net PML are within the Company's affordable range.

Gross Probable Maximum Loss (Gross PML)



Net probable maximum loss (Net PML)



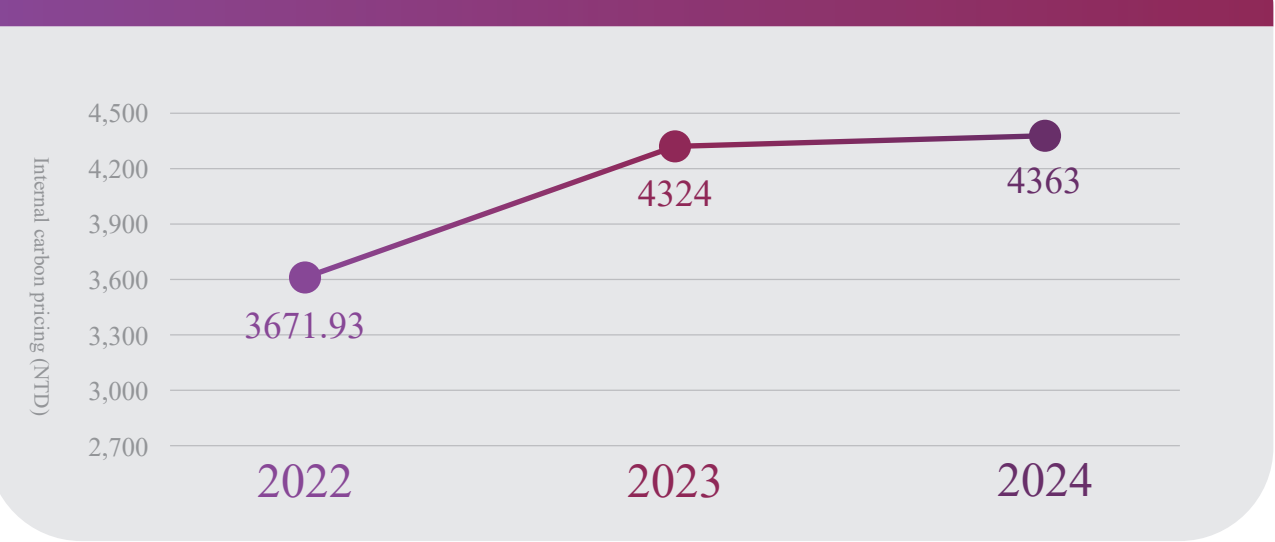
3.1 Climate Action

3.1.3
Climate Change
Management

Internal carbon pricing

Based on the Net Zero scenario (Net Zero) of the NGFS, the estimated carbon value for 2030 is about USD142 (approximately NTD 4,363) per metric ton. Mega Financial Holding implemented the "Internal Carbon Pricing (ICP)" on a trial basis, aiming to achieve its carbon reduction targets. In the future, Chung Kuo Insurance will cooperate with Mega Financial Holding and stay attentive to changes in carbon pricing

Mega Financial Holding's Internal Carbon Pricing



mechanisms both domestically and internationally to make timely adjustments. We will further expand the scope of internal carbon pricing and guide the organization in low-carbon transformation. Additionally, we will monitor global trends in carbon pricing to continuously review our internal carbon pricing, ensuring it accurately reflects external carbon costs.

3.2

Green Operations

At Chung Kuo Insurance, the Environmental Sustainability Sub-team under the Sustainable Development ESG Implementation Task Force follows the guidelines set forth in the "Sustainable Development Policy" and "Sustainable Development Best Practice Principles" of the parent company, Mega Financial Holding. The sub-team regularly collects and assesses the environmental impacts of our operational activities on the natural environment. It formulates the Company's annual work execution plan and related goals, which include climate action, green operations, sustainable procurement, and ecological conservation, among others. The Sustainable Development ESG Implementation Task Force reviews the progress towards achieving these goals on a quarterly basis to ensure effective environmental sustainability management.

Green Operation Management Guidelines

Formulate plans and objectives

The Environmental Sustainability Sub-team will formulate the work execution plan and relevant objectives

Review approved

Submitted to the Sustainable Development ESG Implementation Task Force and the Board of Directors for approval

Regular follow-up on progress

Report to the Sustainable Development ESG Implementation Task Force regularly on the status of execution and progress

Continuous improvement

Formulate improvement measures for plans that have not been achieved

Assess environmental impact

Collect and assess the environmental impact of our operational activities

3.2

Green Operations

3.2.1

International standard certifications and initiatives

Chung Kuo Insurance aligns with the policies of Mega Financial Holding and actively adopts international standard certifications and participates in assessments. Through organizing relevant educational training, the Company aims to enhance employees' awareness and expertise in environmental sustainability. By doing so, we seek to mitigate the impact of our operational activities on the environment.

History of standard adoption and future planning

Name of standard	History of adoption	Future planning
ISO 14064-1:2018 GHG inventory	<ul style="list-style-type: none">In 2016, the headquarters of Chung Kuo Insurance (Mega Building) obtained the ISO 14064: 2006 Greenhouse Gas Inventory Statement for the first timeIn 2020, the Company adopted the new version of ISO 14064: 2018 and expanded the scope to cover all 30 operating locations in Taiwan, achieving 100% greenhouse gas inventory for our Taiwan operating locationsIn 2022, the Company included overseas operating locations in the greenhouse gas inventory, achieving a 100% coverage of both domestic and overseas operating locations. Moreover, from 2020 to 2023, all greenhouse gas inventories were successfully verified and obtained verification statements	<ul style="list-style-type: none">The certification's validity shall be maintained through an annual review process
ISO 14001:2015 Environment Management System	<ul style="list-style-type: none">In 2022, the headquarters of Chung Kuo Insurance (Mega Building) obtained the certification and completed relevant verificationsIn 2023, Chung Kuo Insurance has completed the implementation and verification of the "ISO 14001 Environmental Management System" in 12 operating locations in northern Taiwan	<ul style="list-style-type: none">The certification's validity shall be maintained through an annual review processComplete the implementation in 30 domestic operating locations by 2024
ISO 50001:2018 Energy Management System	<ul style="list-style-type: none">In 2022, the headquarters of Chung Kuo Insurance (Mega Building) obtained the certification and completed relevant verificationsIn 2023, the headquarters of Chung Kuo Insurance (Mega Building) completed the recertification	<ul style="list-style-type: none">The certification's validity shall be maintained through an annual review process
Green building label	<ul style="list-style-type: none">In 2022, Chung Kuo Insurance's headquarters (Mega Building) received the Diamond-level Green Building Label from Taiwan Architecture Center after relevant assessmentIn 2023, Chung Kuo Insurance's Taoyuan Branch successfully obtained the Diamond-level Green Building Label	

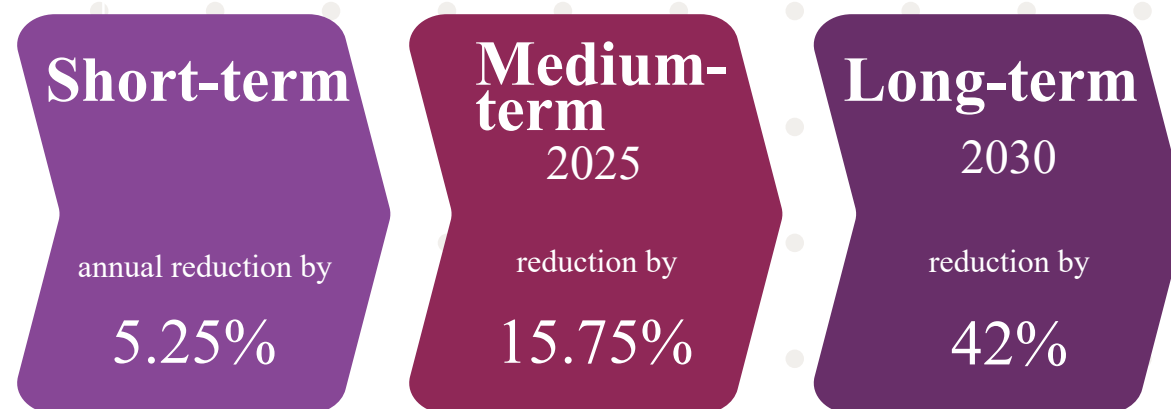
Note: For verification statements for ISO 14001, ISO 14064 and ISO 50001, please see 8.4 External independent verification statements

3.2 Green Operations

3.2.2 Energy and Greenhouse Gas Management

In response to the challenges of climate change, Mega Financial Group is supporting Taiwan's energy transition policy, focusing on the development of "clean energy with reduced coal usage, increased natural gas utilization, promotion of green energy, and a non-nuclear approach." These efforts aim to lower air pollution and implement energy conservation measures for carbon reduction. From 2023, we referred to the SBTi requirements and established targets for the Group's greenhouse gas emissions (Scope 1+2). The goals are to achieve a 42% reduction in emissions by 2030 compared to the 2022 baseline and ultimately reach net-zero emissions by 2050.

Volume of GHG emissions (Scope 1+2)



Mega Financial Group actively engages and collaborates with its investees to reduce carbon emissions in line with the global net-zero emissions target. In 2021, it voluntarily adopted the spirit of "The Partnership for Carbon Accounting Financials (PCAF)" by developing its own methodology to calculate the total carbon emissions of major investment/financing portfolios. In addition, Chung Kuo Insurance complies with the "Sustainable Finance Policy" and the "Guidelines for Sustainable Insurance Operations." By adopting the Principles for Sustainable Insurance (PSI) issued by the United Nations Environment Program (UNEP), we will include the greenhouse gas emissions of the corporations we invest in, underwrite, and provide guidance to as part of our assessment criteria. We will further analyze the carbon footprint of industries with high climate change risk, using this analysis as a tool for managing and assessing the climate change risks faced by our investment portfolios. Based on these analysis results, we will review high carbon contributors in the investment portfolio and continue to enhance customer engagement.

To go along with the Paris Agreement's goal of no more than 1.5°C warming by the end of the century, Mega Financial Holding signed the Science Based Targets Initiative (SBTi) on May 9, 2023, committing to calculate carbon emissions from its Scope 3 investments in the future with reference to the PCAF methodology to set specific carbon reduction targets and pathways, with a target of a 4.2% reduction year on year, which will be submitted for review. In response to the Mega Financial Group's net-zero vision, Chung Kuo Insurance has been gradually implementing greenhouse gas inventory since 2015. As of 2023, the inventory coverage has reached 100% of our operating locations. In line with Mega Financial Group's SBT net-zero commitment targets, we will further reduce our emissions by implementing energy-saving initiatives and incorporating renewable energy usage. Through these efforts, we aim to achieve our reduction targets and contribute to a more sustainable future.

Chung Kuo Insurance's GHG Emissions for 2023

Item	Emissions in 2023 (ton CO ₂ e)
Volume of Direct GHG emissions (Scope 1)	102.2857
Energy indirect GHG emissions (Scope 2)	843.5227
Total emissions for Scope 1+2	945.8084
Scope 1 emission intensity(ton CO ₂ e/NTD million of revenue)	0.016
Scope 2 emission intensity(ton CO ₂ e/NTD million of revenue)	0.136
Scope 1+2 emission intensity(ton CO ₂ e/NTD million of revenue)	0.153
Other indirect GHG emissions (Scope 3)- Business travel-	8.2125
Other indirect GHG emissions (Scope 3) -Fuel and energy-related activities	176.2990
Other indirect GHG emissions (Scope 3) -Outsourced waste treatment	14.4048
Other indirect GHG emissions(Scope 3)-Investments	16,999.2408

Note 1: The inventory has been conducted by operational control approach

Note 2: Scope 1 and Scope 2 emissions are covered for all operating locations, while Scope 3 emissions are assessed for all domestic operating locations

Note 3: Scope 3 emissions include other indirect GHG emissions such as "business travel," "fuel and energy-related activities" (including upstream emissions of purchased electricity and gasoline), "outsourced waste treatment," and "investments."

Note 4: Global warming potentials are based on the various greenhouse gas global warming potential values from the IPCC's Sixth Assessment Report in 2021

Note 5: For our locations in Taiwan, greenhouse gas emission coefficients from "Ministry of Environment Greenhouse Gas Emission Coefficients Management Table 6.0.4" are used. For the energy-related emissions at our Guam location, coefficients are adopted from the "ARCHIVED 2023 GHG Emission Factors Hub" published by the EPA of United States

Note 6: For electricity-related emissions, our Taiwan locations used the carbon emission coefficients announced by the Energy Administration, Ministry of Economic Affairs. For our Guam location, the US Average coefficients from the "ARCHIVED 2023 GHG Emission Factors Hub" published by the EPA of United States

Note 7: The greenhouse gas emission coefficients for Scope 3 are adopted from various sources, including Taiwan High-Speed Rail, Mandarin Airlines, ICAO Carbon Emissions Calculator, and the Ministry of Environment. The analysis of emissions from our investment position is based on the publicly available greenhouse gas inventory results of investees.

Note 8: The calculated greenhouse gas types include CO₂, CH₄, N₂O, and HFCs

Note 9: The external verification unit is DNV Business Assurance Co., Ltd. (DNV)

3.2

Green Operations

3.2.2

Energy and Greenhouse Gas Management

Chung Kuo Insurance's Energy Consumptions for 2023

Energy type	Unit of usage	Volume of usage	Energy consumption (GJ)
Electricity provided by Taipower	kWh	1,699.5865	6.1185
Green power wheeling	kWh	114.286	0.4114
Gasoline	kL	22.4636	0.7335
Total energy consumption (GJ)			10.966
Per Capita Energy Consumption (GJ/Number of Employees)			0.01328
Energy Intensity (GJ/NTD thousand of Revenue)			0.00000176

Note 1: The data scope of energy consumption includes all operating locations.

Note 2: The conversion factor for calorific values of electricity is 1 kWh = 0.0036 GJ. The energy consumption conversion factors (calorific values) are based on the "Energy Product Unit Calorific Value Table (2018 Edition)" published by the Bureau of Energy, Ministry of Economic Affairs. For automotive gasoline, the value is 7800 kcal/liter, and for diesel, it is 8400 kcal/liter. Each kcal is calculated as 4.186 joules.

Note 3: The Company does not produce or sell energy; therefore, the values for electricity, heating, cooling, and steam sales are all 0.

In order to achieve our net-zero goal, we have signed power supply contracts with green power plants. In 2023, the green power transmitted through Taipower's grid totaled 114,286 kWh, with a green power utilization rate of approximately 10.90%. We have gradually increased the green power utilization rate at our headquarters. By 2024, green power will account for more than 60% of the annual energy consumption at our headquarters. Our goal is to have all domestic operating locations using 100% renewable energy by 2030 and all global operating locations using 100% renewable energy by 2050. At the same time, we replaced our company vehicles with hybrid vehicles. In 2023, the achievement rate for the procurement of hybrid vehicles reached 107.14%.

3.2

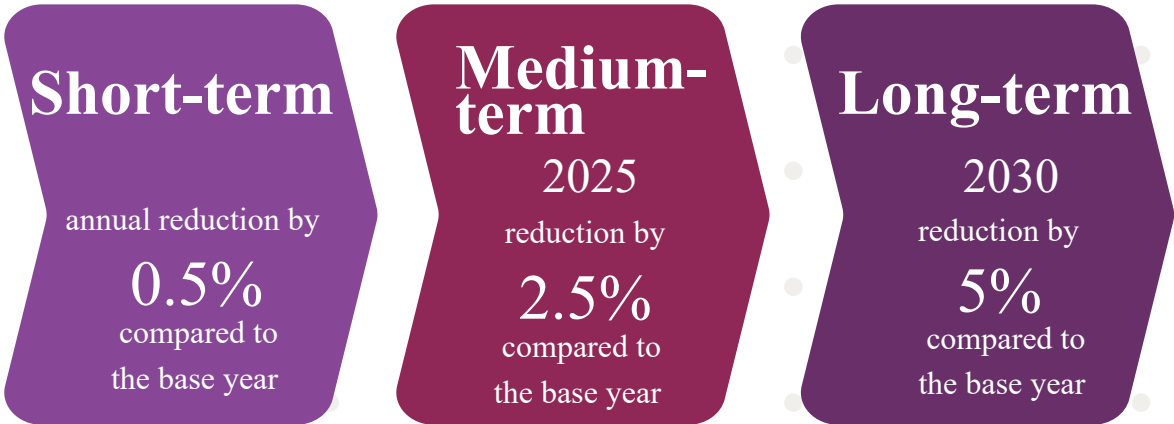
Green Operations

3.2.3

Water Resource Management

Belonging to the financial service sector, Chung Kuo Insurance uses water primarily for everyday living purposes. However, in order to further conserve water resources, Chung Kuo Insurance follows Mega Financial Group's sustainable development blueprint and has set water-saving goals with 2020 as the base year:

Water consumption



In an effort to achieve our water-saving goals, the Company has been promoting the importance of conserving water resources to employees through various channels at all operating locations. The Company prioritizes the purchase and replacement of equipment with water-saving labels (such as sensor-activated faucets and dual-flush toilets). In 2023, Chung Kuo Insurance's water intake increased by approximately 0.25% compared to 2022.

Chung Kuo Insurance's Water Intake for the Past Four Years(Unit: million liters)

Item	Classification	2020	2021	2022	2023
Water withdrawal	Water from 3rd party (Tap water company)	10.470	11.120	11.948	11.978
Per capita water consumption		0.013186	0.013970	0.013470	0.014572

Note 1: The total water consumption data is based on water bill records from the billing months. For units without water bill records, the per capita water usage for the year 2023 has been estimated. The data covers our domestic operating locations, where water is primarily used for employees' daily needs and cooling and air conditioning purposes.

Note 2: All water used comes from the government's tap water supply, which is freshwater (≤1,000 mg/L total dissolved solids). There is no extraction of groundwater or other water sources. Used wastewater is discharged into the sewage system.

Note 3: According to the Water Risk Atlas developed by the World Resources Institute (WRI), an analysis of Chung Kuo Insurance's operating locations in Taiwan indicates that they are all situated in areas with a Low-Medium level of water resource stress, signifying a low risk.

Note 4: Since the water fee is included in the office rental at the Guam Representative Office of Chung Kuo Insurance, its water consumption cannot be calculated independently.

3.2 Green Operations

3.2.4 Waste Management

As a financial service company, Chung Kuo Insurance does not engage in the production of physical goods. Its operational processes also do not generate harmful waste. All waste is entrusted to qualified cleaning companies for proper disposal. Recyclable waste is sent to certified recycling facilities, while non-recyclable waste is primarily disposed of through incineration.

In order to promote resource recycling, waste classification, and recycling, Chung Kuo Insurance adheres to the sustainable development blueprint of Chung Kuo Financial Group. The waste reduction targets have been set with 2020 as a reference:

Total Waste Volume

Short-term

2023
reduction by
2%
compared to
the base year

Medium-term

2025
reduction by
5%
compared to
the base year

Long-term

2030
reduction by
10%
compared to
the base year

Since 2018, Chung Kuo Insurance has been implementing a waste reduction plan specifically targeting the main source of waste – office garbage. Office garbage is categorized into general waste and recyclable waste. The Company has taken measures such as "eliminating personal garbage bins" and there are no personal garbage can, general waste, resource recycle and food waste bins are set up at fixed locations on each floor to remind employees to adhere to daily waste reduction policies in their daily lives. In 2021, we gave each employee a 90th anniversary mug to encourage employees to use non-disposable food and beverage containers. In addition, Chung Kuo Insurance also proactively promotes a paperless initiative. This includes allowing meeting participants to download meeting materials on their own and not providing paper cups or bottled water and meals. Instead, employees are encouraged to bring their own cups. Furthermore, through various environmental protection education training and activities, Chung Kuo Insurance has been conducting periodic promotions of waste reduction management measures to employees, building management staff, and cleaning companies. In 2023, Chung Kuo Insurance successfully reduced the amount of waste from its self-owned buildings by approximately 9.06% compared to 2020, reaching its waste reduction goal.

Chung Kuo Insurance's Volume of Waste for the Past Four Years(Unit: metric tons)

Item		2020	2021	2022	2023
Direct disposal	General household waste (non-recyclable)	35.140	36.050	40.352	40.229
	Food waste	-	0.925	0.837	1.145
	Total	35.140	36.975	41.189	41.374
Recyclable waste (reuse)	Paper containers, waste paper	3.140	3.130	8.787	10.617
	Metal/aluminum cans	0.008	0.007	0.257	0.228
	Plastic	0.028	0.028	1.252	1.641
	Glass	-	-	0.090	0.239
	Battery	-	-	0.016	0.010
	Fluorescent tube	-	-	0.007	0.004
	Total	3.176	3.165	10.409	12.739
Total Waste Volume		38.316	40.140	51.598	54.113

Note 1: Before 2021, the waste data only covered Chung Kuo Insurance's headquarters building, and statistics on glass, batteries, and lighting tubes were not maintained. Starting in 2022, the statistics were expanded to include waste from all domestic locations. In 2023, the statistics for our Guam Representative Office were included, and the amount of waste from our headquarters building totaled 34.844 metric tons.

Note 2: Chung Kuo Insurance's primary operational activities are office-based, and the Company does not produce any harmful waste.

Note 3: All waste is treated off-site. General household waste is incinerated, while kitchen waste is treated through incineration, used as animal feed, or composted.

3.3 Sustainable Procurement

Sustainable Procurement

Adhering to the spirit of Mega Financial Holding's "Sustainable Development Policy" and "Sustainable Development Best Practice Principles", the Company prioritizes the purchase of environmentally beneficial products and implements responsible procurement management. Chung Kuo Insurance takes the impact on ecological benefits into consideration during its operations, promotes and advocates the concept of sustainable consumption. In order to reduce our operational impact on the natural environment and human society, we adhere to the following principles:

Mega Financial Holding's Sustainable Procurement Principles

1.

Reduce the resource and energy consumption of goods and services

2.

Reduce emissions of pollutants and waste and ensure proper waste management

3.

Increase the recyclability and reusability of items

4.

Maximize the sustainable use of renewable resources

5.

Prioritize the adoption of energy-efficient and durable products

6.

Enhance the efficiency of goods and services

3.3 Sustainable Procurement

3.3.1 Value Chain Engagement

Chung Kuo Insurance belongs to the financial services industry, and its key suppliers include contractors, distributors, and consulting services. In addition, our key suppliers are all located in Taiwan. In 2023, our local procurement totaled NTD 163,829 thousand, which accounted for 100% of our total procurement. The composition of Chung Kuo Insurance's primary value chain is as follows:

Upstream suppliers	Company operation	Insurance products offered to customers
<ul style="list-style-type: none">Supplier types: service providers and equipment engineering suppliersContract types: primarily based on project contracts, with durations defined according to the content of each project	<ul style="list-style-type: none">Business activities: Chung Kuo Insurance mainly operates in property insuranceOperating locations: Chung Kuo Insurance has a total of 31 operating locations worldwide (excluding duplicate addresses)	<ul style="list-style-type: none">Customer type: policyholdersContract type: our main contract type is one-year contracts, targeting specifically on domestic customers

3.3 Sustainable Procurement

3.3.2 Supplier Management

Supplier Management

In 2022, Chung Kuo Insurance revised its "Supplier Sustainable Development Management Guidelines" to ensure effective supplier management. The guidelines stipulate that all suppliers must comply with legal requirements related to labor rights, human rights, occupational health and safety, environmental sustainability, and corporate ethics and integrity. We also utilize various online resources to conduct online inquiries and comparisons to understand whether our suppliers have record of adversely affecting the environment or society. New suppliers are required to sign the "Supplier Sustainability Declaration" when entering into contracts with Chung Kuo Insurance. This declaration includes considerations for environmental and social standards. In the event of any actions that violate the guidelines or the contents of the declaration, Chung Kuo Insurance reserves the right to terminate or dissolve the contract at any time and blacklist the supplier as a refused business partner. This policy ensures that suppliers align with sustainable and responsible practices in their operations. In 2023, all of Chung Kuo Insurance's contracted suppliers signed the "Supplier Sustainability Declaration." There were no incidents of suppliers violating regulations or the provisions stated in the above guidelines or declaration after signing the contracts.

Flow of Chung Kuo Insurance's Supplier Management



Signing of Supplier Sustainability Declaration by Chung Kuo Insurance's Suppliers in 2023

No. of contracts	(A)	85
Contract amount (NTD thousands)	(B)	140,540
No. of "Supplier Sustainability Declaration" signed	(C)	85
Contract amount for suppliers that have signed the "Supplier Sustainability Declaration" (NTD thousands)	(D)	140,540
Proportion of contract amount for suppliers that have signed the "Supplier Sustainability Declaration" (%)	(D/B)	100%
Total procurement amount (NTD thousands)	(F)	163,829
Proportion of contract amount for suppliers that have signed the "Supplier Sustainability Declaration" out of total procurement amount (%)	(D/F)	86%

Note: The signing of declaration is required for key suppliers that have entered into a purchasing contract with Chung Kuo Insurance.

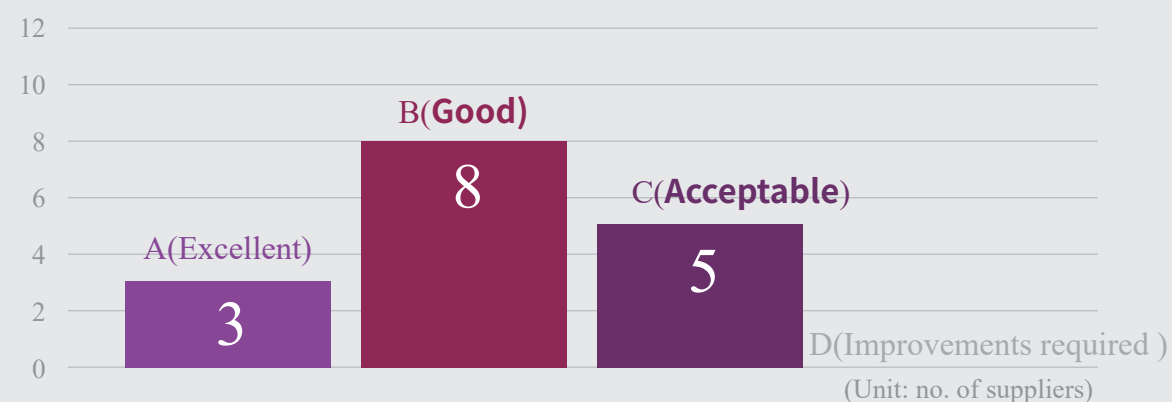
3.3 Sustainable Procurement

3.3.2 Supplier Management

Key Supplier Management

In order to strengthen supply chain management and promote the effectiveness of supplier collaboration, Chung Kuo Insurance has implemented a "Sustainable Development Self-Assessment Questionnaire Survey" mechanism for key suppliers within the Mega Financial Group. The survey targets key suppliers (those with a single transaction or cumulative transaction amount of over NTD1.5 million in the previous year) and assesses their performance in four major areas: "Labor Rights and Human Rights," "Environmental Sustainability," "Occupational Safety and Health," and "Integrity in Business." The questionnaire is distributed to the suppliers, who are then responsible for self-assessing their sustainability performance in the previous year. Based on the results, performance is graded from A to D. Based on the results from the 16 questionnaires collected in 2023, we have 3 A-grade suppliers, 8 B-grade suppliers, 5 C-grade suppliers, and 0 D-grade suppliers.

Result of Chung Kuo Insurance's Supplier Sustainability Self-Assessment Questionnaire for 2023



According to the self-assessment results, the key suppliers primarily consist of medium and small-sized enterprises. The areas that require improvement are still related to ESG information disclosure transparency and the adoption of ISO-related management systems. To address these areas for improvement, Chung Kuo Insurance is committed to assisting the group in implementing continuous education and training initiatives, as well as conducting regular communication meetings with suppliers so as to increase the coverage of sustainability-related education and training among suppliers. Additionally, we will also strive to enhance the process of questionnaire completion by means of promoting awareness of the importance of accurate and thorough responses, increasing the scope of random checks, and requesting supporting documentation when necessary.

3.3 Sustainable Procurement

3.3.3 Green Procurement

Adhering to the Group's "Green Procurement Amount reaching 2.1% of the Total Procurement Amount for the Year" target, Chung Kuo Insurance is committed to prioritizing the purchase of products that have environmental certifications or energy-saving labels. In order to realize the concept of the United Nations 2030 Sustainable Development Goals, Chung Kuo Insurance actively integrates the green concept into its procurement actions, prioritizing the use of government-recognized properties such as those with energy-saving labels, environmental protection labels, green building materials, etc. In 2023, the green procurement of Chung Kuo Insurance accounted for 9.50%, with a target achievement rate of 452.38%. Furthermore, in 2022 and 2023, Chung Kuo Insurance received the "Excellent Performance in Green Procurement for Private Enterprises and Organizations in Taipei City" award from the Taipei City Government's Environmental Protection Bureau for two consecutive years, and this achievement highlights our effective efforts in promoting green procurement practices.

Mega Financial Group's Green Procurement Principles

Information and office equipment	Light fixtures	Vehicles for official use (cars and motorcycles)	Air conditioning and electrical equipment (such as refrigerators and water dispensers)
All computer equipment purchases prioritizes products with environmental certifications or eco-labels	Old lighting fixtures have been replaced with LED lamps	The company prioritizes car models with environmental certifications and gradually increases the proportion of hybrid vehicles. In 2023, the achievement rate for replacing company vehicles with purchased hybrid vehicles reached 107.14%.	The Company selects central air conditioning chiller units with a coefficient of performance (COP) of 4 or higher and split-type air conditioners with energy-saving certification so as to ensure that refrigerants do not contain substances regulated by the Montreal Protocol. Additionally, we have chosen energy-saving certified models of water dispensers

Chung Kuo Insurance's Green Procurement for 2023 (Unit: NTD thousands)

Item		Amount
Green procurement	Type 1/2 Environmental Label	14,058
	Type 3 Environmental Label	924
	Others (i.e. carbon footprint and carbon reduction labels and so forth)	576
	Total amount of green procurement	15,558
Total purchasing amount		163,829
Ratio of green procurement (%)		9.50%

Note: We adhere to the definition of the self-declaration scope for green procurement set forth by the Ministry of Environment. We adopt various environmental certifications and eco-labels, including the Taiwan Green Mark, Type 1/2/3 Environmental Labels, Energy-saving Label, Water-saving Label, Green Building Materials Label, Carbon Footprint Label, Carbon Reduction Label, products with recognized agreements from countries that have signed mutual recognition agreements with Taiwan, ENERGY STAR, FSC, and PEFC sustainable forestry certifications, as the screening criteria for green procurement.

3.4

Natural
Ecologies

Human life is closely linked to nature. Our food, building materials, medicines, major materials for clothing and fabrics, and chemical raw materials for manufacturing industries all rely on natural resources. According to the 10-year report published by the World Economic Forum (WEF) in 2024, climate and biodiversity issues take the lead among the top 10 risks facing the world. In recent years, the global raw materials, agriculture, food, and energy have been in crisis of disruption, highlighting the importance of the economic benefits of biodiversity. The detrimental effects of global depletion of natural resources and the loss of biodiversity are already evident. Human survival is highly dependent on biodiversity. The protection of biodiversity, the maintenance of ecosystem services, and the sustainable management of biological and natural resources will become the foundation for achieving sustainable development.

3.4

Natural
Ecologies

3.4.1

Biodiversity Governance

In line with the Group, Chung Kuo Insurance follows the “Taskforce on Nature-related Financial Disclosures (TNFD)” framework to analyze the interrelation between business activities and the natural environment. According to TNFD, we classify economic activities into the four domains: land, marine, freshwater, and atmosphere, to explore the nature-related risks and opportunities arising from dependency and impact. While striving to address the risk of biodiversity loss, Mega Financial Group also actively looks for opportunities to create positive impacts, thereby promoting a sustainable development model that fosters harmonious symbiosis between mankind and nature.

Mega Financial Group’s Management Guidelines

Board of Directors	Sustainable Development	Risk Management Committee
<ul style="list-style-type: none">Highest governance body for nature-related issuesResponsible for supervising and reviewing the Group's nature-related risk policies, management systems, and capital expenditure planningUltimate responsibility for establishing and maintaining an appropriate and effective internal control system	<ul style="list-style-type: none">Responsible for policies, systems, or management guidelines related to nature-related opportunitiesFormulate and implement a promotion plan for positive impacts on natureIncorporate financial instruments into nature-related factors and assess their effects on the environment	<ul style="list-style-type: none">Control and report on issues related to nature-related risksFormulate nature-related risk management policies and regularly review the implementation resultsRegularly report the status of nature-related risk management to the Board of Directors

3.4 Natural Ecologies

3.4.2 Commitment to Biodiversity

To protect biodiversity, Mega Financial Group has formulated the "Sustainable Finance Policy" and the "ESG Sustainable Development Industry and High-Risk Industry Management Guidelines," incorporating biodiversity into its operations and business considerations. In accordance with the Group's policy and the resolutions of the Sustainable Development Committee, we adhere to the Group's commitment to biodiversity. The includes ensuring that none of our domestic and international business locations is located within locally designated nature reserves, national parks and national nature parks, wildlife protected areas, and important wildlife habitats. Additionally, the areas affected by our operating locations do not include species listed in the "IUCN Red List" and "National Conservation List." All newly added or relocated operating locations must also comply with Mega Financial Group's principles of biodiversity conservation and zero deforestation.

Mega Financial Group's Commitment to Biodiversity

Basis	Content
Sustainable Finance Policy	<ul style="list-style-type: none"> In accordance with the United Nations Convention on Biological Diversity (CBD), Chung Kuo Insurance supports green and sustainable industries or initiatives, including green building and energy-efficient systems in the construction sector, waste management and recycling, pollution control, and carbon sequestration industries. The Company also promotes sustainable practices in agriculture, forestry, fisheries, livestock, and aquaculture. Risk Framework: Chung Kuo Financial Holdings and its subsidiaries shall progressively integrate climate change, biodiversity, and other ESG-related risk factors into the risk management framework.
ESG Sustainable Development Industry and High-Risk Industry Management Guidelines	<ul style="list-style-type: none"> Establishment of Prohibited Industries or Targets: Including harmful activities that involve the use of gillnets with a length exceeding 2.5 kilometers in the fishing industry and commercial logging in primary tropical rainforests, both of which are detrimental to ecological sustainability Establishment of High-Sensitivity Industries or Targets: The Company sets investment limits on industries with high negative impacts on biodiversity, such as those that have received penalties from regulatory authorities for environmental pollution and have not made improvements, including mining and quarrying, wildlife leather and fur treatment, fur trade, etc. This is to encourage the growth of industries and economic activities that contribute to the preservation of biodiversity Establish green and sustainable development industries or targets: Specify our support for sustainable agriculture/forestry/fishing/animal husbandry industries, waste management and recycling, pollution control, and carbon sequestration industries, water resource utilization, and other related industries and economic activities that contribute to the maintenance of biodiversity.

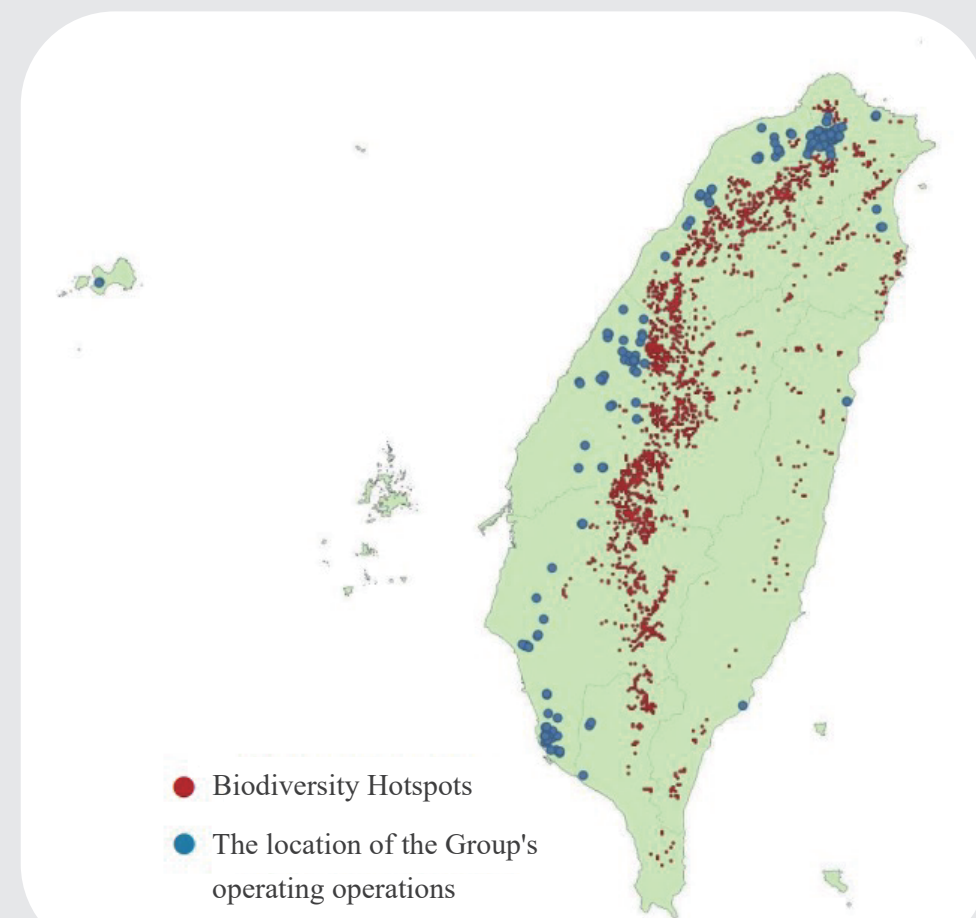
3.4 Natural Ecologies

3.4.3 Biodiversity Analysis

Analysis of Mega Financial Group's Operating Locations

Chung Kuo Insurance adheres to the biodiversity management policy of Mega Financial Group. While addressing the risks of biodiversity loss, we actively seek opportunities to create positive impacts. We aspire to incorporate biodiversity-related risks and opportunities into our strategic planning, risk management, and asset allocation decisions, starting from the core functions of the insurance industry. By helping customers find opportunities to coexist harmoniously with nature, we aim to promote a sustainable development model where humans and nature thrive together. Our goal is to guide businesses to focus on restoring the health and integrity of Earth's ecosystems.

According to the "TNFD Guidelines for Financial institutions" released in September 2023, financial institutions can play an important role in addressing biodiversity issues through loans and investments. In 2023, in accordance with the Locate, Evaluate, Assess, and Prepare (LEAP) methodology announced by TNFD, Mega Financial Group used its investment targets and its own operating locations as the evaluation subject to assess the environmental risks and opportunities it faced through the four steps: L (Locate), E (Evaluate), A (Assess), and P (Prepare). According to the assessment results, none of the 234 operating locations of Mega Financial Group (including 30 domestic operating locations of Chung Kuo Insurance) was situated in biodiversity hotspots in 2023.



Note: The assessment of biodiversity hotspots is based on the range within 500 meters of the Taiwan Ecological Network.

3.4 Natural Ecologies

3.4.3 Biodiversity Analysis

Nature-related risks and opportunities

With reference to the aforementioned assessment results and international peer trends, as well as internal discussions with relevant responsible units, Mega Financial Group conducted the following 4 potential financial impacts assessments for key nature-related risks. These will be prioritized for management considerations in the future.

Risk category	Risk factor	Mainly affected business	Potential financial impact
Transitional Risks	Policies and regulations	Investment	To protect and restore natural capital, emerging regulations and policy changes may lead to increased operating costs for customers and a higher risk of nature-related fines or litigation.
Transitional Risks	Technology Risks	Investment	The use of new technologies to reduce dependence on natural capital may lead to increased operating costs for customers.
Transitional Risks	Market Risks	Investment	Price increases arising from the scarcity of natural resources may lead to higher production costs for customers and impact their profits.
Physical Risks	Water shortage	Investment Self-operation	Locations or customers that rely heavily on water resources may experience greater impacts from water shortages, resulting in higher water purchase costs.

Mega Financial Group assessed the nature-related opportunity factors of its overall operating activities and summarized the following 3 opportunities, which will be further explained. We leverage the industrial characteristics of financial services to fulfill our responsibility for protecting biodiversity and incorporate environmental benefits into our business operations.

Opportunity factor	Mainly affected business	Opportunity description
Products and services	Investment	We promote environmentally friendly products or sustainability-linked loans to reward companies that have achieved concrete results with discounts on interest rates for their efforts in reducing negative impacts on nature
Markets	Investment	In response to recent international trends and market demand, we actively provide environment-friendly loans to create positive nature-related benefits.
Reputation	Self-operation	We actively invest in natural ecological conservation projects to enhance the positive impacts on biodiversity, which will contribute to improving the corporate image of Mega Financial Group.

3.4 Natural Ecologies

3.4.4 Protection of Biodiversity

To respond to and implement the United Nations Sustainable Development Goals (SDGs), specifically SDG 14 for conserving marine ecosystems and SDG 15 for conserving terrestrial ecosystems and biodiversity, Chung Kuo Insurance actively participates in various biodiversity conservation events organized by Mega Financial Group. These activities have been designed to lead employees and customers in joint efforts to contribute to ecological conservation.

Ecological Conservation Action	Climate adaptation	Resource sustainability	Species restoration	Habitat conservation
"Beach Cleanup and Ocean Education Activity" in Keelung				
"Taiwan Primary Forest Restoration Project" on Dadu Mountain, Taichung				
"Earth Hour" one-hour lights-off event				

Note: For other eco-conservation related products, please refer to CH4 Sustainable Insurance; for detailed information on eco-conservation actions, please see CH6 Social Co-prosperity.



Sustainable Insurance

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Corresponding
SDGs



Corresponding
material topic

Information security, customer relations

Corresponding
GRI topic

- GRI 418:customer Privacy

Stakeholders to
prioritize reading

- All stakeholders

4.1 Sustainable insurance

Chung Kuo Insurance complies with the United Nations Sustainable Development Goals (SDGs), adheres to the Sustainable Insurance Principles (PSI), the Principles for Responsible Investment (PRI), the Convention on Biological Diversity (CBD), the Institutional Investors' Stewardship Principles, and the Green Finance Action Plan, as well as the Sustainable Finance Policy established by Mega Financial Group and has formulated the "Sustainable Financial Policy of Chung Kuo Insurance Co., Ltd.". Through the five principles of sustainable finance, we fulfill our role in stabilizing society through our core business and strive to shape a positive impact on sustainable development. By practicing corporate social responsibility, enhancing financial inclusiveness, and supporting the growth and innovation of low-carbon economic industries.

Chung Kuo Insurance's Sustainable Finance Principles

Sustainable financial products/services

Seek low-carbon investment, insurance underwriting and related sustainable financial products, and actively support enterprises with environmental protection, social responsibility or sustainable governance, in order to build a sustainable society.

Operations management

Incorporate ESG topics into the decision-making process for supplier dealings, investment and insurance underwriting evaluation, and regularly review the effectiveness of ESG promotion to develop sustainable management talents and foster a sustainable corporate culture.

Sustainable values

Formulate policies and management practices that incorporate ESG / SDGs considerations based on business characteristics, promote them internally, and actively lead our customers and the community to create sustainable value

International initiatives

We actively participate in and sign various international initiatives and principles related to ESG

Risk Management

We incorporated climate change and other ESG-related risk factors into our risk management framework. We have also created specific quantitative indicators and goals

In accordance with Mega Financial Group's "Sustainable Finance Policy," Chung Kuo Insurance has established the "Guidelines for Sustainable Insurance Operations," which incorporates the Principles for Sustainable Insurance (PSI) issued by the United Nations Environment Programme (UNEP), to carry out the spirit of sustainable insurance. Through the identification, assessment, management, and monitoring of ESG risks and opportunities, we aim to reduce risks, enhance business efficiency, and develop innovative action plans. These efforts reflect our commitment to integrating sustainability principles into insurance products and services. The principles of Chung Kuo Insurance's sustainable insurance operations are set out below:

I. Incorporate ESG topics into the Company's decision-making process.

II. Raise awareness of ESG topics among customers and business partners, manage risks together, and develop solutions.

III. Collaborate with governments, regulatory agencies, and other key stakeholders to promote ESG topics, and encourage society to take action on ESG topics.

IV. Regular disclosure of the status of implementation of the principles of sustainable development in the insurance industry to demonstrate accountability and transparency of information on ESG topics.

Mega Financial Holding's Sustainable Finance Management Process



4.1 Sustainable insurance

A.Prohibited underwriting list

- Illegal products or activities that violate local laws or regulations or international conventions and agreements
- Products or activities restricted by domestic or international bans
- Entities or individuals sanctioned by competent authorities under anti-money laundering and anti-terrorism financing laws
- Engaging in activities related to the production or sale of illegal drugs, controversial weapons (such as nuclear weapons), illegal weapons and ammunition, illegal gambling (including underground and online), pornography, using gillnets with a length exceeding (inclusive) 2.5 kilometers for fishing, and commercial logging in primary tropical rainforests, all of which are harmful to both humans and the environment

B.High-sensitivity industry list

- Engaging in activities involving harmful or exploitative labor practices, environmental pollution incidents, loss of biodiversity, sustainability issues of water and marine resources, or violating principles of business integrity, even after being penalized by regulatory authorities and failing to make necessary improvements
- Mining and quarrying industries
- Wildlife leather and fur processing, fur trading
- Textile dyeing and finishing industry
- Non-medical or harmful human genetic engineering
- Manufacturing of pesticides and environmental chemicals
- Chemical products containing harmful heavy metals such as cadmium, mercury, lead, arsenic, nickel, etc., which can pose risks to human health
- High-carbon emission industry:

C.Sustainable development industry list

- Renewable energy
 - Energy technology
 - Low-carbon transportation
 - Water resource utilization
 - Sustainable building
 - GHG reduction
 - Cyclical economy
 - Smart ICT
 - Sustainable agriculture/forestry/fishing/animal husbandry industries
 - Enterprises with outstanding sustainable performance
 - Other activities involved in reducing carbon emissions, promoting circular economy, and enhancing ESG practices
- Extraction of Crude Petroleum and Natural Gas
Pulp, Paper and Paper Products Manufacturing
Petroleum and Coal Products Manufacturing
Raw Chemical Material Manufacturing
Raw Plastic Material Manufacturing
Cement Manufacturing
Basic Iron and Steel Manufacturing
Basic Aluminum Manufacturing
Electricity Supply (excluding renewable energy)

Chung Kuo Insurance's Diverse Underwriting Services

We offer a diverse range of insurance products under five major categories, including motor insurance, fire insurance, marine insurance, accident insurance and health and personal accident insurance. Each category of business is subject to appropriate asset allocation and risk management through reinsurance. The numbers of effective policy count and reinsurance policy count for each category in 2023 are as follows:

Category	Automotive insurance	Fire insurance		Marine insurance	Accident insurance	Health and personal accident insurance	
		Residential fire insurance	Commercial fire insurance			Health insurance	Accident insurance
Effective policy count	616,403	329,994	20,732	5,563	37,059	5,895	61,359
Reinsurance policy count	281,495	27,286	20,732	5,022	36,902	5,813	58,478
Reinsurance policy count	26	0	10	12	47	0	35
Total	616,429	350,736		5,575	37,106	67,289	

4.1 Sustainable insurance

Chung Kuo Insurance's Sustainable Insurance Product Coverage for 2023

Category	Description	count	Premium Revenue (Unit: NTD thousands)
Directors and supervisors liability insurance	This insurance is available for directors and supervisors of TWSE/TPEX listed companies to purchase during their term of office. It is designed to reduce and disperse the risk of major damage to shareholders resulting from business activities and to strengthen corporate governance."	86	40,655
Employee fidelity guarantee insurance	This insurance covers losses caused by employees' dishonest behavior, thereby enhancing the integrity of the society as a whole.	155	7,899
Information security insurance <small>(including information system illegal behavior insurance, e-commerce and information security liability insurance, data protection insurance, and comprehensive electronic and computer crime insurance)</small>	This insurance covers liabilities arising from the leakage of third-party information due to information security risks, as well as losses incurred by the enterprise itself due to information security risks.	9	18,489
Professional indemnity insurance for child-care personnel	This insurance provides comprehensive protection for home-based childcare providers, contributing to a warm and friendly parenting environment.	57	55

To further incorporate environmental protection and sustainable development into the design of insurance products and services, Chung Kuo Insurance has voluntarily followed the "Principles of Sustainable Insurance (PSI)" and adopted the "Green Bond Principles (GBP)" issued by the International Capital Market Association (ICMA), the "Taipei Exchange Operation Directions for Sustainable Bonds" issued by TPEX, and the definition of green insurance products by The Non-Life Insurance Association of the ROC to designs and promotes three major types of green insurance products with positive environmental benefits, including renewable energy and energy technology, low-carbon transportation, and pollution prevention. Through the development of sustainable insurance products, Chung Kuo Insurance promotes the development of a low-carbon economy and provides more protection for businesses and the public.

Chung Kuo Insurance's Green Insurance Products Underwritten in 2023

Category	Description	count	Premium Revenue (Unit: NTD thousands)
Renewable energy and energy technology	We offer insurance products with green energy-related clauses or coverage for solar power, off-site wind power operators, eco-friendly vehicles, or home green energy upgrades	254	163,052
Low-carbon transportation	We offer insurance products related to the mass rapid transit system, electric scooter battery industry, eco-friendly automobiles, and bicycle accident liability	31	637
Pollution prevention	We offer insurance products related to chemical substances or marine pollution liability	31	6,946

In order to fulfill the spirit of sustainable insurance and to avoid potential greenwashing disputes, Chung Kuo Insurance reviews and validates cases through professional sustainable insurance underwriters. In 2023, Chung Kuo Insurance employed a total of 4 renewable energy and energy technology-related insurance underwriters, 2 low-carbon transportation-related insurance underwriters, and 3 pollution prevention-related insurance underwriters.

4.1 Sustainable insurance

Chung Kuo Insurance's Sustainable Investment Business

Chung Kuo Insurance has formulated the “Sustainable Investment Management Guidelines” based on Mega Financial Group’s “Principles for Responsible Investment.” When evaluating investment targets, Chung Kuo Insurance not only considers their operating conditions, but also takes into account whether they have issued sustainability reports and whether they have any improper impacts on the public, etc. Additionally, we cooperate with Mega Financial Group to screen the investment targets to manage the overall climate change risk of the investment portfolio, as well as the proportion of investment targets within six core strategies or in sustainable development industries. In 2024, we will identify the SBT status of investees and maintain a list of SBT targets. We will proceed the engagement according to the ranking of their SBT reduction results. In the future, we will gradually adjust the proportion of our investment position based on the results of this engagement. As of June 30, 2024, the Company's SBT targets were in line with those set by Mega Financial Holding.

In 2023, Chung Kuo Insurance invested in the green energy industry and green financial products such as green bonds, including Ørsted 109-1 ordinary corporate bonds, Taipower 107-1 ordinary corporate bonds, and E.SUN Bank 110-1 ordinary financial bonds, totaling NTD 190 million.

Chung Kuo Insurance's investment in sustainable development bonds in 2023

Category	count	Investment balance at the end of 2023 Unit: NTD 10 million
Green Bonds	2	14
Sustainable Development Bonds	1	5

Chung Kuo Insurance's investment in six core strategic industries in 2023

Category	Investment balance at the end of 2023 Unit: NTD 10 million
Information and digital	-
Excellence in cybersecurity	-
Precision health in Taiwan	1.44
National defense and strategic	-
Livelihood and strategic stockpile	4.26
Green and renewable energy	4.46
Total	10.16

Sustainable Finance Training

Chung Kuo Insurance is actively participating in Mega Financial Group's internal sustainable finance talent development program. At present, in addition to providing relevant in-house educational training courses, the Company also encourages employees to engage in external seminars and courses related to sustainability, aiming to boost their expertise in this field.

Status of Chung Kuo Insurance's Sustainable Finance Training in 2023

Item	Internal training	External training
Total training duration (hours)	1,867	1,185.5
Total number of trainees	905	475
Percentage of employees who have received the training in the past 3 years	100%	

4.2 Inclusive finance

In recent years, the Financial Supervisory Commission (FSC) has been actively promoting inclusive finance. Whether in policy planning and implementation or in guiding the direction of financial market development, the efforts align with international initiatives such as the World Bank, G20, and Asia-Pacific Economic Cooperation (APEC). Chung Kuo Insurance endeavors to fulfill the requirements of both individuals and businesses by providing practical and affordable insurance products and services. In a responsible and sustainable manner, the Company seeks to achieve goals such as economic inclusivity, narrowing the wealth gap, enhancing living standards, and fostering social fairness and welfare.

Highlight of Chung Kuo Insurance's Inclusive Finance Performance in 2023

Issue of concern	Products/Services	Business performance	Social performance
Disadvantaged minority	Micro insurance	Policy premium amount NTD 1,535 thousand	Underwritten 516 policies
Farmers	Agricultural insurance	Policy premium amount NTD 1,535 thousand	Underwritten 35 policies
Foreign workers, caregivers, fishermen community	Group hospitalization health	Policy premium amount NTD 6,706 thousand	Policyholders: 132,971
Elderly citizens	Personal accident insurance for seniors	Policy premium amount NTD 2,896 thousand	Underwritten 544 policies

Micro insurance

Chung Kuo Insurance takes care of economically disadvantaged groups by offering micro-insurance, allowing them to obtain basic insurance coverage at low premiums. This helps bridge the gap left by insufficient government social insurance or social assistance mechanisms. In 2023, a total of 516 micro insurance policies were processed, with a policy premium amount of NTD 1,535 thousand, representing a growth of 16.02% compared to the previous year.

Agricultural insurance

Chung Kuo Insurance launched a parametric persimmon agricultural insurance to enhance farmers' protection and went to remote villages to publicize the contents of the insurance policy. This insurance utilizes typhoon wind speed and accumulated rainfall as the basis for claim settlement, streamlining the claims process. This enables farmers to promptly receive insurance payouts in the event of crop damage, facilitating subsequent environmental restoration efforts. In 2023, a total of 35 agricultural insurance policies were processed, with a policy premium amount of NTD 1,535 thousand, representing a growth of 24.90% compared to the previous year.

Group hospitalization health insurance (applicable for foreign workers, caregivers, and the fishermen community)

Chung Kuo Insurance extends its care and support to foreign workers, caregivers, and the fishermen community by providing group basic daily hospitalization coverage. This initiative ensures that vulnerable foreign workers have basic financial protection for medical expenses during hospitalization due to injury or illness, thereby fostering stability in labor and employer relationships while promoting social well-being. In 2023, the policy premium totaled NTD 6,706 thousand, representing a growth of 69.17% compared to the previous year. Policyholders: increased by 118,571

Item	Unit	2021	2022	2023
Group hospitalization health insurance (applicable for foreign workers, caregivers, and the fishermen community)	Policyholders (number of policyholders)	8,910	14,400	132,971
	Policy premium amount (NTD thousand)	3,123	3,964	6,706

Personal accident insurance for seniors

Chung Kuo Insurance offers comprehensive personal accident insurance plans tailored for the elderly population. The plans emphasize coverage for moderate to severe accidental disability, medical aids, and caregiving needs. This enhances the financial support capability for the middle and higher-aged elderly individuals in facing the risks of accidental disability. The senior personal accident insurance is available for individuals aged 60 to 80 years old, with the option to renew coverage up to the age of 90. In 2023, the policy premium amount for this insurance reached NTD 2,896 thousand, with a total of 544 policies issued.

Item	Unit	2021	2022	2023
Personal accident insurance for seniors	Insurance policy count (number of policies)	343	443	544
	Policy premium amount (NTD thousand)	1,629	2,337	2,896

4.2

Inclusive
finance

Bilingual Services

Chung Kuo Insurance mainly serves Chinese or English speaking customers. In order to provide better financial services to foreign language speakers, Chung Kuo Insurance has set up an official website in English to introduce Chung Kuo Insurance's business services in English. Chung Kuo Insurance also provides both English and Chinese insurance policies to protect the interests of foreign policyholders. In addition, in 2023, Chung Kuo Insurance began organizing a multilingual video translation service for new immigrants to reduce communication difficulties when processing transactions and services. This service is expected to be launched in 2024.

Hearing and Speech Impairment, Zero Distance

To provide a more friendly and heart-warming financial service environment for individuals with hearing or speech impairments, Chung Kuo Insurance has integrated digital solutions and launched the "sign language video interpretation service" and the "smart agent to real text customer service." These services aim to facilitate barrier-free communication. Multiple appointment booking channels are available to enhance the convenience and penetration rate. Currently, 13 operating locations across Taiwan offer these services to customers.

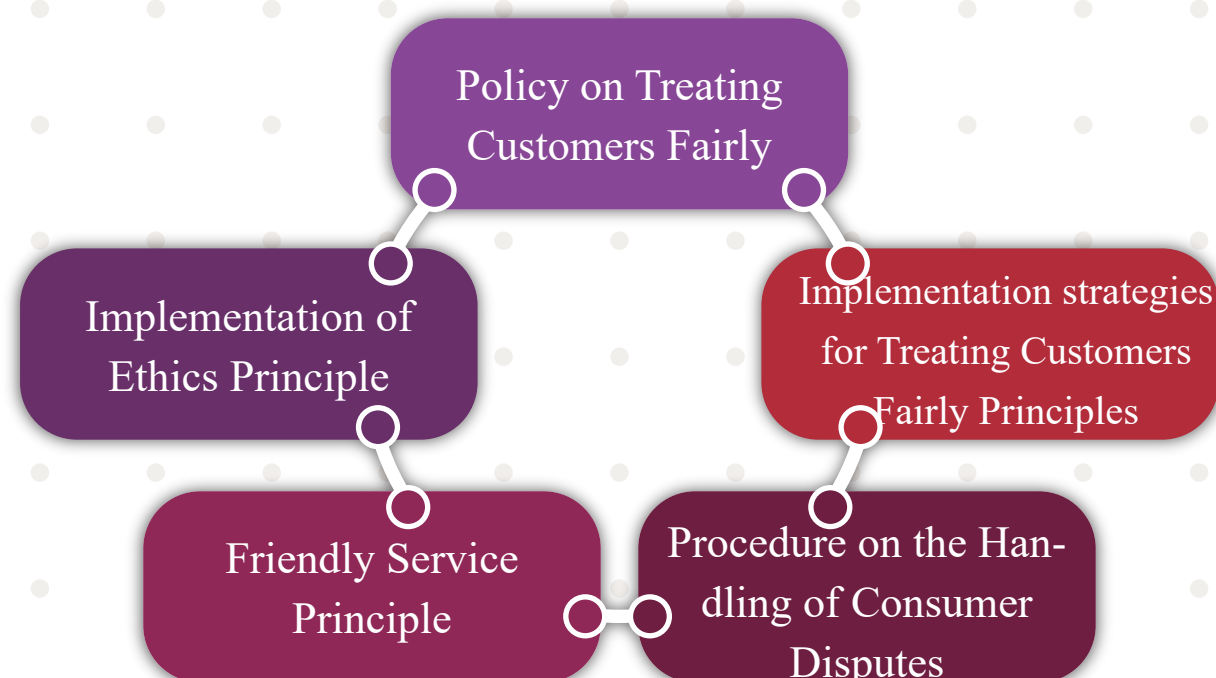
Elderly-friendly Customer Service

In order to protect the rights and interests of elderly customers, Chung Kuo Insurance will evaluate the potential impacts and various unfavorable factors affecting customers over 65 years old in the application form of product actuarial operation, in accordance with internal underwriting regulations. In order to ensure that all our employees understand the importance of elderly-friendly customer service and are able to properly treat our customers while maintaining high service quality, the Company has made elderly-friendly customer service training as a compulsory annual course in 2023. All 826 employees achieved a 100% completion rate. Chung Kuo Insurance also provides customer service in Taiwanese for customers in need.

4.3 customer relations

Treating Customers Fairly

Chung Kuo Insurance is guided by a commitment to professional finance and ethical service. Following the core principles of the Financial Supervisory Commission's "Treating Customers Fairly Principles," the company has developed the "Policy on Treating Customers Fairly" along with related strategies and implementation plans. This ensures that all employees recognize the importance of prioritizing customer interests, safeguarding customer rights, and ultimately enhancing policyholders' confidence and trust in the Company.



To effectively manage the implementation of the policy of Treating Customers Fairly, Chung Kuo Insurance has established the "Treating Customers Fairly Principles Task Force", which involves cross-departmental collaboration to ensure its proper execution. Through the working group's joint participation in discussions, communication and coordination, we promote policies and strategies related to the principle of treating customers fairly and incorporate the nine principles of treating customers fairly, including the insurance industry's guidelines for financial friendly services, into the legal compliance self-assessment and self-audit items for review. Discussions at working group meetings include whether sufficient in-person and digital services have been provided to disadvantaged groups such as the elderly or physically and mentally challenged, and how to improve and optimize existing in-person and digital services to protect customer rights and provide the most appropriate services for different groups. Furthermore, according to Chung Kuo Insurance's "Procedure on the Handling of Consumer Disputes" the Company regularly monitors the progress of consumer dispute cases on a monthly basis. The status updates are compiled and reviewed by the President and Chairman of the Board. In addition, the "Treating Customers Fairly Principles Task Force" compiles and analyzes customer complaints or consumer dispute cases, along with improvement plans, on a quarterly basis. These reports are presented during the meetings of the taskforce and reported to the Board of Directors.



Chung Kuo Insurance has established a "Financial Friendly Services Section" on its corporate website, providing disability-friendly measures in terms of the environment, products, services, communication, and information for people with disabilities.

Chung Kuo Insurance has formulated the "Notes on Financial Friendly Service Guidelines" to ensure that physically and mentally challenged customers and customers over the age of 65, can fully enjoy the basic rights, equality, and reasonable and convenient financial services, and to provide them with barrier-free financial services, in order to enhance the Company's service quality and create a friendly financial environment.

The following is a summary of relevant accessible facilities and their locations:

Name of facility	Location of facility
Accessible ramps	HQ, Chengdong Branch, Luodong Communications Office, Taipei Branch, Xinyi Branch, Keelung Communications Office, Taoyuan Branch, Hsinchu Branch, Dali Communications Office, Douliu Communications Office, Changhua Branch, Kaohsiung Branch, and Hualien Branch
Accessible service bell	Shuang-Ho Communications Office, Taichung Branch, Dali Communications Office, Douliu Communications Office, and Gangshan Communications Office
Elevator	Taichung Branch
Accessible washroom	Xinzhuang Communications Office, Xinyi Branch, and Douliu Communications Office
Accessible elevator	HQ, Xinzhuang Communications Office, Chengdong Branch, Luodong Communications Office, Xinyi Branch, Keelung Communications Office, Taoyuan Branch, Hsinchu Branch, Dali Communications Office, Changhua Branch, Douliu Communications Office, and Chiayi Communications Office
Accessible escalator	Dali Communications Office, Douliu Communications Office
Braille elevator buttons	HQ, Xinzhuang Communications Office, Chengdong Branch, Luodong Communications Office, Taipei Branch, Xinyi Branch, Keelung Communications Office, Dali Communications Office, Changhua Branch, Douliu Communications Office, and Chiayi Communications Office

4.3 customer relations

Chung Kuo Insurance is committed to enhancing the knowledge of financial practitioners in providing fair treatment to customers. Each year, the company conducts education and training related to fair treatment, offering both physical and online courses simultaneously. Physical courses are recorded and made available on the internal digital learning platform, providing employees with diverse channels and flexible learning options. This approach ensures that staff education and training are effectively implemented, reinforcing awareness of fair treatment, and enhancing customer relationships and service quality. In 2023, the treating customers fairly related education and training covered topics such as "Treating Customers Fairly Principles," "Handling Rules for Financial Consumer Disputes," "Personal Data Protection Act," "Elderly-friendly Customer Service Series," and "Code of Conduct for Employees." The overall training hours reached 6,608 hours, translating to an average of 8 hours of training per person. In addition, 17 directors, responsible persons, and senior managerial officers received training courses on financial friendliness, the Convention on the Rights of the Physically and Mentally Handicapped, and other rights and interests of the disadvantaged groups. The courses included "The Importance of Ethical Governance for Corporate Sustainability - A Discussion on the Principle of Treating Customers Fairly", "Corporate Governance Lecture (139th) - Enhancing Fair Treatment of Customers: How to Establish an Ethical Culture, Accountability Mechanisms, and Financial Friendly Mechanisms, and Case Studies", "Introduction to the Principles of Treating Customers Fairly, Introduction to Financial Consumer Protection Act and Case Sharing", "Corporate Governance Executive Refresher Course - Analysis of the Principles of Treating Customers Fairly" and "Education and Training on the Principles of Treating Customers Fairly for the Financial Services Industry", with a total of 82 hours of course time.

Responsible marketing

In recent years, the financial industry has witnessed a continuous rise in incidents of improper conduct by insurance personnel, resulting in frequent penalties imposed by the Financial Supervisory Commission. To prevent any negative impacts from occurring, Chung Kuo Insurance adheres to the guidelines set forth in Mega Financial Group's "Code of Conduct for Integrity in Business." All products and services strictly comply with relevant regulations, international standards, and the commitments outlined in "Sustainable Development Best Practice Principles of Mega Financial Holding Co., Ltd." The Company pledges to uphold principles of product responsibility and marketing ethics, ensuring the safety and transparency of its products and services to safeguard the rights and interests of stakeholders.

At the same time, the Company has also been actively conducting relevant employee education and training. In 2023, we enhanced awareness of marketing responsibility towards the elderly population during the "Prevention of Inappropriate Marketing to the Elderly" training. The Company will also continue to strengthen employees' understanding of Know Your Product (KYP) and Know Your customer (KYC) to reinforce responsible marketing principles. Furthermore, Chung Kuo Insurance conducts customer opinion surveys, provides information disclosure on its official website, and sends email notifications to remind customers to be vigilant about their rights. We strive to demonstrate customer care by fully explaining the significant aspects of financial products, services, and contracts before offering them. This approach ensures transparency in risk disclosure and enables customers to make informed decisions regarding the products or services they receive.

Chung Kuo Insurance's Responsible Marketing Measures

Employee Training Programs	Customer Care Measures	Risk Disclosure and Description
In 2023, the "Prevention of Inappropriate Marketing to the Elderly" training was held to enhance the awareness of the marketing responsibility towards the elderly population.	<ul style="list-style-type: none"> Conduct customer opinion surveys Disclose significant information on the official website Send email reminders 	Fully explain the significant aspects of financial products, services, and contracts before offering them
Strengthen employees' understanding of Know Your Product (KYP) and Know Your customer (KYC)	Remind customers to be aware of their rights and interests	Fully disclose the risks regarding the products or services

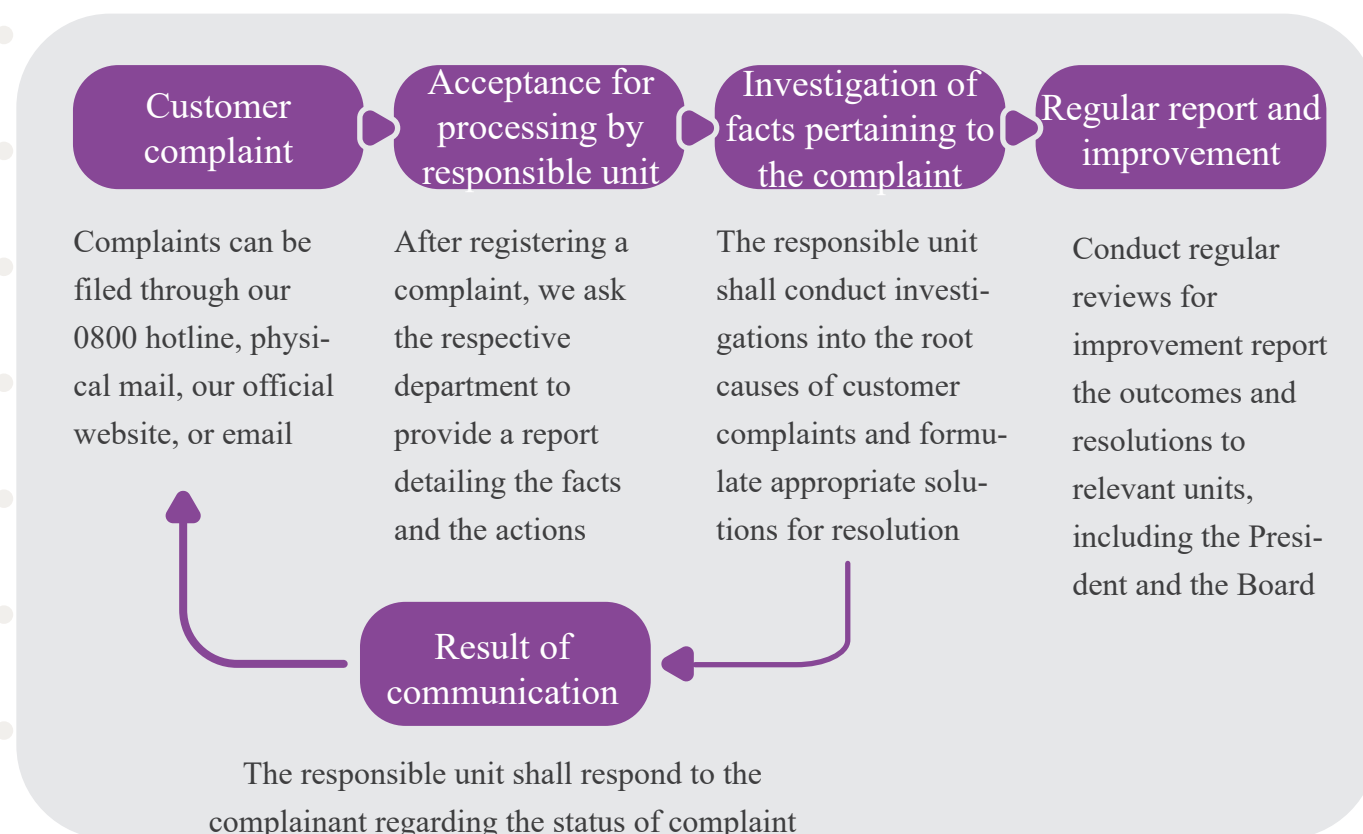
Chung Kuo Insurance has gone a step further to enhance its internal operational guidelines by implementing the "Product Development ESG Checklist" during the product development assessment phase. This checklist allows the Company to evaluate different aspects of the product, including risks, integration of ESG issues in the product design, target demographics (such as women, elderly, new immigrants, climate change or environmental industries), and alignment with societal development trends and demands. In 2023, Chung Kuo Insurance did not violate any information, labeling, marketing, or voluntary compliance-related incidents concerning products and services.

Complaint management

Chung Kuo Insurance values customer feedback and has set up a comprehensive customer complaint management system with defined processes and objectives. The Company fully complies with the "Financial Consumer Protection Act" and ensures that all customer complaints are acknowledged and registered promptly. Within 30 days from the date of receipt, we endeavor to respond to the customers with a resolution of their complaints, prioritizing timely and effective communication with them. To enhance service quality and customer experience, customer complaint incidents are reported to the Board of Directors on a quarterly basis and to the President and relevant departments on a monthly basis. This allows for a thorough analysis of the reasons behind customer complaints and the implementation of effective improvement measures. The Company also offers relevant training to address the issues raised by customers.

4.3 customer relations

Flow of Chung Kuo Insurance's customer Complaint Management



Customers who wish to file a complaint can do so through various channels, including our 0800 hotline, email, written communication, and our official website. Chung Kuo Insurance has a designated complaints handling unit that receives and acknowledges customer complaints. Upon receipt, the unit will inform relevant departments about the nature of the complaint and assemble a cross-departmental consumer dispute task force or committee for discussion. The decisions made by the task force/committee will then be executed by the respective departments, and progress is closely monitored throughout the resolution process. For elderly and disabled customers, responsible personnel will promptly notify our staff and provide dedicated assistance tailored to their specific needs. This ensures that elderly and disabled customers receive personalized support based on their unique requirements. Furthermore, the Company tracks and monitors the progress of consumer dispute cases on a monthly basis and asks the responsible unit to review the cases to identify the reasons for their occurrence and propose improvement measures. The outcomes and resolution are then compiled and submitted to senior management for review. The Consumer Dispute Resolution Committee convenes meetings quarterly to review, analyze, and propose improvements for consumer dispute matters and cases. The minutes of these meetings are then submitted as part of the latest Board of Directors' report.

Chung Kuo Insurance customer Complaint Liaison

Responsible Unit: Personal Insurance Claim Service Department

Customer service hotline: 0800-053-588

Email address: e-service@mail.cki.com.tw

Customer Satisfaction

As a financial services provider, Chung Kuo Insurance considers customers its most important stakeholders. Through customer satisfaction surveys, the Company gains valuable insights into their true needs, allowing for the development of products and services tailored to meet those needs. This approach not only enhances customer loyalty and trust but also creates a competitive advantage and increases the Company's overall value. In 2023, we conducted customer satisfaction surveys for automobile insurance and health/accident insurance claims, receiving 1,956 responses. The overall customer satisfaction rate was 91.2%, indicating the customers' affirmation of our services.

4.4 Information security

4.4.1 Information security management

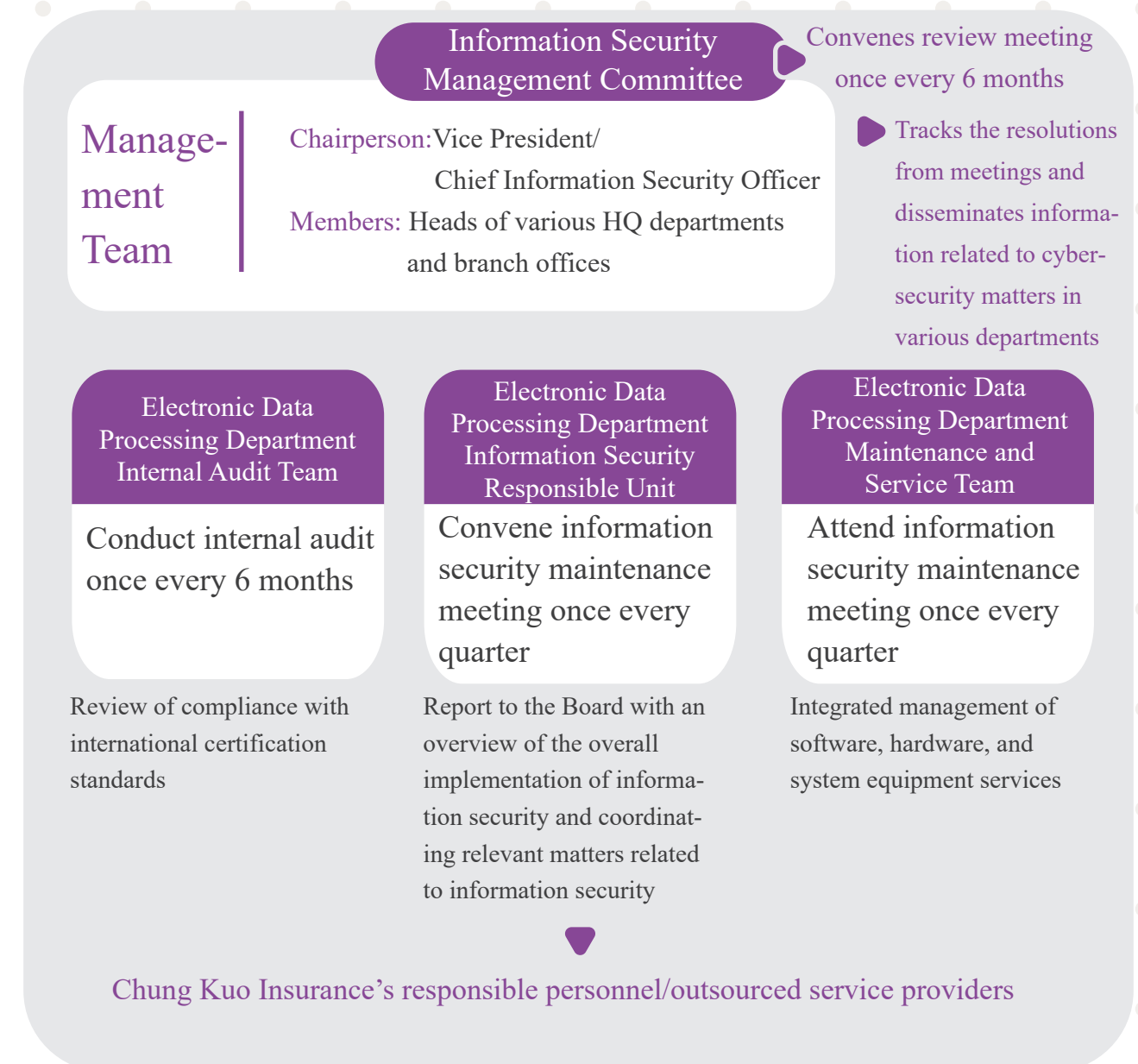
To comply with regulatory requirements and establish an information security management system that aligns with international standards and reduces cybersecurity risks, Chung Kuo Insurance has implemented an Information Security Management System. This includes the formulation of the "Information Security Policy" and "Operational Guidelines for Information Security Management." In 2023, the Company underwent third-party verification by SGS to maintain the validity of its ISO 27001 international information security management system certification. Through mechanisms such as cybersecurity governance, legal compliance, risk management, and audit reviews, combined with technological advancements, Chung Kuo Insurance has significantly enhanced its overall cybersecurity capabilities.

To establish a robust foundation for information security, the Company has established its "Information Security Management Committee," which is chaired by the Vice President along with representatives from various departments at the headquarters and branch offices serving as members. The committee holds management review meetings at least every six months to discuss and review issues related to the advancement of the Company's information security initiatives. The Electronic Data Processing Department is responsible for implementing or coordinating the decisions made during these meetings, as well as submitting the information security report to the Board of Directors for approval. In 2023, the committee convened 2 management review meetings and participated in 4 information security meetings convened by the Group.

To proactively mitigate information security threats and prevent the occurrence and escalation of security incidents, Chung Kuo Insurance has established a comprehensive management framework for information asset management, risk assessment, access control, security monitoring, and incident response. This framework ensures the confidentiality, availability, and integrity of information systems while adhering to regulatory requirements from governing authorities and industry associations. Each year, the Company undergoes third-party audits for certification to maintain the effectiveness of its internationally recognized information security management system. Furthermore, the overall implementation of information security measures is reported to the Board of Directors each year.

In 2023, the budget for information security (including expenses for software and hardware licensing, information security measure implementation, and information security personnel education and training) accounted for 20.2% of the overall information budget. This highlights the importance of information security to Chung Kuo Insurance's overall operations.

Framework of Chung Kuo Insurance's Information Security Management



4.4 Information security

4.4.1 Information security management

Information Security Management Mechanism and Measures

In response to the ever-evolving internet threats and risks brought about by technological advancements, Chung Kuo Insurance continually reviews the fitness of relevant regulations and measures. The Company has established a comprehensive network and computer security protection system, which includes conducting regular system vulnerability scanning and patching, implementing penetration testing, social engineering drills, and providing cybersecurity education and training. In 2022, the Company introduced ISO 27001 information security management system certification. In 2023, we continued with third-party re-inspections and the establishment of a Security Operations Center (SOC) to ensure the adequacy and effectiveness of information security and network risk management. Chung Kuo Insurance has commissioned a third-party consultant used by the Group to conduct penetration testing twice a year on all external-facing services. After the testing in 2023, no significant risks were found. The consultant provides information security trends, information security education training and social engineering exercises at quarterly information security meetings, and provides consultation on information security issues for each subsidiary of the Group.

Chung Kuo Insurance has further developed the F-ISAC Insurance Security Governance Maturity Assessment by analyzing the five categories of inherent risk: technology and connectivity types, external service channels, online/-mobile products and technical services, organizational characteristics, and external threats, as well as cyber risk management and oversight, threat intelligence management and collaboration, cybersecurity management, outsourcing and dependency management, and cyber incident management and response to understand the maturity of each aspect of cybersecurity governance and to implement improvement measures accordingly.

Implementation status of Chung Kuo Insurance's information security in 2023

Name of measure	Implementation Status
"Security Operations Center (SOC)" that operates 24/7 throughout the year	We have outsourced the establishment of the Security Operations Center (SOC) to provide 24/7 information security monitoring, which enhances security surveillance and defense capabilities.

Name of measure	Implementation Status
Vulnerability Scanning	We have conducted quarterly vulnerability scans for external services and semiannual internal vulnerability scans for all IP addresses. We have also patched and tracked vulnerabilities to strengthen our cybersecurity operations and the security protection capabilities of our systems.
Penetration Testing	We have outsourced the penetration testing for all external IP services every six months. We have also patched and tracked risk items to reduce the risk associated with these external service systems.
Social Engineering Drill	We have commissioned an external party to conduct two social engineering drills each year and have collaborated with the Group to hold one additional drill annually. We have also provided employee information security education and training to strengthen information security awareness and enhance sensitivity to email threats, aiming to prevent information security incidents and personal data leakage caused by social engineering attacks.
Continuity Operation Testing	We have conducted an annual remote backup drill for our business continuity information system to ensure that we can continue providing services in the event of damage to critical information systems and to verify the effectiveness of the backup system. In addition, we have performed an annual drill for responding to and reporting cyberattack and personal data incidents. This drill aims to ensure that our response and reporting operations meet relevant requirements to reduce disaster losses and risk impacts and to protect the rights and interests of our customers in the event of an incident.
Information Security Management System	We have completed the introduction and third-party verification of the ISO27001:2013 information security management system and are continuing with third-party re-inspections. In 2024, we plan to expand the scope of verification to include personal insurance, personal insurance claims, and fire insurance, aiming to cover nearly 90% of personal data security management.
E-commerce and Information Security Liability Insurance	Annual information security insurance renewal has been completed to reduce the risk of financial losses due to operational disruptions. This adds an extra layer of protection and assurance to the group's information security management.

4.4 Information security

4.4.1 Information security management

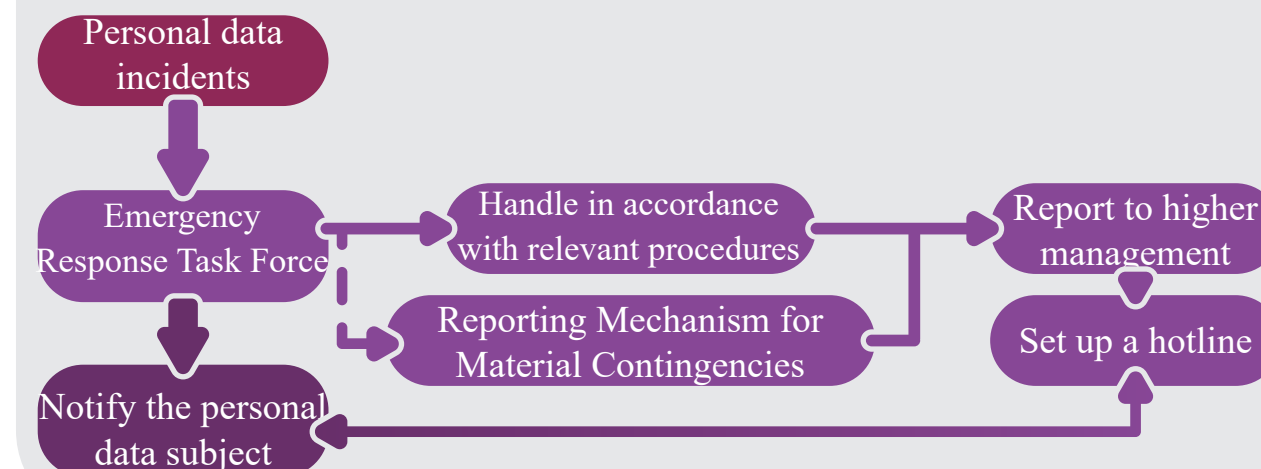
Information Security Incident Reporting Process and Information Security Events

Chung Kuo Insurance has established its "Operational Directions on Information Security Events" and "Operational Guidelines for the Group Information Security Incident Response Team" to facilitate the reporting and management of information security incidents. These guidelines enable effective incident response and, when necessary, allow access to group resources to minimize the impact of incidents on operations. They also comply with the Financial Supervisory Commission's (FSC) "Financial Cyber Security Action Plan," which encourages financial institutions to establish computer security incident response teams.

As per the "Guidelines for Information Service Continuity and Operational Resilience Management," we have conducted regular remote backup system and security incident drills. In the event of a significant security incident, the Information Security Incident Response Team (IRT) shall report to the Group's CSIRT (Computer Security Incident Response Team) and take necessary actions for handling the security incident. After concluding the security incident, the team shall hold a meeting to complete the security incident handling and review report so as to prevent the recurrence of such events in the future.

In 2023, there was one case of endorsement data loss involving an employee from the Kaohsiung Office who misplaced personal data files that had been taken out. The Company has established a clear management mechanism under the "Guidelines for Calculation and Management of Personal Data Risk." In this case, all the lost endorsement data has been returned, and no actual loss occurred. The Company has subsequently established the "Operational Directions on Emergency Response and Management Instructions for Personal Data Security Incidents." The directions clearly stipulate the classification management method for physical personal data documents, the posting of warning signs at office premises entrances and exits, and optimization plans such as retaining only the minimum amount of customer personal data, as discussed with the product department. Additionally, we have strengthened our publicity through relevant education and training to prevent similar incidents from occurring.

SOP of personal data incident emergency response



In the event of a personal information incident, an emergency response task force shall be formed as soon as possible, with the supervisor of the unit involved in the incident serving as the convener. The members will include the head of that unit, the head of the commodity departments involved in the incident, the Risk Management Room, the head of the Law and Compliance Room, and other relevant department personnel. The emergency response task force shall notify the personal data subject through appropriate means, such as text message or written communication, as soon as possible. The task force then determines whether to activate the reporting mechanism for material contingencies and handle such incidents according to relevant procedures.

If the incident is a material personal breach, the Company shall complete the "Personal Information Breach Reporting and Recording Form" in accordance with Article 6 of the "Regulations Governing Security Measures of the Personal Information File for Non-government Agencies Designated by Financial Supervisory Commission." Subsequent incident handling progress and follow-up developments shall be reported to a higher management in a timely manner. Additionally, a special hotline shall be set up with a dedicated supervisor to properly handle the complaints or claims from the affected personal data subjects.

4.4 Information security

4.4.1 Information security management

4.4 Information security

4.4.2 customer Privacy and Protection of Personal Data

Information Security Education and Training

To ensure customers' confidence in using the services we provide, it is essential to equip employees with information security knowledge and raise awareness. Therefore, Chung Kuo Insurance conducts information security-related education and training annually through various methods, including physical and online courses and organizing seminars. This is to enhance employees' understanding of information security every year to address the ever-changing landscape of information security issues. In 2023, relevant education and training topics at Chung Kuo Insurance included "Personal Data Protection Act Education" and "Information Security Education," among others. A total of 1,063 employees completed the training, with a cumulative training time of 4,747 hours, averaging 5.75 hours per person.

Participant	Training Content	Achievement Status
Senior managers	At least 3 hours of education and training per year	100%
Information security personnel	At least 15 hours of external education and training per year	100%
General employees	At least 3 hours of education and training per year	100%

Information on the number of licenses obtained by the employees of Chung Kuo Insurance is as follows:

Name of licenses	policyholders
ISO27001:2013 Lead Auditor	4
ISO27001:2022 Lead Auditor	3
ISO27001:2019 Lead Auditor	2
CEH(Certificated Ethical Hacker)	1

Chung Kuo Insurance strictly enforces a "zero-tolerance policy" against any leakage of personal and customer privacy data. The Company diligently upholds the responsibility of maintaining the confidentiality of customer data. Chung Kuo Insurance follows the "Measures for customer Data Confidentiality of Mega Financial Holdings and Its Subsidiaries," which have been formulated and maintained by the compliance department of its parent company, Mega Financial Holdings. These measures outline the collection, processing, and utilization of customer data in accordance with the Personal Data Protection Act, Financial Holding Company Act, and Regulations Governing Cross-selling Among Subsidiaries of Financial Holding Company. The Company has established customer data confidentiality measures, integrating customer personal data protection into our internal control system, conducting staff education and training, and engaging third-party organizations annually to inspect and verify personal data protection, ensuring the effective safeguarding of customer privacy and personal data protection. As consumers rely more on digital services, the importance of protecting personal data has grown widely. To ensure stringent security for customer data, Chung Kuo Insurance has devoted substantial resources, manpower, and time to enhance its internal information security system. The Company has achieved verification through the ISO 27701 Privacy Information Management System, becoming the first financial insurance company in Taiwan to receive the ISO 27701 certificate from the American National Standards Institute (ANSI-ASQ National Accreditation Board).

In addition, in order to become the most trusted partner for customers, Chung Kuo Insurance has established "Chung Kuo Insurance Code of Ethics" and "Reward and Punishment Regulations" as internal guidelines. These guidelines clearly state that directors, supervisors, executives, and employees have an obligation to maintain confidentiality regarding company information and customer data. They are not permitted to disclose such information except as required by law or with approved authorization, even after they have left their positions. Any violation will be reported for appropriate action according to relevant laws or company disciplinary regulations.

4.5 Digital innovation

With the advent of digitalization and the impact of the COVID-19 pandemic, Chung Kuo Insurance has embraced insurance technology and digital innovation to create a warm connection between our insurance services and consumers. By leveraging the diversity of cross-industry platforms and the power of social media, we have enhanced the digital insurance application process and infused it with visual appeal. In conjunction with our participation in public welfare activities, we have developed an innovative digital insurance service business model. Through this approach, we strive to optimize the digital experience, provide ubiquitous service, and accelerate the development of inclusive finance and sustainable insurance.

Pillars of Chung Kuo Insurance's Digital Finance Development

01

Expand digital business landscape

- Optimize the online insurance application platform to enhance user experience and continuously adjust UI/UX
- Expand the ecosystem and foster the financial scene
- Leverage marketing applications to increase online visibility
- Activate online members to enhance quality and quantity

02

Improved digital finance service experience

- Introduce financial FIDO authentication to expand the ecosystem and foster the finance scene
- Streamline policy delivery and reissuance mechanism
- Promote LINE-based services

03

Enhancing digital technological capabilities

- Expand RPA application for process simplification
- Construct risk database to prevent fraudulent insurance claims
- Invest in data analytics and AI application research
- Intelligent Customer Service - Chao Hsiao-Le

In 2023, Chung Kuo Insurance continued to enhance its online insurance platform, including proactively exploring the ecosystem service, collaborating with airlines, telecom carriers, and banks for lead generation, to provide customers with more convenient digital life. We introduced financial FIDO authentication, streamlined policy delivery, and introduced a reissuance mechanism. Additionally, we promoted LINE-based services to improve digital financial experiences and expand our presence in the digital business domain. Furthermore, we continued to strengthen our digital technology capabilities and expanded the application of Robotic Process Automation (RPA) to simplify operational processes. We also constructed a risk database and invested in the research on AI applications. Additionally, we will continuously optimize our intelligent customer service, Chao Hsiao-Le. In addition to the sign language video service, we will also launch our voice service in the future, aiming to offer more comprehensive intelligent services.

We also provide accessible facilities such as barrier-free ramps, barrier-free elevators, and Braille elevators to meet the needs of different groups. Currently, our online insurance platform offers a wide range of 11 personal insurance products. From applying for coverage to policy issuance, everything can be completed online. In addition to popular products like car insurance and pet insurance, we have recently expanded our offerings to include travel insurance, a must-have for overseas travel. With just one hour before departure, customers can quickly purchase travel insurance online, and the policy will become effective immediately. Furthermore, the policy documents are issued electronically, providing convenient access to policy information anytime. The entire process is fast, secure, and the premiums are affordable, making it a user-friendly experience for our customers.

In addition, to facilitate energy conservation and carbon reduction, we promoted paperless policies and encouraged customers to adopt digital policies to reduce paper consumption. In the application form, the policyholder is asked if they want a digital policy, and they are informed on the official website that they can choose a digital policy with convenient reissuance measures. Additionally, all life insurance policies applied for online are digital policies, and digital policies are set as the default option for other types of insurance. In 2024, an electronic lottery event was held to increase policyholders' willingness to opt for digital policies. We hope these measures will encourage customers to use digital policies and reduce the paper consumption. In 2023, more than 157,000 digital policies were issued, accounting for 113.14% of the total new policies for the year, saving 1.26 million pieces of paper and approximately 9,072 kg CO2e Note.

Note: 0.00720kg CO2e was conserved per sheet of paper. (3.6 kg CO2e/pack of 500 sheets). The carbon footprint emission factor was derived from virgin wood pulp photocopying paper (A4-sized, 70g per pack of 500 sheets) on the Carbon Footprint Information Platform of Ministry of Environment.



Employee Care

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Corresponding
SDGs



Corresponding
material topic

Happy workplace, talent development

Corresponding
GRI topic

- GRI 401: Employment
- GRI 403: Occupational Health And Safety
- GRI 404: Training and Education
- GRI 405: Diversity and Equal Opportunity

Stakeholders to
prioritize reading

- Employees/Union

5.1 Talent Attraction

5.1.1 Talent Resource and Structure

At Chung Kuo Insurance, we abide by Taiwan's labor laws, internationally recognized principles of basic labor rights, and our Group's "Human Rights Policy". In our talent recruitment process, we ensure equal treatment for all candidates, regardless of their nationality, race, social class, language, ideology, or religion. There is no differentiation in terms of employment, compensation, benefits, or career advancement opportunities. As of the end of 2023, Chung Kuo Insurance had a total of 856 employees, including 826 full-time employees and 30 part-time employees (including contracted and dispatched workers). The number of par-time employees decreased by 35 compared to the previous year because the Company employed more contracted and dispatched employees in 2022 to assist with customer service and claims. In addition, there were 27 non-employee workers, including 3 security guards and 5 cleaning personnel. The remaining non-employee workers were primarily responsible for office administrative work and information unit projects. The number of non-employee workers increased by 20 compared to the previous year because the IT personnel from the core system and IFRS platform project vendor stationed for operations.

Structure of Chung Kuo Insurance's Global Talents in 2023

Category	Item	Full-time employees	Part-time employees
Gender	Female	460	22
	Male	366	8
Location	Taiwan	822	27
	Overseas	4	3
Position	Managerial positions	203	1
	Non-managerial positions	623	29

Note 1: The dispatched personnel mainly include executives' drivers, and internal staff. The executives' drivers are in charge of transportation, while the internal staff is in charge of general affairs and information unit projects.

5.1 Talent Attraction

5.1.2 Employee Diversification

Chung Kuo Insurance has long focused on the issue of "gender equality," supporting gender equality and empowering women through practical actions. In terms of talent structure, in 2023, there were 460 full-time female employees, accounting for 55.69% of the total, realizing "gender equality." In response to the United Nations Sustainable Development Goal (SDGs) Goal 5: Gender Equality, we have also set a target of "maintaining a representation of 40% to 60% of a single gender among employees" to achieve gender equality in the workplace. The target achievement rates over the past four years have consistently been 100%.

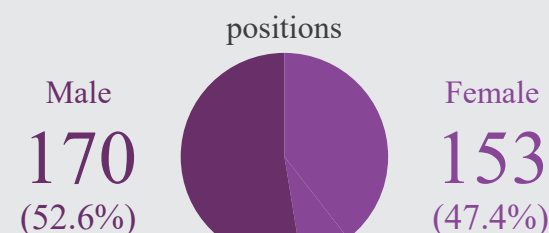
Gender Diversity at Chung Kuo Insurance in 2023

Category	policyholders	Ratio of females in the category
Total number of female employees	460	55.69%
Female managers	77	37.93%
Senior female managers (VP or above)	2	28.57%
Medium-tier female managers (unit supervisor)	11	23.91%
Entry-level female managers (Non-unit supervisor or above)	64	42.67%
Income-generating functional (business unit) supervisors	34	20.59%
Number of employees in Science, Technology, Engineering, and Mathematics (STEM) related positions	323	47.37%

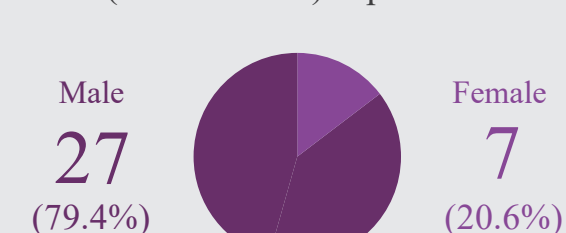
Note 1: The number of employees in income-generating functions is based on statistics from operational units, excluding support functions such as human resources, compliance, and auditing.

Note 2: STEM-related positions include roles involving statistics, mathematics, actuarial science, etc., such as those in the Investment Department, Information Technology Division and so forth.

Number of employees in Science, Technology, Engineering, and Mathematics (STEM) related positions



Income-generating functional (business unit) supervisor



5.1 Talent Attraction

5.1.2 Employee Diversification

Breakdown of Chung Kuo Insurance's Managerial Employees by Gender and Age Group in 2023

Category	Gender	Age	policyholders	Ratio for the category
Managerial positions	Female	Under age 29	0	0%
		age 30-50	40	19.7%
		Above age 51	37	18.23%
	Male	Under age 29	0	0%
		age 30-50	54	26.6%
		Above age 51	72	35.47%
Non-managerial positions	Female	Under age 29	82	13.16%
		age 30-50	246	39.49%
		Above age 51	55	8.83%
	Male	Under age 29	41	6.58%
		age 30-50	144	23.11%
		Above age 51	55	8.83%

Other Gender and Diversity Related Stats at Chung Kuo Insurance in 2023

In order to create a diverse and inclusive working environment that safeguards the rights and interests of employees from different ethnic backgrounds, we strive to enable each individual to fully showcase their uniqueness and differences. As of the end of 2023, Chung Kuo Insurance has hired 4 employees with disabilities and 8 employees from indigenous communities, accounting for 0.48% and 0.97% of our full-time employees, respectively. In the future, we will continue to provide suitable job opportunities and establish a friendly and inclusive workplace environment.

Category	Item	Number of employees with disabilities	Number of indigenous employees
Gender	Female	4	6
	Male	0	2
Age	Under age 29	0	0
	age 30-50	3	8
	Above age 51	1	0
Region	Domestic operating locations	4	8
	Overseas operating locations	0	0
Position	Managerial positions	1	1
	Non-managerial positions	3	7
Total		4	8

5.1 Talent Attraction

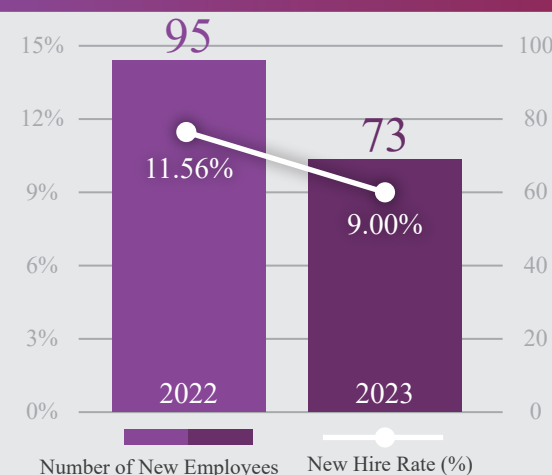
5.1.3 New Hires and Turnovers

Chung Kuo Insurance's Global New Hire and Employee Turnover Statistics for 2023

In 2023, the number of new hires at Chung Kuo Insurance was 73, translating to a new hire rate of 9%. In addition to talent recruitment, the Company has also been tracking employee turnover. In 2023, the total number of departures was 74, with a turnover rate and voluntary turnover rate both at 9%. In the future, we will continue to analyze our turnover rate and develop relevant plans to improve the workplace environment.

Category	Item	New hires		Departures	
		policyholders	Ratio	policyholders	Ratio
Gender	Female	46	63.01%	43	58.11%
	Male	27	36.99%	31	41.89%
Age	Under age 29	42	57.53%	21	28.38%
	age 30-50	31	42.47%	45	60.81%
	Above age 51	0	0%	8	10.81%
Region	Domestic operating locations	73	100%	74	100%
	Overseas operating locations	0	0%	0	0
Total		73	100%	74	100%

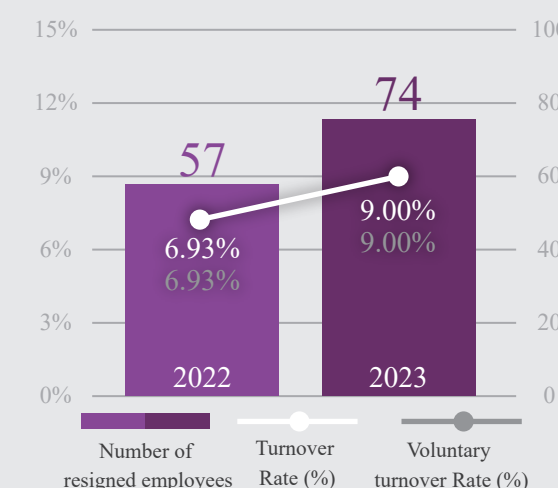
Statistics of New Hires Worldwide



Note 1: The number of new employees refers to the count of individuals who joined the organization for the first time (excluding those who are reinstated).

Note 2: New Hire Rate (%) = (Number of New Employees / Total Employees at the end of the year) x 100%.

Statistics of Full-time Employee Turnover Worldwide



Note 1: The number of departing employees includes those who left the organization voluntarily or were dismissed, as well as those who left due to on-the-job deaths, but does not include retirees or employees on unpaid leave.

Note 2: Turnover Rate (%) = (Number of Departing Employees / Total Employees at the end of the year) x 100%.

Recruitment Strategy

Chung Kuo Insurance employs a diverse range of recruitment channels, such as online job platforms, the Taiwan Employment Gold Card Program for Youth, and other public recruitment methods. We also utilize referrals from individuals within the financial industry and our current employees. Each applicant goes through a rigorous screening process to ensure the right fit for the appropriate position within the Company. Chung Kuo Insurance also actively collaborates with universities and colleges to provide internship and part-time job opportunities for students. By doing so, we aim to nurture and attract potential talents in the financial industry and create a conducive environment for young talents to grow and excel.

Case study - Campus Engagement Program

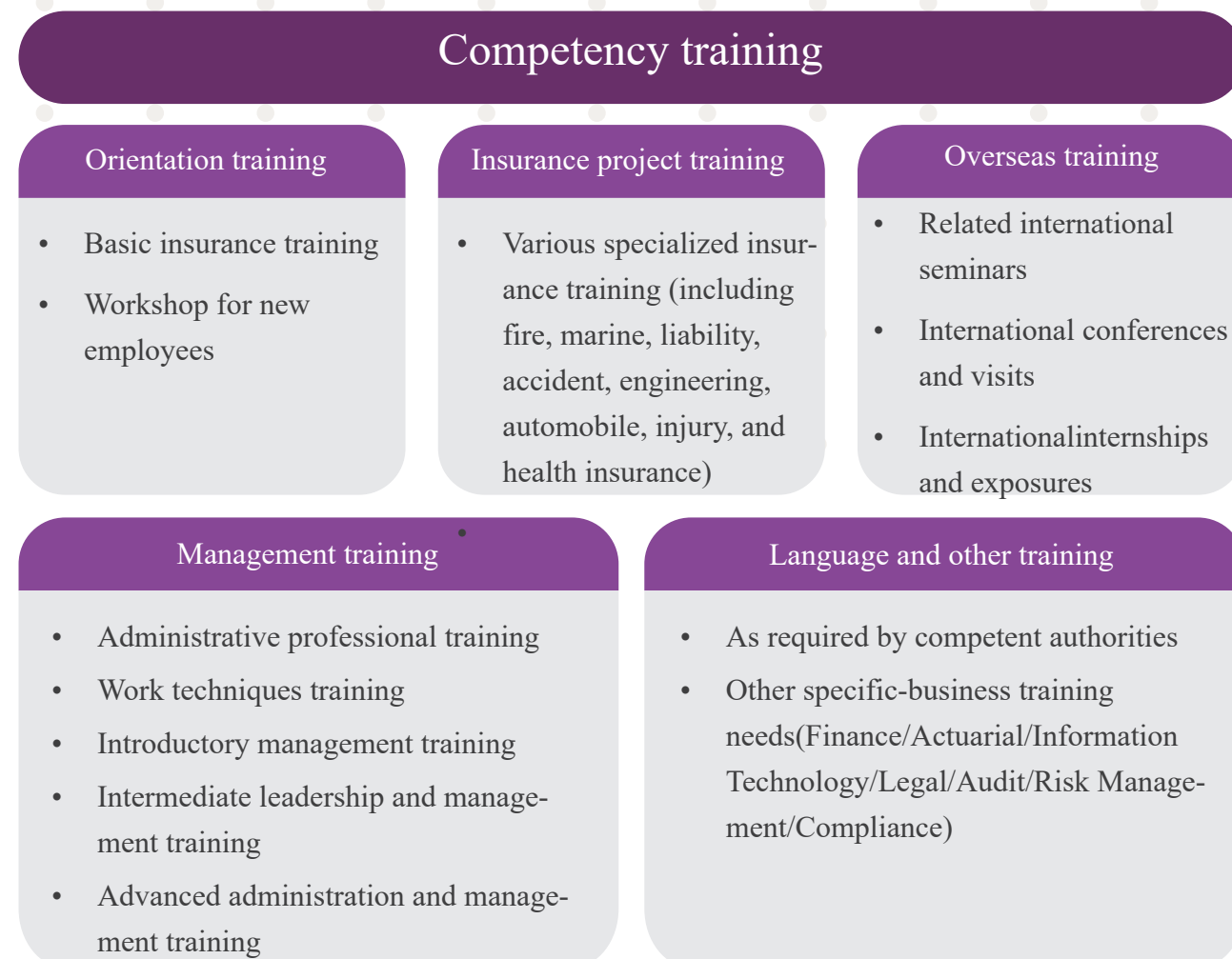
The Company has been actively collaborating with universities, providing internship opportunities to fourth-year students from the Risk Management and Insurance Department at Shih Chien University. We also participated in the Ministry of Education's initiative to support economically disadvantaged youths through the "Economic Self-reliance Youth Work-Study Program." This allows us to offer work-study opportunities to young individuals from underprivileged backgrounds, providing both social care and fostering a talent attraction channel.

5.2 Talent Development

5.2.1 Talent Training

Chung Kuo Insurance established the “Guidelines for Education and Training” and is dedicated to enhancing the skills and knowledge of its employees to improve work efficiency and competitiveness. And as such, we are committed to providing diverse and professional training courses and development programs. Through on-the-job training, we actively strengthen the expertise of our employees, offering various insurance-related professional courses, foreign language studies, international exposure, seminars, and more. In addition to professional training, we also provide management training to assist our employees in continuous career development.

Framework of Chung Kuo Insurance’s Talent Development



In 2023, each Chung Kuo Insurance employee received an average of approximately 46.59 hours of training, amounting to a total training time of 38,485 hours. Compared to 2022, the average training hours and total training hours for employees have increased by approximately 22.93% and 23.63%, respectively. On the other hand, in order to enhance the sustainability awareness among all employees, Chung Kuo Insurance organized a total of 38 ESG-related training courses in 2023. The topics included corporate low-carbon transformation strategies, climate change and net-zero emissions, corporate information security management, employee engagement, and responsible investment.

Chung Kuo Insurance compiles the annual budget based on the survey of each unit's domestic and overseas training needs, and the budget is approved by the President before implementation to support the training expenses for the above mentioned employees' transition. Chung Kuo Insurance's budget for education and training programs in 2023 amounted to NTD 2,560,000. In addition, to promote and implement the Principles for Sustainable Insurance, Chung Kuo Insurance invested about NTD 100,000 in training 137 underwriters and investment management personnel. This training totaled 3,053.5 hours and aimed to strengthen their knowledge of environmental sustainability and ESG investment.

5.2 Talent Development

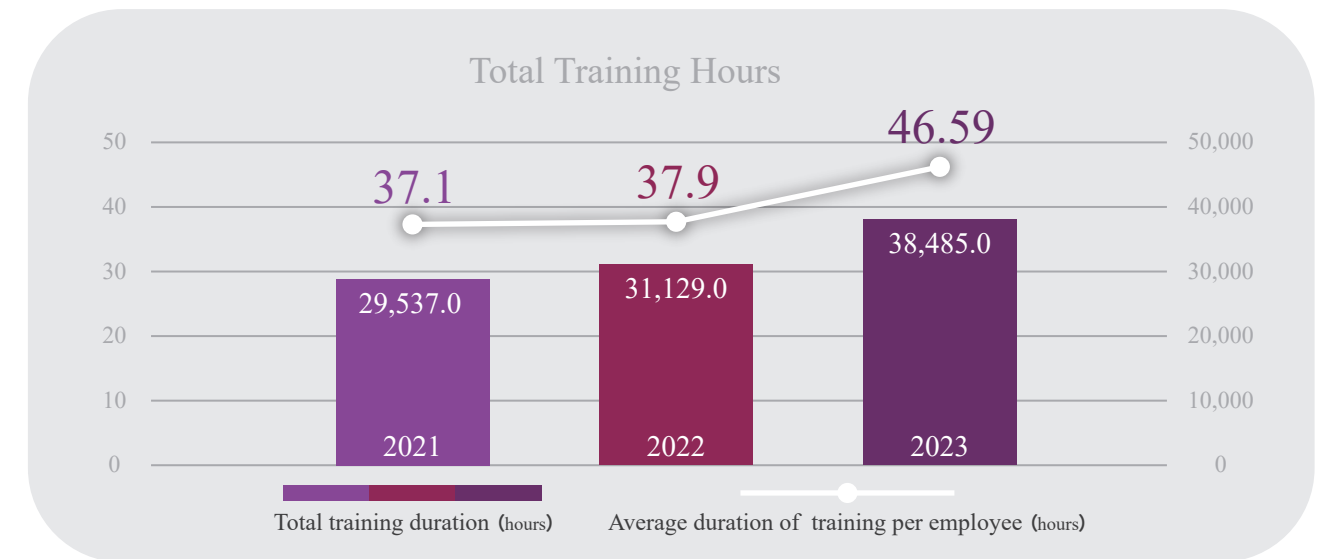
5.2.1 Talent Training

Training Status for Chung Kuo Insurance's Full-time Employees in 2023

Category	Item	Total number of training hours(Unit: hours)	Average duration of training per employee(Unit: hours)
Gender	Female	20,798	45.21
	Male	17,687	48.33
Position	Managerial positions	Senior managers	320.5
		Medium-tier managers	2,231.5
		Entry-level managers	8,236.5
	Non-managerial positions		27,696.5
Classification	Internal training	34,215	41.42
	External training	4,270	5.17
Total		38,485	46.59

Note: Senior managers are defined as vice presidents and above; medium-tier managers include assistant vice presidents, managers, and assistant managers; entry-level managers are defined as section chiefs and above; and non-management employees are assistant section chiefs and those at lower levels.

Training Status for Chung Kuo Insurance's Full-time Employees in 2023



5.2 Talent Development

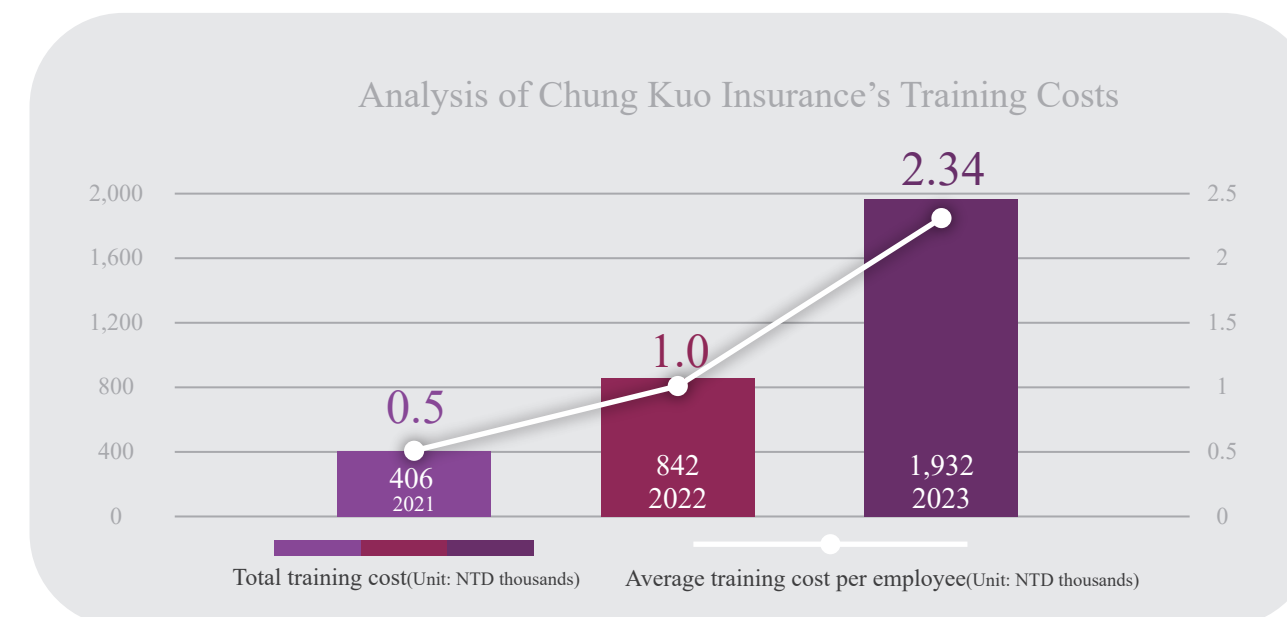
5.2.1 Talent Training

Professional Talent Development Program

To cultivate insurance professionals and encourage employees to obtain relevant insurance qualifications, Mega Life Insurance has established the "Insurance Professional Development and Incentive Guidelines." This policy provides full or partial subsidies for employees' registration fees and training course expenses conducted by accredited institutions. Additionally, employees who successfully pass the certification exams will receive bonuses or allowances as further recognition of their achievements. In addition, Chung Kuo Insurance has established the "Guidelines for Language Proficiency Certification Bonus," actively encouraging employees to apply for language certifications. In 2023, Chung Kuo Insurance provided insurance professional license subsidies to 41 employees, totaling NTD 347,000, and awarded language proficiency certification bonuses to 3 employees, totaling NTD 13,000.

Chung Kuo Insurance's insurance professional license subsidies in 2023

Category	Item	policyholders	Total amount (NTD)
Gender	Female	31	227,000
	Male	10	120,000
Position	Managerial positions	3	53,363
	Non-managerial positions	38	293,637
Total		41	347,000



5.2 Talent Development

5.2.2 Performance Evaluation

To achieve organizational performance goals and unleash employees' potential, Chung Kuo Insurance has established a fair and impartial performance evaluation system, implemented based on our performance evaluation procedure and operational guidelines. Additionally, we have included treating customers fairly and ethical management into annual performance appraisals for employees at Chung Kuo Insurance. The Company adopts a "Goal-Oriented Management" performance evaluation system for all employees. Each year, a year-end performance evaluation is conducted by supervisors at all levels to evaluate employees' day-to-day job performance and the achievement of goals and key performance indicators. The evaluation is carried out based on principles of fairness and impartiality, following rigorous operational procedures for a comprehensive evaluation. Furthermore, the performance evaluation results will serve as the basis for employee rewards and promotions.

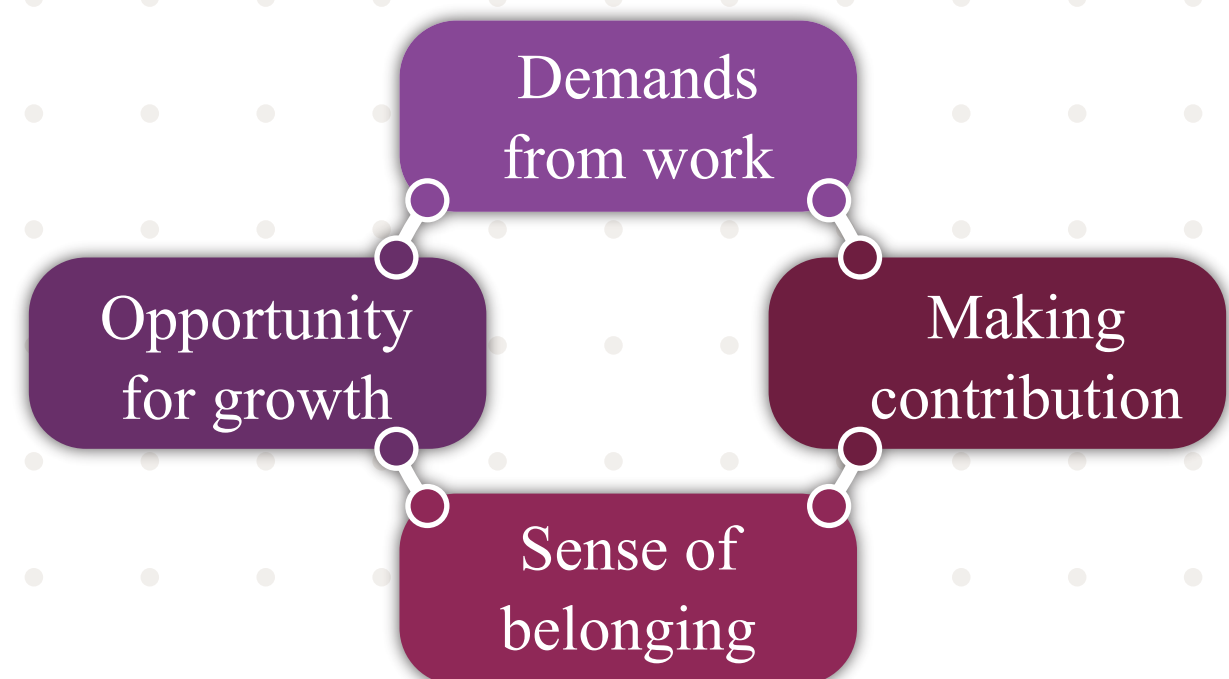
On top of that, in order to meet the demands of our business and enhance organizational effectiveness, we actively train talents through rigorous job rotations and training programs. This approach allows us to place individuals in roles that best match their skills and abilities, unleashing their full potential. At Chung Kuo Insurance, we are committed to promoting internal mobility and inter-departmental rotation. In addition to enabling our colleagues to be assigned to positions that best suit their abilities and retaining outstanding talents, the internal rotation mechanism also serves the purpose of mutual support during busy work periods or when there is a shortage of manpower. All relevant internal rotations are conducted in accordance with the "Five Principles of Rotation," which comply with legal regulations and norms. In 2023, the internal employee filling rate for vacancies at Chung Kuo Insurance came to 25.51%.

5.2 Talent Development

5.2.3 Employees' Job Commitment

In response to the growing importance employees place on their workplace experience in recent years, Chung Kuo Insurance has taken steps to understand employee engagement, satisfaction, and how they relate to job performance. To achieve this, Mega Financial Holding engaged a professional organization to conduct an employee engagement survey. The survey used a Likert five-point scale and included definitions of employee engagement from Gallup and Towers Watson to design the questionnaire. By taking job satisfaction into account, the survey aimed to explore how employee engagement contributes to better job performance. In 2023, all of our employees participated in the survey, and the results were analyzed. Among them, we found that 69.7% of the employees (for those who scored 3.5 points or above) were assessed as being actively engaged in the survey.

Dimensions of Job Commitment for Chung Kuo Insurance Employees



5.3 Happy Workplace

5.3.1 Wage and Benefits

Chung Kuo Insurance is committed to fair wages, offering the same wage criteria without differentiation based on gender, age, race, religion, political stance, marital status, or group membership. The basic salary of new employees is higher than the local minimum wage standards for both domestic and overseas locations. In addition to monthly salary and year-end bonuses, we also provide performance bonuses to our employees based on their annual performance and offer salary adjustments to outstanding performers, aiming to retain talented individuals within the Company.

Ratio of the standard salary for entry-level employees at Chung Kuo Insurance by gender in 2023 to the local minimum wage

Theme		Minimum wage ratio	Average salary for entry-level employees ratio	National basic salary
Regular employees	Male	1.17	1.28	1
	Female	1.08	1.08	1
Non-regular employees	Male	1	1	1
	Female	1	1	1

Salaries and Benefits

In addition to generous salaries, year-end bonuses, performance bonuses, and employee rewards, Chung Kuo Insurance also has an Employee Welfare Committee and offers excellent employee benefits, including:

1. Life, medical, disability insurance
2. Maternity leave, paternity leave, childcare leave, health checkups, family care leave, etc.
3. Birthday gifts and subsidies for weddings, funerals, celebration, childbirth, illness, travel, club membership, etc.

In 2023, Chung Kuo Insurance continued planning a more comprehensive employee benefit system, such as employee stock ownership trust and adjustment to meal allowances. These measures will be officially implemented in 2024.

To provide humane care, Chung Kuo Insurance offered consolation money to critically ill employees at the end of 2023, continuing our past practice. The unit managers represented the Company in caring for employees who applied for long-term sick leave due to illness, providing a subsidy of NTD 10,000. This demonstrates our commitment to caring for the mental and physical health of our employees.

Friendly Workplace Support

Chung Kuo Insurance hopes that, aside from their work, employees can take care of their family without worry. We actively develop relevant plans to create a family-friendly workplace and aim to become the strongest support for our employees.

Theme	Description
Blessings for employees starting their families	As a response to the government's initiative to encourage marriage among eligible age groups, the Company provides a generous marriage subsidy of up to NTD 10,000 to our employees, reflecting our commitment to supporting our staff in their personal lives and easing the financial burden of starting a family. In 2023, a total of 9 employees applied for the marriage subsidy, and the total amount granted came to NTD 90,000.
Support for employees' childbirth needs	In order to offer our employees a sense of security during the childbirth process and to ease the burden during their pregnancy, the Company offers a 7-day "Paternity Checkup and Paternity Leave" benefit and a childbirth subsidy of NTD 10,000 each person. In 2023, a total of 16 employees applied for the childbirth subsidy, and the total amount granted came to NTD 160,000.
Becoming a pillar of support for parenthood	Chung Kuo Insurance has a comprehensive parental leave policy that caters to employees who meet the criteria set forth in the "Act of Gender Equality in Employment" and other relevant regulations. These eligible employees have the option to apply for unpaid parental leave, which allows them to retain their job security while also maintaining a healthy work-life balance. In 2023, a total of 19 employees were eligible for parental leave, and 12 of them actually applied for the leave. Furthermore, their reinstatement rate came to 91.67%.
	Breastfeeding rooms are provided in Chung Kuo Insurance's headquarters building with an independent and comfortable breastfeeding environment.
	Chung Kuo Insurance has signed a corporate childcare discount program with HESS EDUCATIONAL ENTERPRISE CO., LTD., allowing employees to enroll their children in HESS Preschool or Parenting School and benefit from discounted registration and monthly fees, reducing the burden of childcare expenses.
	Chung Kuo Insurance provides education subsidies for our employees' children. These subsidies cover different educational levels, from elementary schools to colleges and universities, offering comprehensive support for employees and their families. In 2023, a total of 514 employees applied for the education subsidy, and the total amount granted came to NTD 1,601,400.

5.3

Happy
Workplace

5.3.1

Wage and
Benefits

Chung Kuo Insurance’s Employees on Parental
Leave in 2023 (Unit: number of persons)

Item	Female	Male	Total
Number of employees eligible for parental leave in the year	13	6	19
Number of employees actually applying for parental leave in the year	11	1	12
Number of employees to be reinstated for the year	11	1	12
Number of employees actually reinstated for the year	10	1	11
Reinstatement rate (%)	91%	100%	91.67%
Number of employees actually reinstated for the previous year	10	0	10
Number of employees who still remain in Chung Kuo Insurance 12 months after their reinstatement	9	0	9
Retention rate (%)	90%	0%	90%

Note 1: Reinstatement rate (%) = (number of employees actually reinstated in the current year / number of employees to be reinstated in the current year) x 100%.

Note 2: Retention rate (%) = (Number of employees who still remain in Chung Kuo Insurance 12 months after their reinstatement/Number of employees actually reinstated for the previous year) x100%.

Minimum notice periods regarding operational
changes

The Company shall comply with laws and regulations in the event of operational changes and protect the rights and interests of all employees. In accordance with Paragraph 1, Article 16 of the Labor Standards Act, the Company shall provide advance notice of the contract termination date. The notice periods vary depending on the number of years of service and are as follows:

1. Where a worker has worked continuously for more than three months but less than one year, the notice shall be given ten days in advance.
2. Where a worker has worked continuously for more than one year but less than three years, the notice shall be given twenty days in advance.
3. Where a worker has worked continuously for more than three years, the notice shall be given thirty days in advance.

Security of Retirement Life

The retirement benefits for Chung Kuo Insurance employees are provided in accordance with the regulations set forth by Mega Financial Group, as well as relevant provisions of the "Labor Standards Act" and "Labor Pension Act." These benefits are governed by our "Employee Retirement Policy":

Theme	Description
Chung Kuo Insurance’s contribution to employee	With the exception of appointed managers and those covered by the Labor Retirement Act, the employee retirement fund is contributed monthly at 6% of their total salaries and deposited into a dedicated account for the Labor Retirement Reserve. This process is supervised by the Labor Retirement Reserve Supervisory Committee.
Retirement System under the Labor Standards Act	The contribution rate is estimated based on actuarial reports and the labor retirement reserve is accumulated on a monthly basis. Additionally, a Labor Retirement Reserve Supervisory Committee has been established in accordance with legal regulations to oversee the allocation and utilization of the reserve fund.

5.3 Happy Workplace

5.3.2 Occupational Health and Safety

Occupational safety and health training program

In order to prevent occupational accidents and ensure the safety and health of workers, Chung Kuo Insurance complies with the "Occupational Safety and Health Act" and implements necessary safety measures and equipment to ensure occupational safety. We have installed 24-hour surveillance systems in all office buildings, and we also have security personnel or stationed guards to monitor personnel access and respond to emergencies. In accordance with the contract, the security service provider is also required to conduct regular training for their security personnel each year. The training includes courses related to safety and defense capabilities, emergency response procedures, and human rights awareness. As of 2023, all security personnel have successfully completed the training sessions.

In terms of safety equipment, Chung Kuo Insurance has installed isolation barriers around the electrical equipment (such as power distribution panels and electrical rooms) to prevent employees from entering or touching them, thereby preventing hazards from electrical equipment. For fire prevention and response measures, Chung Kuo Insurance has established various safety measures in accordance with the Fire Services Act and the Standard for Installation of Fire Safety Devices based on Use and Occupancy. We also regularly engage contractors to conduct fire safety equipment inspection and declaration. The relevant fire protection facilities are as follows:

- (1) Fire extinguishing equipment (e.g. fire extinguishers, indoor fire hydrants)
- (2) Fire alarm equipment (e.g. automatic fire alarm system)
- (3) Evacuation equipment (e.g. signs, escape sling, emergency lighting equipment)
- (4) Necessary equipment for fire rescue (e.g. fire water pool, smoke control equipment)

The promotion of occupational safety and health training plan includes fire safety manager training to establish a safe workplace. Various workplace first aid activities are organized, including the installation of Automated External Defibrillators (AED) at the HQ building, Taichung Branch, and Kaohsiung Branch, along with regular educational training to respond to emergency situations. Regular fire and disaster prevention training courses have also been held, involving on-site simulated exercises to enhance employees' abilities to handle emergency situations effectively.

Chung Kuo Insurance's Workplace First Aid and Labor Safety Measures



Set up automated external
defibrillators (AED)



Set up first-aid
medication and equipment



Fire and disaster
prevention equipment



Fire and disaster prevention drill



Fire management
personnel training certificate
Note: Obtained in 2022, valid for three years

5.3

Happy
Workplace

5.3.2

Occupational
Health and Safety

Health Promotion and Safe Workplace

To promote the physical and mental well-being of employees and create a safe workplace, Chung Kuo Insurance regularly conducts workplace inspections, employs dedicated nurses to provide on-site health consultations with doctors, offers subsidies for health check-ups, and implements an Employee Assistance Program (EAP). These measures help alleviate the adverse health effects caused by daily work and life-related stress, providing comprehensive support for the employees' overall well-being.

Chung Kuo Insurance's Solutions for Health Promotion and Safe Workplace

Solution	Solution Description	Performance in 2023
Routine health check-up	To encourage employees to continuously monitor their health, Chung Kuo Insurance has partnered with several medical institutions to provide employees with regular health check-ups that are superior to legal requirements, and they can also apply for leave to attend these check-ups. For middle-aged and senior employees, regular health check-ups are conducted every year, while for younger employees, regular health check-ups are performed either every two years or every three years. By conducting regular health check-ups, we hope employees will be able to detect any health issues preemptively and seek professional medical assistance promptly.	<ul style="list-style-type: none">A total of 525 employees received their health check-ups.The Company provided health check-up subsidies totaling NTD 3,172,000.

Solution	Solution Description	Performance in 2023
Health seminars	To enhance employee health awareness and promote their physical and mental well-being, the Company has conducted various health seminars on diverse topics. These seminars provide employees with valuable knowledge on stress management and disease prevention, empowering them to take better care of their overall health and reduce the impact of stress-related issues on work efficiency and absenteeism.	<ul style="list-style-type: none">A total of 5 health seminars were held, including 4 physical courses and 1 online course, with 267 participants in total.Seminar topics include "Interpersonal Relationship and Communication Skills," "Mediterranean Diet, Aging without Dementia - Eat Nutritiously and Retain Memories," "Serving and Communicating with Empathy," "Emerging Infectious Diseases," and "Introduction to Unlawful Intrusions in the Workplace," etc.
Professional health consultation	We regularly invite doctors and nurses to provide on-site professional health consultation services, allowing employees to access expert advice and guidance	<ul style="list-style-type: none">We organized a total of 4 on-site health consultation sessionsA total of 14 employees received health service consultations

Note: Other health promotion and well-being activities include smoke-free workplace, workplace inspections, lactation rooms, nursing stations, psychological counseling, employee health insurance, physical activities and so forth



Health seminar

5.3

Happy
Workplace

5.3.3

Prevention of
Occupational Hazards

Four Protection Plans

With regards to the four major protection plans specified by the "Occupational Safety and Health Act" in Taiwan (prevention of human-induced hazards, prevention of diseases caused by abnormal workloads, prevention of unlawful intrusions, and maternal health protection), Chung Kuo Insurance utilizes a digital learning platform to distribute relevant questionnaires or conducts on-site visits for hazard identification and risk assessment:

Plan type	Description	Key performance
Prevention of human-induced hazards	The prevention program for occupational musculoskeletal disorders has been incorporated into our labor safety and health education training. On top of that, we also conducted a questionnaire survey on musculoskeletal symptoms with a 100% response rate. In 2023, follow-up management was implemented for employees with the highest severity level. Nursing staff and on-site visiting physicians performed workplace inspections to provide relevant ergonomic improvement measures and health education information.	In 2023, we collected a total of 525 valid questionnaires (a response rate of 100%)
Prevention of diseases caused by abnormal workloads	Chung Kuo Insurance has formulated the "Prevention Program for Abnormal Workload-Related Illnesses" and conducted a questionnaire survey to assess the risks associated with abnormal workloads. After analyzing the questionnaire data from 2023, employees identified as having a high-risk exposure to these hazards will receive health check-ups, attend workshops, and engage in consultations with on-site physicians and nurses.	In 2023, we collected a total of 525 questionnaires (a response rate of 100%)

Plan type	Description	Key performance
Prevention of unlawful intrusions	Following the guidelines set by Mega Financial Group, our "Anti-Discrimination and Anti-Harassment Policy" prohibits workplace violence and adopts a zero-tolerance approach towards any illegal acts in the workplace. In 2023, we conducted employee education and training and carried out a questionnaire survey on incidents of illegal acts in the workplace. The data collected is expected to be analyzed the following year, stratifying potential risks of illegal acts based on psychological violence, physical violence, verbal abuse, and sexual harassment for further analysis.	In 2023, a total of 119 employees participated in the employee education and training on unlawful intrusions, and 119 questionnaires were collected.
Maternity health protection	Following the “Maternity health protection” set by Mega Financial Group, we utilized our human resources leave management system for tracking and managing the plan’s implementation. The workplace hazard assessment is conducted by the unit's occupational health and safety supervisor, followed by care and support provided by the nursing staff and on-site service physicians during pregnancy and childcare periods. Relevant health guidance and information on maternity benefits are also provided to ensure the effective implementation of maternal health protection.	In 2023, a total of 31 female employees received care and support during their pregnancy and childcare periods

5.3 Happy Workplace

5.3.3 Prevention of Occupational Hazards

Overview of Chung Kuo Insurance's Occupational Injuries in 2023

Number of injuries (cases)	Gender	Female		6
		Male		1
	Type of injury	Injuries suffered while performing their duties or at the workplace	Severe occupational injury	0
			Recordable occupational injuries	0
		Work-related or commuting traffic accidents	Severe occupational injury	0
			Recordable occupational injuries	7
	Total			7
Number of fatalities caused by occupational injuries (person)				0
Total number of workdays (days)				248
Total number of work hours (hours)				1,698,304
Number of lost workdays (days)				25.5
Injury rate (IR)				0%
Severe occupational injury rate (excluding fatalities)				0%
Ratio of fatalities caused by occupational injuries				0%
Lost day rate (LDR)				32.97%
Note 1: Occupational Injury Rate (excluding employee's personal traffic accidents) (%) = (Number of Injuries × 1,000,000) / Total Working Hours × 100%.				
Note 2: Severe Occupational Injury Rate (excluding fatalities) (%) = (Number of Severe Occupational Injuries × 1,000,000) / Total Working Hours × 100%.				
Note 3: Ratio of Fatalities Caused by Occupational Injuries (%) = (Number of Occupational Injury-Related Fatalities × 1,000,000) / Total Working Hours × 100%.				
Note 4: Lost Day Rate (%) = (Lost Workdays × 1,000,000) / Total Working Hours × 100%.				

Occupational Injuries

In 2023, the work-related injury rate for employees at Chung Kuo Insurance came to 0%, and the lost work-day rate was 32.97%. The main type of injury among our employees was minor abrasions caused by falls, and there were no incidents of injuries to contractors at the workplace. During the year, the main category of injuries was accidents that occurred while employees were commuting to and from the Company. In response to these incidents, we activated our event investigation mechanism, proactively examining the causes of accidents, and showing concern for our employees' health and well-being. We also assisted employees in applying for various work-related injury and illness benefits, such as outpatient and inpatient care, disability benefits, and provided occupational injury leave in accordance with the relevant regulations of the labor insurance system. Following the incidents, the nurses will monitor the employees' health and conduct an analysis and statistical review of the accident causes in order to propose preventive and improvement measures. In 2023, there were no penalties or sanctions imposed for violations of the "Occupational Safety and Health Act."

Chung Kuo Insurance's Absenteeism Status in 2023

Total number of absent days (days)	1,902.6
Absenteeism rate (AR)	0.928%
Employee data coverage rate	100%
Note 1: Absenteeism Rate (%) = (Total Absent Days / Total Working Days) × 100%. Note 2: The total number of absent days includes all forms of absences resulting in a loss of workdays, such as work-related injuries, illnesses, sick leave, minor illnesses (like common cold, fever, and flu), and personal leave or sick leave for undisclosed reasons. It does not include pre-arranged or authorized absences (e.g., family care leave, statutory holidays, training, maternity leave, paternity leave, marriage leave, bereavement leave, and public holidays).	

5.4

Protection of
Human Rights

Chung Kuo Insurance adheres to human rights policies established in accordance with various relevant standards, such as the Universal Declaration of Human Rights, the UN Global Compact, the International Labour Organization, and the United Nations Guiding Principles on Business and Human Rights. These policies aim to safeguard the fundamental human rights of employees, suppliers, business partners, and other stakeholders, with the goal of creating a diverse and equitable workplace and promoting sustainable social development.

Mega Financial Group’s Policy on Human Rights Protection

Policy	Description
Due diligence on human rights	The Company continuously monitors international human rights trends and established a human rights due diligence process to assess its own operations, value chain, and new business relationships (such as mergers, joint ventures, etc.). In addition, we also investigate whether there are any human rights-related risks and effectively mitigate potential human rights impacts.
Human rights risk assessment and improvement	We will formulate mitigation and improvement measures for the identified significant human rights risks and provide compensation for risks that cannot be entirely eliminated.
Human rights advocacy and training	We will continue to promote employee human rights education and training to deepen employees' awareness of human rights, enabling them to understand their rights and the available channels for grievances and complaints.



Mega Financial Group’s
Human Rights Policy

Due diligence on human rights

To implement human rights risk management, Mega Financial Holdings Group refers to the International Labor Organization's (ILO) core human rights principles in its "Human Rights Policy." It explicitly establishes a human rights due diligence process, regularly reviews human rights risks, and continually monitors international human rights trends. It also analyzes human rights issues of interest to sustainability rating agencies. Through this process, the Company identifies and prioritizes important human rights issues for evaluation, with a focus on "employees" and "key suppliers" as the primary subjects of investigation. Corresponding assessment mechanisms are designed accordingly. Regarding the human rights issues identified as having high risk during the investigation, the Company has already formulated relevant mitigation and compensation measures and continues to monitor the effectiveness of these measures to ensure continuous improvement.

Plan Planning phase Compilation of human rights issues	Based on international trends, sustainability ratings, and industry information, we collect relevant human rights issues for different investigation subjects. We then design investigation questionnaires to address these issues.
Do Do phase Identification of human rights risks	Every year, we assess our own operations, value chain, and new business relationships (such as mergers, joint ventures, etc.) to identify potential human rights risks.
Check Check phase Confirmation of identified outcome	We review high-risk human rights issues within our operations and conduct a reevaluation of supplier self-assessment results. The aforementioned results will be reported to the Group's Sustainability Development Committee.
Action Act phase Risk mitigation and compensation	Based on the risks identified, we will formulate mitigation and compensation measures and track the implementation coverage and improvement rate of these measures. We will also flexibly adjust the investigation process and improvement measures as needed.

5.4 Protection of Human Rights

Plan | Compilation of human rights issues

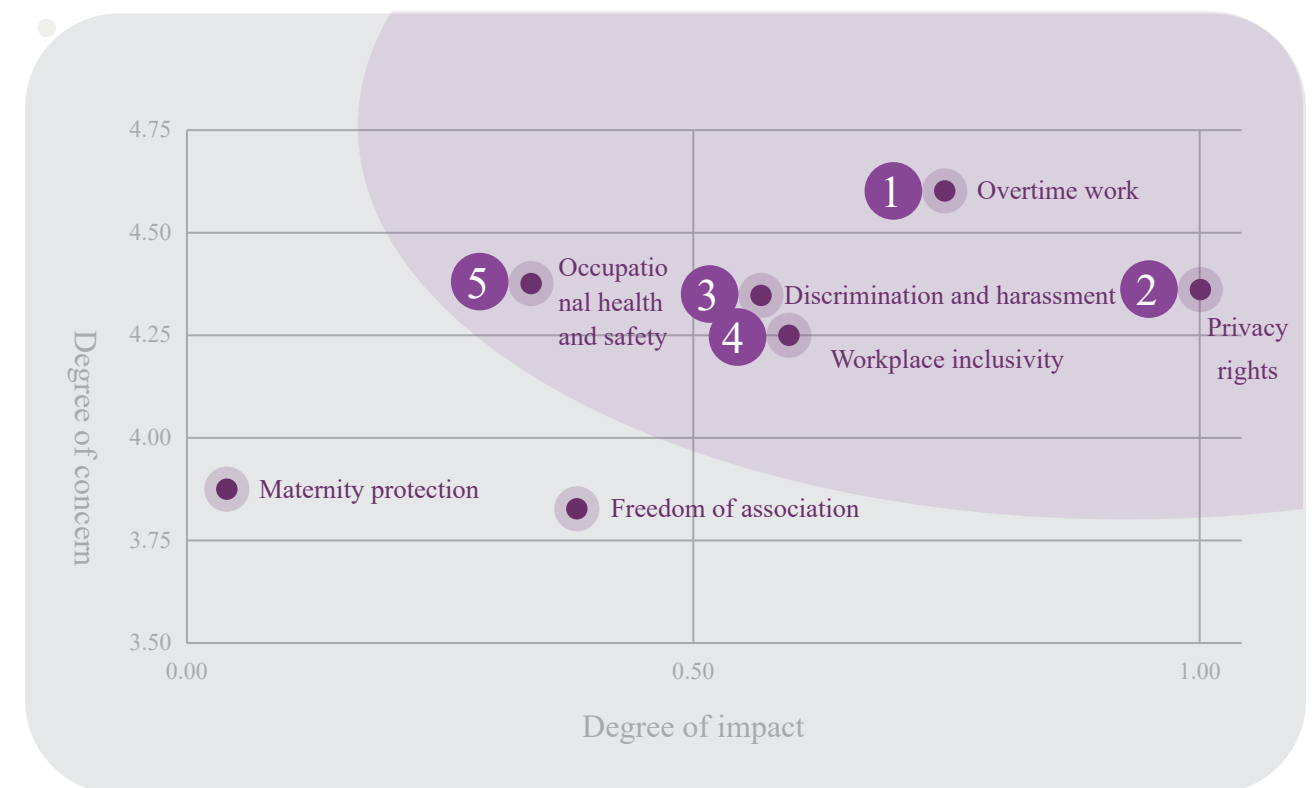
Scope of investigation	Target of investigation	Pertinent policies	Potential human rights issues	Demographics covered by the human rights risks	Method of investigation
Self-operation	Employees	<ul style="list-style-type: none"> “Human Rights Policy” established by the Group “Anti-Discrimination and Anti-Harassment Policy” established by the Group 	Maternity protection, workplace inclusivity, and gender equality (including equal pay for equal work), occupational health and safety, overtime work, privacy rights, freedom of assembly and association, discrimination, and sexual harassment	Our employees Women Indigenous people	Due diligence on employees’ human rights
Value chain	Suppliers	<ul style="list-style-type: none"> “Human Rights Policy” established by the Group “Anti-Discrimination and Anti-Harassment Policy” established by the Group “Supplier Sustainability Management Guidelines” established by the Group 	Child labor, discrimination, forced labor, human trafficking, equal pay for equal work, freedom of association, collective bargaining rights, occupational safety and health, personal data protection, and privacy	Children Women Indigenous people Immigrant workers Third-party contract workers	Supplier Sustainable Development Self-Assessment Questionnaire Survey
New business relationship	Business partners	<ul style="list-style-type: none"> “Human Rights Policy” established by the Group “Anti-Discrimination and Anti-Harassment Policy” established by the Group 	Discrimination, forced labor, child labor, human trafficking, occupational safety and health, freedom of assembly and association, and privacy rights	Children Women Indigenous people Immigrant workers Third-party contract workers	Due diligence on human rights

Noted: The group did not have any new business relationships (such as mergers, joint ventures, etc.) in the year 2023, so no human rights due diligence was conducted in this regard.

Do | Identification of human rights risks

In 2023, the group conducted a human rights due diligence for all its employees concerning its operations. Based on the probability and severity of various human rights issues, "overtime work," "privacy rights," "discrimination and sexual harassment," and "occupational inclusivity and gender equality," and occupational safety and health" were identified as high human rights risks (primary human rights risk factors) for the Group. A human rights issue risk matrix is also created to visualize these risks.

Employee Human Rights Risk Matrix



Suppliers' human rights risk assessment

Chung Kuo Insurance adheres to the "Supplier Sustainability Management Guidelines" set forth by the Group, which require all suppliers to sign a sustainability declaration committing to uphold internationally recognized fundamental labor rights. In 2023, the Group has also investigated all key suppliers for their human rights risk factors, including suppliers' labor rights, human rights, and occupational safety and health. Additionally, the Group verified whether suppliers have violated labor laws and regulations, such as the "Labor Standards Act," the "Act of Gender Equality in Employment," the "Occupational Safety and Health Act," and the "Act for Protecting Worker of Occupational Accidents," by utilizing the "Labor Law Violation Inquiry System for Business Entities (Employers)" provided by the Ministry of Labor. (For details on Chung Kuo Insurance's Supplier Sustainability Assessment Process, see 3.3.2 Supplier Management).

5.4 Protection of Human Rights

Check & Action | Confirmation of identified outcome and risk mitigation and compensation

Target of investigation	Primary risk factor	Mitigation measure	Compensation measure	Implementation of mitigation and compensation measures (%)
Total risk ratio (%)	Risk ratio (%)			
Employees 0.96%	Overtime work 0.03%	<ul style="list-style-type: none"> Send out announcements or emails to remind colleagues of attendance-related matters for the current month. Offer verbal reminders or use system alerts to notify employees of the end of working hours, and emphasize that if they need to extend their working hours, they must apply in advance and take a 30-minute break. Remind supervisors to ensure proper work distribution, and if employees have no overtime requirements, they should be encouraged to leave the workplace. 	<ul style="list-style-type: none"> Each year, we offer overtime compensation and overtime pay in accordance with the law. We review each department's overtime work situation on a monthly basis. 	100%

Target of investigation	Primary risk factor	Mitigation measure	Compensation measure	Implementation of mitigation and compensation measures (%)
Total risk ratio (%)	Risk ratio (%)			
Employees	Privacy rights 0.02%	<ul style="list-style-type: none"> Employees have signed confidentiality agreements and clearly understand their obligation to maintain confidentiality. We regularly conduct personal data protection education and awareness training. 	<ul style="list-style-type: none"> Adhere to the Personal Data Protection Act and relevant internal regulations for emergency response measures to be taken. 	100%
	Workplace inclusivity and gender equality 0.21%	<ul style="list-style-type: none"> Formulate regulations related to employee diversity and gender equality. Education and training on workplace inclusivity and gender equality are held regularly or promoted in public areas. 	<ul style="list-style-type: none"> Establish employee grievance channels. Recruit a certain percentage of individuals from disadvantaged groups (including people with physical and mental disabilities and indigenous people) in accordance with laws and regulations. 	100%
	Occupational health and safety 0.67%	<ul style="list-style-type: none"> We set up first aid kits, AED (Automated External Defibrillator) and other medical equipment, and provide health check-up subsidies, on-site medical personnel/resident physicians, etc. Conducted occupational safety and health-related education and training. 	<ul style="list-style-type: none"> Medical personnel and resident physicians track the health conditions of employees. By conducting employee engagement surveys and implementing psychological counseling services, we aim to understand employees' thoughts and make appropriate adjustments as needed. 	100%

5.4 Protection of Human Rights

Check & Action | Confirmation of identified outcome and risk mitigation and compensation

Target of investigation	Primary risk factor	Mitigation measure	Compensation measure	Implementation of mitigation and compensation measures (%)
Total risk ratio (%)	Risk ratio (%)			
Suppliers 0.96%	Labor rights and human rights 7.78%	<ul style="list-style-type: none"> Continue to sign "Supplier Sustainability Declaration" with suppliers and ensure strict adherence to Mega Financial Holdings Group's Human Rights Policy. Keep track of suppliers' labor and environmental safety-related regulatory penalties and sanctions. 	<ul style="list-style-type: none"> Ask suppliers to rectify oversights based on their self-assessment results. We hold supplier meetings, provide relevant education and training in order to promote the concept of corporate sustainability. 	100%
	Occupational safety and health 2.22%	<ul style="list-style-type: none"> Conduct comprehensive investigations (including supplier visits and communication meetings) through external professional organizations. 		

Note 1: The Group's Employee Human Rights Risk Ratio (%) = Number of Group employees affected by risk events / Total number of Group employees x 100%.

Note 2: The Group's Supplier Risk Ratio (%) = Number of Group's key suppliers penalized for labor or environmental safety-related violations / Total number of Group's key suppliers x 100%.

Note 3: The Group defines key suppliers as suppliers with a single or cumulative transaction amount of NTD 1.5 million or more in the previous year.

Note 4: The employee human rights risk mitigation and compensation measures adopted by the Group cover 100% of the 234 local and overseas operating locations.

Human rights advocacy and training

Chung Kuo Insurance conducts annual human rights advocacy and education training for all full-time employees. The human rights courses cover topics such as the Personal Data Protection Act, integrity in business training, employee confidentiality education, theory and practices of Treating Customers Fairly Principles in the financial industry, general employee safety and health education, and gender equality in the workplace, aiming to ensure that the principles of human rights protection are consistently implemented in practice. In 2023, a total of 4,812 participants attended human rights-related courses, with a total training duration of 9,269 hours. This demonstrates the Company's commitment to promoting human rights education.

Measures of Human Rights Promotion Prevention of forced or compulsory labor

Pursuant to "Labor Standards Act," employees who cannot work beyond normal working hours due to health or other legitimate reasons shall not be forced to work. In 2023, Chung Kuo Insurance had one violation of the Labor Standards Act. This case involved the undercounting of leave time for a resigned employee, resulting in a fine of NTD 20,000 imposed by the competent authority. Chung Kuo Insurance has proactively reviewed our procedures and taken corrective measures. We will reinforce the review mechanism to ensure the accuracy of personnel change process and will continue to uphold the protection of employee rights in the future.

Promoting Gender Equality

Chung Kuo Insurance adheres to the "Gender Equality in Employment Act" by providing maternity leave to female employees during childbirth, setting up breastfeeding rooms, and allowing them to apply for unpaid parental leave until each child reaches the age of three. This ensures 100% job retention for female employees and promotes substantive gender equality in the workplace. (For maternity benefits, see 5.3.1 Wages and Benefits)

5.4 Protection of Human Rights

Anti-Discrimination and Anti-Harassment

Chung Kuo Insurance adheres to the "Anti-Discrimination and Anti-Harassment Guidelines" set forth by the Group, based on the International Labor Organization (ILO) conventions. On top of that, we have also established the "Workplace Harassment Prevention, Complaint, and Disciplinary Measures" with relevant points and information on the grievance channels posted in office areas. Through this dissemination method, we ensure that all employees are aware of the measures in place to prevent and respond to workplace misconduct and harassment. In 2023, Chung Kuo Insurance had zero incidents of discrimination or harassment, and there were no penalties for violations of "Act of Gender Equality in Employment". We will continue to emphasize the importance of employees adhering to appropriate behavior and language, promoting workplace etiquette, mutual respect, and jointly creating a harmonious work environment with substantive gender equality.

Sexual Harassment Prevention Advocacy

In order to create a safe workplace, Chung Kuo Insurance invited the Garden of Hope Foundation to give a lecture titled "Our Distance Against Sexual Harassment: Introduction to Interpersonal Relationships and Boundaries in the Workplace." The aim of this lecture was to enhance employees' understanding of sexual harassment and foster a positive and friendly workplace culture. A total of 274 employees attended in 2023.



Mega Financial Group's
Anti-Discrimination and
Anti-Harassment Guidelines

Labor-Management Communication

Maintaining labor-management relations is key to ensuring the long-term stable development of the Company and protection of employees' labor rights. Chung Kuo Insurance has established a union composed of employees, with the General Assembly (represented by members) as the highest authority. The union also has a board of directors and supervisors, forming the Board of Directors and the Board of Supervisors respectively. The General Assembly (represented by members) is convened at least once a year, and the Board of Directors and the Board of Supervisors meeting at least once every three months. For employees who are not members of the labor union, their rights are also protected by relevant labor laws. As part of our commitment to protecting employee job rights, we ensure that any organizational adjustments, such as unit establishment, relocation, or mergers, are communicated to employees in advance. In cases where there are no suitable job placements due to changes in business nature or if an employee is found unfit for their current role, we would comply with the notice period prescribed by the "Labor Standards Act," providing a minimum of 10 to 30 days' notice before terminating their labor contract. The Chung Kuo Insurance labor union comprises 42 members, constituting 5% of our total employees.

To strengthen the stability of labor-management relations, Chung Kuo Insurance regularly holds labor-management meetings with union and labor representatives to engage in extensive and transparent communication regarding various labor-related issues (such as regulations for leave-taking of employees, benefit measures, etc.). Additionally, through other communication platforms, periodic dialogues with union leaders and supervisors are conducted to foster a positive development of labor-management relations. A total of four labor-management meetings were held in 2023. The topics discussed included increasing labor-management communication channels, managing overtime hours, and providing promotion channels for senior employees. Through these meetings, we discussed these issues and reached a consensus to make positive impacts on the labor-management relations of Chung Kuo Insurance.



Social Co-prosperity

6.1	Nurturing of Financial Talents	180
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Corresponding
SDGs



Corresponding
material topic

Social commitment

Corresponding
GRI topic

- GRI 413: Local Communities

Stakeholders to
prioritize reading

- Communities/Schools/NPOs

6. Social Co-prosperity

Pillars of Mega Financial Group's Strategies

Corresponding SDGs

Deepen financial inclusion and promote social co-prosperity



Sustainability Topics	Chung Kuo Insurance's Promotional Strategies	Promotional Status for Chung Kuo Insurance In 2023	Chung Kuo Insurance's Short-term Goals by 2024	Chung Kuo Insurance's Medium and Long-term Goals by 2029
Social commitment	We support the cultivation of sports talents in Taiwan and sponsor relevant events and competitions	<ul style="list-style-type: none"> We donated NTD1.52 million and provided training for 15 athletes 	<ul style="list-style-type: none"> Support 5 sports events, including 3 green sports events 	<ul style="list-style-type: none"> Cultivate junior sports talents to promote the development of sports that reflect Taiwan's unique characteristics. Support green races to reduce carbon and plastic impact Promote volunteer services and expand employees' social engagements Value the needs of vulnerable organizations and social welfare groups
	Establish volunteer service guidelines to strengthen volunteer services	<ul style="list-style-type: none"> 91 volunteers were involved, contributing a total of 435 service hours 	<ul style="list-style-type: none"> 10 sessions of volunteer service activities 	
	Provide assistance to children, adolescents, the elderly, and individuals with disabilities by allocating economic resources and promoting various social assistance programs	<ul style="list-style-type: none"> Two individuals received our scholarships, and our charity projects benefited a total of 7,289 people across 8 charitable organizations Our donations and sponsorships amounted to NTD 1.4 million 	<ul style="list-style-type: none"> Donate or provide financial assistance or goods to 20 organizations (including 1 domestic conservation organization) and to 30 disadvantaged children Provide micro insurance coverage to 2,000 people 	

The mission of Mega Financial Group is to create a comprehensive positive impact in the financial industry. Apart from promoting economic development, the Group aims to leverage its financial expertise for "promoting social co-prosperity" as part of its sustainable strategy for the broader society. After analyzing and evaluating the risks and opportunities within various communities, the Group has developed its pillars of social co-prosperity.

To actualize its pillars of social co-prosperity pillars, Mega Financial Group leverages the collective resources and collaborations with affiliated organizations, including "Mega Charity Foundation" and "Mega Bank C&E Foundation" as well as its various subsidiaries. Through initiatives focusing on financial education, supporting vulnerable communities, sponsoring sports, and engaging in social welfare, the Group extends care and assistance to those in need within our society. As a subsidiary of the Group, Chung Kuo Insurance has also been actively engaging in social welfare activities, making every effort to contribute to the betterment of society. Additionally, we have actively supported various events organized by the Group's foundations', such as Christmas concert, Anti-Drugs for Teens Theatre by the Paper Windmill Theatre, etc.

Following the directions set by the Group, we have developed our own pillars of social co-prosperity. These pillars are: "Financial Education, Inclusive Value" "Supporting the Vulnerable, Harvesting Abundance" "Supporting Sports, Enriching Events," and "Protecting the Earth, Enriching Ecology." Beyond that, we are committed to responding to the United Nations' Sustainable Development Goals (SDGs) and harnessing their positive influence to contribute to a better future.

In order to effectively implement social public welfare responsibilities within the corporate system, Chung Kuo Insurance and its subsidiaries jointly conducted an inventory of the priorities of their pillars of social co-prosperity and key performance indicators. In light of our efforts and achievements in promoting sustainable and green sports events, we have designated "Supporting Sports" as our primary focus for promotion.



Financial Education
Inclusive Value



Supporting the
Vulnerable
Harvesting Abundance



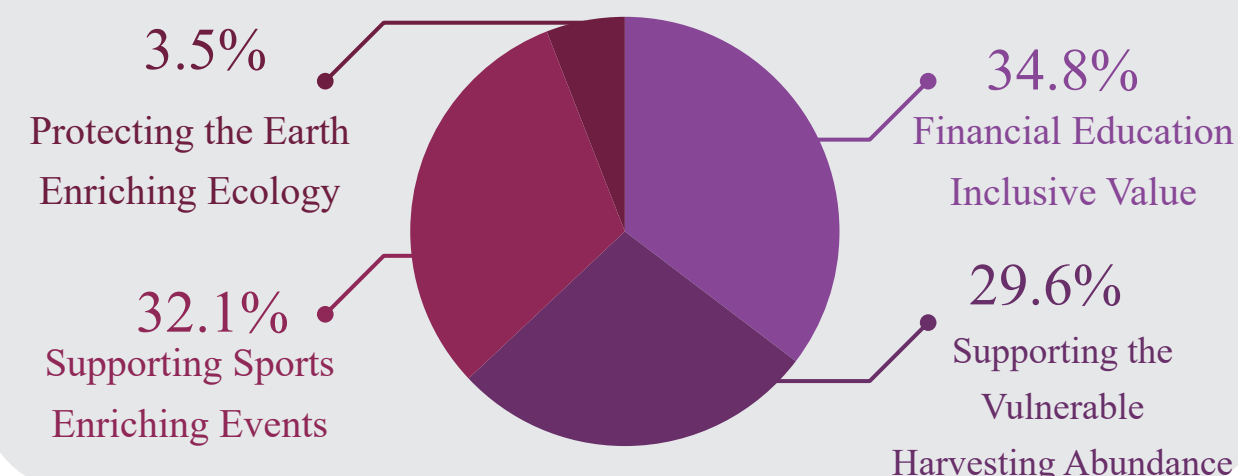
Supporting Sports
Enriching Events



Protecting the Earth
Enriching Ecology


In 2023, Chung Kuo Insurance committed NTD 4,750,560 to various charitable activities and involved a total of 91 volunteers, who collectively contributed 435 hours of volunteer service. This commitment to paying it forward allowed us to extend care and support to different communities across all corners of the society.

Chung Kuo Insurance's four pillars of social co-prosperity



6. Social Co-prosperity


Chung Kuo Insurance's social co-prosperity strategic pillars and key performance indicators


Social Co-Prosperity Strategic Pillars	Related SDGs	In tandem with business motivation	Business benefits and key performance indicators	Chung Kuo Insurance's social influence	Social/environmental benefits and key performance indicators
Financial Education and Inclusive Value		In response to the demand for sustainable and digital finance development, the Company is committed to promoting financial literacy by sponsoring various magazine publications to disseminate insurance knowledge. We also provide internship opportunities to students and the public, enabling them to understand our insurance products and services and attracting potential talents to join us as drivers for sustainable growth. Furthermore, we offer educational scholarships to underprivileged students with the intention of enhancing their access to quality education and promoting social equality and inclusive prosperity.	<p>By nurturing potential insurance and financial talents, Chung Kuo Insurance aims to enhance</p> <ul style="list-style-type: none"> Sponsor newspapers and magazines to publish 13 articles related to the insurance industry Sponsor/organize a total of 33 financial and insurance promotional activities, with 1,290 potential customers participating in them. 	<ul style="list-style-type: none"> Elevate the general public's financial and insurance literacy Provide opportunities for underprivileged communities to access financial literacy education Nurture potential financial talents 	<p>Promoted financial and insurance literacy in society to achieve SDG Goal 4.4: substantially increased the number of youth and adults equipped with relevant skills, including technical and vocational</p> <ul style="list-style-type: none"> We had a total of 14 interns from colleges and universities Offer scholarships NTD 100,000 to 2 beneficiaries. Sponsor newspapers and magazines with a total of NTD 558,000 Participate in 3 financial expos organized by Business Today,

Social Co-Prosperity Strategic Pillars	Related SDGs	In tandem with business motivation	Business benefits and key performance indicators	Chung Kuo Insurance's social influence	Social/environmental benefits and key performance indicators
Supporting the Vulnerable, Harvesting Abundance and Inclusive Value		Chung Kuo Insurance actively encourages employees to join the Company's volunteer service team and participate in caring activities at social welfare organizations during the end of the year in winter. Additionally, the Company initiates micro insurance programs and donates micro insurance premiums to underprivileged individuals, providing them with essential insurance coverage.	By leveraging our financial resources to assist the disadvantaged minorities, the Company aims to enhance societal recognition and brand image while increasing opportunities for us to reach out to potential talents and customers. By inviting employees to participate as volunteers in charitable activities for the underprivileged, Chung Kuo Insurance aims to foster a sense of belonging and commitment among its staff: societal recognition and brand image while increasing opportunities for us to reach out to potential talents and customers:	<ul style="list-style-type: none"> Develop financial inclusiveness is essential to ensuring that vulnerable communities have access to financial services and their rights to such services are protected Provide essential resources and assistance to vulnerable communities in need 	In order to achieve SDG 1.4, which aims to ensure that all people (especially the poor and vulnerable) have equal rights to economic resources, Chung Kuo Insurance actively promotes inclusive finance to ensure that everyone has equal access to basic financial services. Through charitable activities and donations, we strive to assist vulnerable communities and low-income families in improving their quality of life:

6. Social Co-prosperity




Chung Kuo Insurance's social co-prosperity strategic pillars and key performance indicators

Social Co-Prosperity Strategic Pillars	Related SDGs	In tandem with business motivation	Business benefits and key performance indicators	Chung Kuo Insurance's social influence	Social/environmental benefits and key performance indicators
Supporting the Vulnerable, Harvesting Abundance and Inclusive Value		These efforts aim to expand the customer base and enhance the visibility of our financial products. By actively participating in social welfare activities and fulfilling our social responsibilities, Chung Kuo Insurance showcases its commitment to making a positive impact in society. These efforts contribute to enhancing the Company's brand image and building strong customer loyalty and identification.	<ul style="list-style-type: none"> A total of 68 employee contributed 251.2 hours of volunteer work for this pillar. We published a total of 5 press releases for the events 	<ul style="list-style-type: none"> Develop financial inclusiveness is essential to ensuring that vulnerable communities have access to financial services and their rights to such services are protected Provide essential resources and assistance to vulnerable communities in need 	<ul style="list-style-type: none"> Donations of micro insurance reached NTD 1.05 million, benefiting 7,289 individuals. Donated NTD 300,000 to disaster victims in Turkey Donated a total of 27 boxes of supplies and NTD 5,000 for shipping fee to the Step30 International Ministries Donated 6 boxes of local fruits and pineapples, totaling NTD 3,000, to the Bali Elderly Center, benefiting 80 individuals reaching 68,000 beneficiaries

Social Co-Prosperity Strategic Pillars	Related SDGs	In tandem with business motivation	Business benefits and key performance indicators	Chung Kuo Insurance's social influence	Social/environmental benefits and key performance indicators
Supporting Sports, Enriching Events		By supporting green sports events, we raise awareness of the importance of sustainability in society. Each year, we continue to invest resources to support grassroots athletes' development, providing young athletes with diverse opportunities to become a genuine promoters of Taiwanese sports. We collaborated with the Chinese Taipei Association of Ultrarunners to organize green sports	<p>We actively invest resources in supporting green sports events and school sports development to enhance social recognition and brand image, as well as increase opportunities to engage with potential talents and customers: events.</p> <ul style="list-style-type: none"> We organized a total of 3 ultra marathons. We published a total of 4 press releases for the events 	<ul style="list-style-type: none"> Support for green events Facilitate the development of sports in Taiwan Promote a sporting culture 	<p>By achieving SDGs Goal 10.2, we will be able to enhance and promote social, economic, and political inclusivity for all, and the achievement of Goal 10.3 will ensure equal opportunities and reducing inequalities: skills, for employment, decent jobs, and entrepreneurship:</p> <ul style="list-style-type: none"> Our total donation towards sport events amounted to NTD 1,500,000 Cultivated 15 athletes and donated 50 branded, eco-friendly water bottles

6. Social Co-prosperity

Chung Kuo Insurance's social co-prosperity strategic pillars and key performance indicators

Social Co-Prosperity Strategic Pillars	Related SDGs	In tandem with business motivation	Business benefits and key performance indicators	Chung Kuo Insurance's social influence	Social/environmental benefits and key performance indicators
Protecting the Earth, Enriching Ecology	   	<p>Chung Kuo Insurance remains attentive to societal issues, actively seeking solutions and taking actions to enhance our corporate social responsibility image. We aim to strengthen our bond with society by engaging in initiatives like sourcing local agricultural products to support farmers during challenging times and participating in environmental conservation activities such as beach cleanups and tree planting to promote biodiversity and sustainability.</p>	<p>The Company actively participates in and organizes various social welfare activities to expand our social influence:</p> <ul style="list-style-type: none"> We published a total of 2 press releases for the events 	<ul style="list-style-type: none"> We support high-quality Taiwanese agricultural products to alleviate the imbalance in production and sales Our goal is to raise environmental awareness among the public and promote the conservation of Earth's natural ecology 	<ul style="list-style-type: none"> Donated NTD 30,000 to Taiwan Reforestation Association and planted a total of 100 saplings. Our beach cleanup activity collected a total of 17.5 kilograms of trash. Our total purchase of agricultural products amounted to NTD 78,000

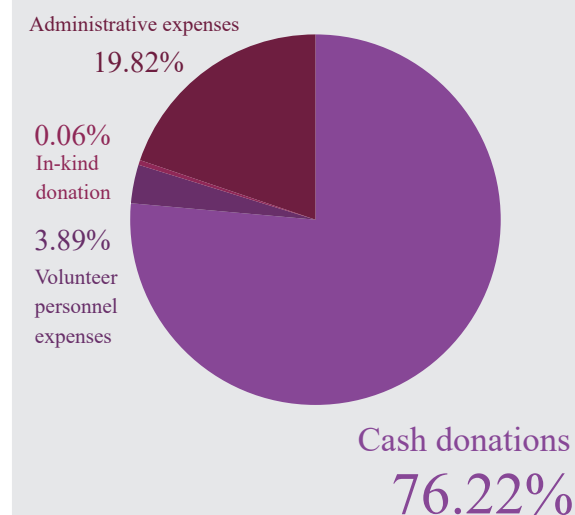
6. Social Co-prosperity

Assessment of Co-prosperity Influence

In addition to actively participating in the social welfare activities planned by the Group, Chung Kuo Insurance also has its Social Co-prosperity Sub-team that formulates the Group's annual work plans and objectives, committing to social investment and charitable activities to expand the Company's social impact. At the same time, the Company also regularly reviews the progress and performance of each strategic pillar, using the B4SI (Business for Societal Impact) evaluation framework for community investment assessment while continuously examining the forms and types of investment in each pillar to ensure effective implementation. The forms of investment include "cash donations", "volunteer personnel expenses", "in-kind donation," and "administrative expenses"; while the types of investment activities encompass "charitable donations", "community investment", and "business advocacy". By utilizing the statistics from the aforementioned initiatives, we can effectively track and evaluate the Company's social influence and benefits. In 2023, Chung Kuo Insurance invested a total of NTD 4,750,560 in social welfare initiatives. Moving forward, we will continue to further enhance and deepen our commitment to various philanthropic projects.

By form of investment

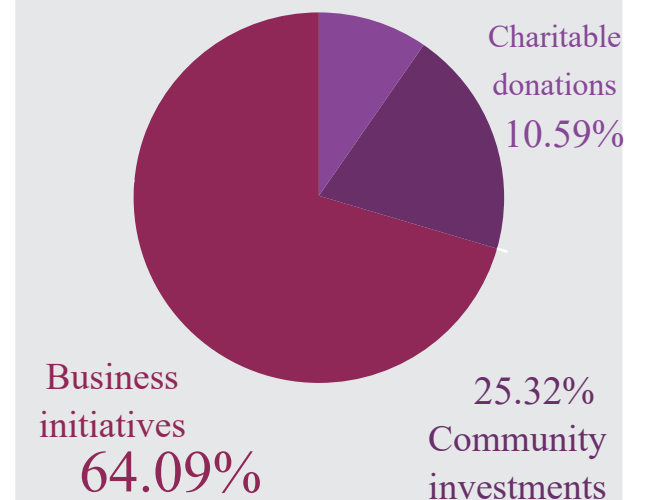
Unit: NTD



Cash donations	3,621,000
Volunteer personnel expenses	184,960
In-kind donation	3,000
Administrative expenses	941,600
Total	4,750,560

By type of investment

Unit: NTD



Charitable donations	503,000
Community investments	1,202,910
Business initiatives	3,044,650
Total	4,750,560

6. Social Co-prosperity

Assessment of Co-prosperity Influence

Form of contribution	Charitable donations	Community investments	Business initiatives	Total
Cash donations	483,000	1,080,000	2,058,000	3,621,000
Volunteer personnel expenses	17,000	89,760	78,200	184,960
In-kind donation	3,000	0	0	3,000
Administrative expenses	0	33,150	908,450	941,600
Total contribution amount	503,000	1,202,910	3,044,650	4,750,560
Number of sessions held	0	38	6	44
Number of beneficiaries	82	7,289	68,029	75,400

Unit: NTD

6. Social Co-prosperity

Mega Christmas Eve Concert

Mega Financial Holding held the "Mega Christmas Eve Concert" on December 22, 2023. Executives and colleagues from Chung Kuo Insurance and the Group's subsidiaries gathered to celebrate the festival. Students from the National Taiwan Normal University Symphony Orchestra, a famous orchestra in Taiwan, were invited to perform at this event. This provided a stage for the students to perform and was open to the public. Over 100 people attended the event, which fully demonstrated Mega's efforts and commitment to supporting the development of arts and culture in Taiwan.



"Saving Faust," an anti-drugs drama the Paper Windmill Theatre

In order to strengthen the anti-drug advocacy among teenagers and schools, the Mega Bank C&E Foundation collaborated with the Department of Substance Abuse Control and Prevention, Kaohsiung City Government, to invite the Paper Windmill Theatre to perform "Saving Faust," an anti-drugs drama, at 8 junior high schools in Kaohsiung City and at large outdoor venues in Gangshan District. The performance received an enthusiastic response. "Saving Faust" tells the story of a student named Faust who, in order to satisfy his own desires, betrays his soul to a demon from ancient European folklore in exchange for more magical power. The story cleverly uses the metaphor of a deal with a demon to illustrate drug abuse. It warns that if one is not careful, one may fall into a hell, thus aiming to improve young people's anti-drug knowledge. Chung Kuo Insurance has also actively supported the foundation's activities and demonstrated its emphasis on anti-drug issues by backing arts and cultural performances in Taiwan. Hui-Ju Chao, Manager from the Fengshan Branch of Mega Bank, also stated in her speech that she hoped the funny and witty anti-drug performance by the Paper Windmill Theatre would help young people understand the dangers of drugs and keep them away from schools.



6.1

Financial
Education

Chung Kuo Insurance aims to leverage its financial expertise to disseminate accurate insurance knowledge to the public. We believe in promoting the importance of insurance awareness and educating individuals and businesses on how to effectively utilize insurance products to manage risks and safeguard their assets. In doing so, we align ourselves with the United Nations Sustainable Development Goal 4 (SDG) of providing quality education. Through the power of financial knowledge, we strive to reduce socioeconomic disparities and enhance the overall well-being of society.

The Company also continues its ongoing sponsorship of various magazine publications to promote insurance knowledge in a clear and accessible manner. Chung Kuo Insurance cooperated with the Association to raise funds for the “Financial Industry Education Public Welfare Fund” from the Taiwan Financial Services Roundtable to help disadvantaged students complete their education and promote financial literacy. We also offer internship opportunities to college and university students, allowing them to gain hands-on experience in the insurance industry during their academic studies. This enables students to apply the financial knowledge they have acquired in school to practical work scenarios, promoting the integration of theory and practice. Indeed, through these opportunities, Chung Kuo Insurance identifies and nurtures potential talents in the financial industry, injecting fresh energy into its sustainable business operations. In 2023, we invested a total of NTD 1,653,350 toward the pillar of "Financial Education, Inclusive Value", accounting for 34.8% of our overall investment.

Core of Strategic	Stakeholders	Significance
Internship program	<ul style="list-style-type: none">College students	We offered 14 students the opportunity to work as our interns, allowing them to experience real-world operations in the workplace.
Sponsorship of financial events	<ul style="list-style-type: none">Existing customers	A total of 33 publicity lectures on finance and insurance were conducted by financial seed lecturers, with approximately 1,290 participants.
	<ul style="list-style-type: none">General public	We participated in the Financial Expo organized by Business Today and set up an investment and wealth management service experience area to promote financial knowledge.
	<ul style="list-style-type: none">General publicExisting / potential customers	Sponsored the following magazines with a total of NTD 724,800. <ul style="list-style-type: none">Monthly Accounting BulletinShipping Digest"Special issue of 2023 Wealth Trends, "Review and Prospect of Property and Casualty Insurance," and "Special Program of Natural Catastrophe Insurance" of Commercial Times"Business Diary," "Review and Prospect of the Property and Casualty Insurance Industry" of Economic Daily News"Insurance Health and Wealth Management Magazine" by RMI
Scholarship	<ul style="list-style-type: none">Young students / College students	A donation of NTD 100,000 was made to the “Financial Service Industry Educational Fund” of the Taiwan Financial Services Roundtable to provide scholarships and grants to the students of disadvantaged families. The scholarship benefitted two recipients and contributed to the promotion of inclusive financial education.

6.1 Financial Education

Promotion of insurance knowledge

In 2023, Chung Kuo Insurance took the initiative to sponsor various magazine publications, aiming to promote financial literacy and cultivate a better understanding of insurance concepts among the public. Through these efforts, the Company seeks to disseminate insurance knowledge widely and raise awareness about the importance of insurance coverage and risk transfer in society.

Chung Kuo Insurance's Magazine Sponsorship in 2023

- Sponsored Commercial Times with an amount totaling NTD 113,000 to support the publication of a "Special issue of 2023 Wealth Trends," "Review and Prospect of Property and Casualty Insurance," and "Special Program of Natural Catastrophe Insurance," which delved into international financial trends, industry dynamics, market fluctuations, and other relevant topics that are beneficial to various industries and the general public.
- Sponsored the Economic Daily News with an amount totaling NTD 160,000 to support the publication of "Business Diary" and "Review and Prospect of the Property and Casualty Insurance Industry," which reported the latest knowledge of the business sector and industry trends.
- Sponsored RMI with an amount totaling NTD 288,000 to support the publication of Trends and Risk Management, "Insurance and Finance magazine", which disseminates professional knowledge in the insurance field and actively propagate insurance education.



Case Sharing - Financial Expo

In November 2023, we participated in the Financial Expo organized by Business Today. Under the theme of "Star Travel with Fortune," Mega Financial Group created a cosmic planet decoration for the exhibition area. The area also featured interactive games combined with financial literacy products. During the three-day exhibition, we hoped to make financial knowledge more widespread through our practical actions.



6.2 Social Commitment

6.2.1 Supporting the Vulnerable, Harvesting Abundance

Chung Kuo Insurance has long been dedicated to caring for vulnerable groups in society. In addition to participating in social welfare activities organized by two major foundations, we also proactively organize various care activities in all scales. Chung Kuo Insurance aspires to leverage its resources to assist those in need in society, especially as many non-profit organizations have faced challenges in their operations due to the impact of the pandemic in recent years. In addition to actively participating in volunteer services for social welfare each year, Chung Kuo Insurance also places great emphasis on providing assistance and support for domestic and international natural disasters and accidents. In 2023, the Company demonstrated its humanitarian spirit and international solidarity by donating NTD 300,000 to Turkey to assist the Turkish people or refugees in maintaining essential living conditions and health necessities.

We aspire to offer increased support and companionship to disadvantaged communities in times of need. Our commitment extends beyond addressing SDG 1's objective of eradicating poverty; we take concrete steps to ensure that the economically vulnerable have equal access to resources. In 2023, we invested a total of NTD 1,406,110 toward the pillar of "Supporting the Vulnerable, Harvesting Abundance", accounting for 29.6% of our overall investment.

Core of Strategic Focus	Stakeholders	Significance
Provision of financial products	<ul style="list-style-type: none"> General public 	Chung Kuo Insurance provided approximately NTD 1.05 million in microinsurance premiums, offering basic coverage to 7,289 vulnerable individuals.
Care for the disadvantaged	<ul style="list-style-type: none"> The Humanitarian ICT for Emergency & Disaster Relief 	Adhering to its humanitarian spirit and international solidarity, Chung Kuo Insurance donated a total of NTD 300,000 to Turkey to assist the Turkish people or refugees in maintaining essential living conditions and health necessities.
	<ul style="list-style-type: none"> General public 	The Company participated in the Down Syndrome Association's "Warmth and Love at Year-end - Abrazo" volunteer event, where we invited 19 of our colleagues to volunteer and contributed a total of 67 volunteer hours in packaging holiday gift boxes.
	<ul style="list-style-type: none"> Step30 International Ministries 	To celebrate its 92nd anniversary, the Company initiated an internal supplies collection and then screened the collected supplies. We also invited our employees and policyholders to jointly visit the "Step30 International Ministries" warehouse and serve as volunteers. In the end, a total of 27 boxes of charity supplies were raised and Mega Financial sponsored the shipping fee to send them to South Africa. We hoped these necessities can reach underprivileged children in South Africa as soon as possible, demonstrating that love knows no borders.
	<ul style="list-style-type: none"> Bali Elderly Center 	The Company supported local farmers by procuring domestically produced pineapples and donating them to the nuns and the elderly at Bali Elderly Center.
	<ul style="list-style-type: none"> General public 	The Company and its affiliated companies jointly organized the charitable blood donation drive, contributing 131 bags of blood to the blood bank.

6.2 Social Commitment

6.2.1 Supporting the Vulnerable, Harvesting Abundance

Case Study - Planning Micro insurance for Vulnerable Communities

Insurance is a fundamental safeguard in life, and micro insurance provides essential personal protection against specific risks, particularly for economically disadvantaged individuals. It functions by bridging the gap left by insufficient government social insurance or assistance programs. To assist economically disadvantaged individuals, Chung Kuo Insurance actively provides micro insurance services and consistently offers micro insurance premiums. This support helps sustain their basic livelihood, creating a safety net that offers immediate protection to vulnerable communities.

Chung Kuo Insurance designs micro insurance plans specifically for vulnerable communities, including promoting micro insurance for disadvantaged elderly individuals. This initiative aims to provide basic insurance coverage to people aged 65 or above but under 75, who receive low to moderate elderly living allowances. The goal is to prevent their families from facing financial difficulties in the event of an insurance accident involving the insured individual. In 2023, Chung Kuo Insurance offered approximately NTD 1,050,000 worth of micro insurance to 8 social welfare units, benefiting approximately 7,289 individuals.



“Insurance is about protecting you from risks, and we hope to enhance the resilience of vulnerable groups in the face of adversity through professional planning.”

Chung Kuo Insurance President

翁英豪 Y.H. Wong



6.2 Social Commitment

6.2.1 Supporting the Vulnerable, Harvesting Abundance

Case Sharing - Chung Kuo Insurance donated used shoes to Step30 International Ministries for charity in cele- bration of its 92nd anniversary

In 2023, Chung Kuo Insurance organized a series of Step30 International Ministries activities on the company's anniversary to help more than one million schoolchildren in Africa who do not have shoes. “Tungiasis” is a common disease among children who do not have shoes. In the most severe cases, it can be fatal. In response to this public welfare event, employees of Chung Kuo Insurance raised 27 boxes of supplies (including bags, shoes, and clothing). We called on 7 colleagues and 3 policyholders to volunteer at the Association's warehouse to sort out the supplies. Additionally, we provided NTD 5,000 for shipping to send these goods to Africa, ensuring that they reach children in need in remote areas as soon as possible, demonstrating that love knows no borders.



Case study - Abrazo Volunteer Event

The “Abrazo Sheltered Workshop” operated by the Down Syndrome Foundation is like a second home for individuals with Down syndrome. Each branch of the facility employs several disabled workers who engage in producing handmade cookies and noodles, as well as handling product sales and packaging. Before the 2023 Mid-Autumn Festival, due to strong support from the public for the “Abrazo” holiday gift boxes, Down Syndrome Foundation needed the assistance from all sectors of the society to prepare the large number of Mid-Autumn Festival gift box orders. Chung Kuo Insurance, together with subsidiaries within the Group, rallied a total of 103 volunteers to visit the Abrazo Sheltered Workshop and fold paper boxes for limited-edition gift boxes over a weekend. We worked together with the residents with Down syndrome, ensuring that each supportive gift box for the residents was shipped on time as planned. We delivered warmth and blessings through practical actions. The sincere thoughts inside and outside the gift boxes added a heartwarming touch to the Mid-Autumn Festival.



Our volunteers helping the residents with Down syndrome to package gift boxes

6.2 Social Commitment

6.2.2 Supporting Sports, Enriching Events

Supporting Sports, Enriching Events

Chung Kuo Insurance has been a long-term supporter of sports activities in Taiwan. Not only have we sponsored the National Chengchi University (NCCU) Griffins basketball team as a way to promote sports culture and cultivate junior players, but the Company also actively contributes to green sporting events. In 2023, we sponsored three events organized by the Association of Ultrarunners, providing relevant insurance coverage, including public liability insurance, to ensure the safety and success of the events.

Integrating its core insurance business, Chung Kuo Insurance developed a green sports event support plan, which received external recognition. In 2023, Chung Kuo Insurance stood out among many other entrants. We first won the gold award of "Excellence in Charity Project Planning" of the Taiwan Insurance Excellence Awards, and then received the Taiwan Corporate Sustainability Award (TCSA) "Social Inclusion Leadership Award."

In 2023, we invested a total of NTD 1,524,450 toward the pillar of "Supporting Sports, Enriching Events," accounting for 32.1% of our overall investment.

Core of Strategic Focus	Stakeholders	Significance
Promotion of sports	General public	The sponsorship for the "2023 Taipei Ultra Marathon", "2023 Taiwan Ultra Trail" and "2023 Yilan Donshan River Ultra Marathon" events organized by the Association of Ultrarunners amounted to a total of NTD 1 million. This collaboration is meant to enhance the quality of Taiwan's ultramarathon events and align them with international standards. Additionally we also provided relevant insurance plans, including public liability insurance and comprehensive insurance for specific activities, as part of our sponsorship.
	College students	We sponsored the National Chengchi University Griffins basketball team with a donation of NTD500,000, aimed at training the players. The Griffins team achieved their first-ever championship in 2020 and went on to achieve a historic four-year consecutive victory, becoming the first men's basketball team in the history of the University Basketball Association (UBA) to achieve this record.

Support for green events

The Chinese Taipei Association of Ultrarunners (Ultrarunners Association in short) has been actively promoting green sporting events and implementing the 3R principles in the planning of their events. The association strives to minimize the environmental impact of organizing races while also calculating the carbon footprint of their events. In response to the green sports event initiative, in 2023 Chung Kuo Insurance once again provided the Chinese Taipei Association of Ultrarunners with public liability insurance, comprehensive insurance for specific activities, and other relevant insurance plans for "Taipei Ultra Marathon," "Taiwan Ultra Trail," and "Yilan Donshan River Ultra Marathon" for the fourth time. Through these insurance arrangements, we ensure the safety of the ultra-marathon athletes and share the potential risks associated with organizing the events with the association.

The "Taipei Ultra Marathon," "Taiwan Ultra Trail," and "Yilan Donshan River Ultra Marathon" events are committed to environmental protection by providing reusable eco-cups and medals with recyclable materials. Additionally, participants have the option to choose not to receive event souvenirs, and the saved funds would be donated in full to the Amyotrophic Lateral Sclerosis (ALS) Association to support ALS patients. This initiative not only reduces the use of unnecessary materials but also demonstrates our dedication to green actions and supporting those in need. On top of that, Chung Kuo Insurance also leveraged its insurance expertise to provide public liability insurance and comprehensive insurance for specific activities for the participants. Chung Kuo Insurance will continue to support green sports events in the future and contribute more with our financial expertise

3R Principle

3R Principle refers to Reduce, Reuse and Recycle. The 3R principle aims not only to enhance the environmental-friendliness of the sports events but also to foster runners' green awareness and encourage its implementation in their daily lives.



The policy of choice for ultra marathon runners

The "Special Event Comprehensive Insurance" we offer covers various activities such as marathons, ultramarathons, paragliding, rock climbing, mountain climbing above 3,000 meters, or professional performances. It provides coverage for accidents such as frostbite, heatstroke, and heat exhaustion that may occur during these events.

6.2 Social Commitment

6.2.2 Supporting Sports, Enriching Events



Taipei Ultra-Marathon



Taiwania Ultra Trail



Yilan Donshan River Ultra-Marathon

Sponsorship for sports development

By sponsoring the National Chengchi University (NCCU) Griffins basketball team, Chung Kuo Insurance aims to assist students in finding life goals and challenging themselves through sports competitions and training. Promoting a vibrant sports culture on campus, we encourage students to showcase their abilities not only in academic pursuits but also in sports. Support and emphasis from corporates have given the campus activities more room and momentum to develop. The Griffins team achieved their first-ever championship in 2020 and went on to achieve a historic four-year consecutive victory in 2023. The outstanding athletes we have cultivated participated in recent competitions and achieved notable success, with seven players being selected for the national team.



In order to advocate for green sports events, Chung Kuo Insurance encouraged sports teams to reduce plastic use and recommended that players use environmentally friendly water bottles. In addition to reducing the amount of garbage in each game, we also promoted environmental protection on campuses, making plastic reduction closer to life.



6.2 Social Commitment

6.2.3 Protecting the Earth, Enriching Ecology

Chung Kuo Insurance is committed to actively monitoring the development of social issues. When identifying areas in society that require assistance or attention, the Company would take a deep look from its perspective and take action accordingly. Through these actions, we aim to consolidate and disseminate our social influence, bringing positive energy to various social issues that need attention and resolution. Chung Kuo Insurance has not caused any significant actual or potential negative impact on local communities through its operations. On the contrary, the Company has deepened its connections with various regions through its philanthropic and charity activities. In 2023, we invested a total of NTD 166,650 toward the pillar of "Protecting the Earth, Enriching Ecology", accounting for 3.5% of our overall investment.

Core of Strategic Focus	Stakeholders	Significance												
Protecting Earth's ecology	General public	Participated in the "2023 Protecting Dadu Mountain Parent-child Tree Planting Event at Taichung Metropolitan Park" organized by Taiwan Reforestation Association. We joined hands and planted nearly a hundred saplings.												
		Sponsored the "2023 Protecting Dadu Mountain Parent-child Tree Planting Event at Taichung Metropolitan Park" organized by Taiwan Reforestation Association with a total of NTD 30,000.												
		On the Earth Day of 2023, we participated in the "Beach Cleanup Activity at the Aquarium Around the National Museum of Marine Science and Technology in Keelung City" organized by Mega Financial Group and collected over 100 kilograms of trash. Their hard work reaffirmed our commitment to environmental conservation and protecting the oceans and the Earth.												
Supporting local agriculture and fisheries	General public	<p>Chung Kuo Insurance supports local agriculture and fisheries by initiating its "Pineapple and Atemoya Procurement Project" with a total procurement value of NTD 78,000.</p> <table> <tr> <th colspan="3">Chung Kuo Insurance's Procurement of Local Agricultural/Fishery Products in 2023</th></tr> <tr> <th>Agricultural/fishery products</th><th>Unit: carton</th><th>Unit: NTD</th></tr> <tr> <td>Pineapple</td><td>60</td><td>30,000</td></tr> <tr> <td>Atemoya</td><td>80</td><td>48,000</td></tr> </table>	Chung Kuo Insurance's Procurement of Local Agricultural/Fishery Products in 2023			Agricultural/fishery products	Unit: carton	Unit: NTD	Pineapple	60	30,000	Atemoya	80	48,000
Chung Kuo Insurance's Procurement of Local Agricultural/Fishery Products in 2023														
Agricultural/fishery products	Unit: carton	Unit: NTD												
Pineapple	60	30,000												
Atemoya	80	48,000												



Participated in the "2023 Protecting Dadu Mountain Parent-child Tree Planting Event at Taichung Metropolitan Park" organized by Taiwan Reforestation Association



Beach Cleanup Activity at the Aquarium Around the National Museum of Marine Science and Technology in Keelung City

Supporting local agriculture and fisheries

Through concrete actions, Chung Kuo Insurance actively supports Taiwanese farmers and fishermen, helping to balance production and sales and promoting domestic agriculture. In 2023, Chung Kuo Insurance purchased locally-produced fresh agricultural and fishery products, including pineapples and atemoya and distributed them to customers, colleagues, and social welfare organizations as gifts. Over the years, Mega Bank Insurance has been a consistent supporter of local farmers and fishermen during times of agricultural and fishery imbalances, becoming a reliable force that brings peace of mind to these communities. By doing so, we also share the beauty of Taiwan's local agricultural and fishery products with our various stakeholders.



Procurement of atemoyas



Procured pineapples and donated them to Bali Elderly Center



Responsible Governance

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Corresponding
SDGs



Corresponding
material topic

Ethical management, corporate governance,
risk management

Corresponding
GRI topic

- GRI 2: General Disclosures
- GRI 205: Anti-corruption
- GRI 206: Anti-competitive Behavior

Stakeholders to
prioritize reading

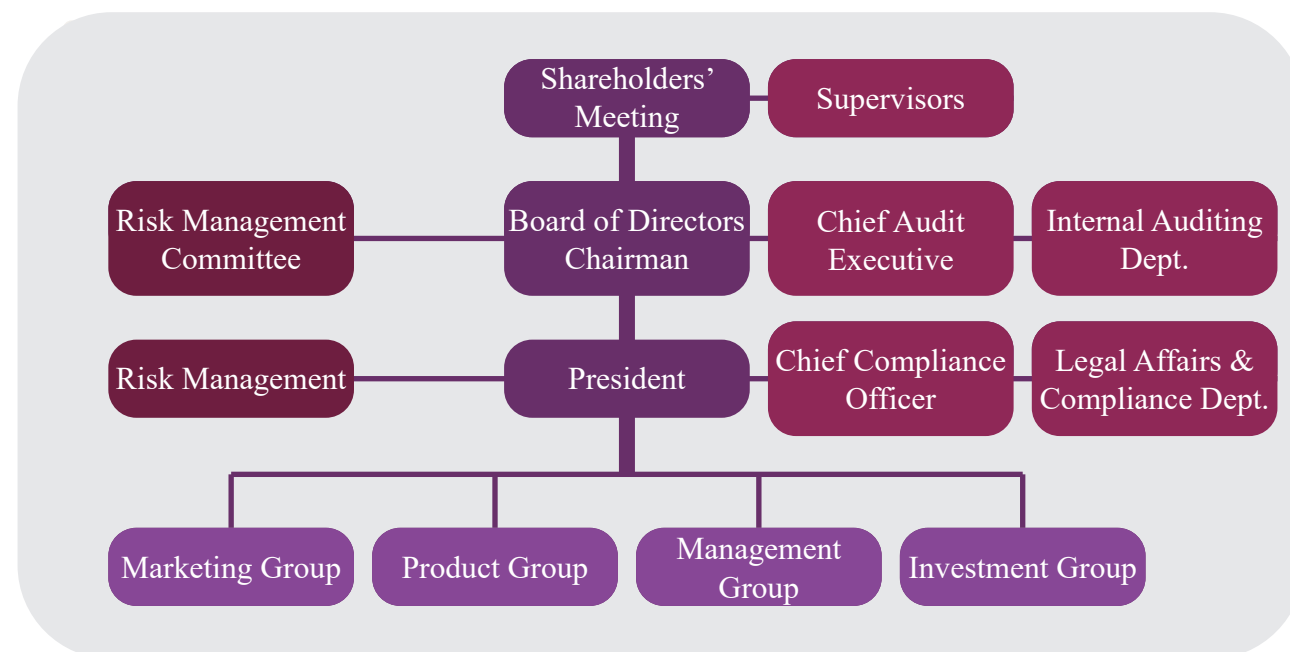
- All stakeholders

7.1 Corporate Governance

7.1.1 Structure of Corporate Governance

The Board of Directors serves as the highest decision-making and governance body of Chung Kuo Insurance. The Board is responsible for making significant decisions for the Company, establishing effective internal control systems, compliance with laws and regulations, and risk management mechanisms. The Board also oversees the management team responsible for the Company's operations, ensuring the protection of shareholders' and policyholders' rights and interests, and respecting our stakeholders, while maintaining financial soundness to ensure sustainable operation.

Chung Kuo Insurance has established the Board Audit Office and the Risk Management Committee under the jurisdiction of the Board of Directors. We adopted the supervisor system in accordance with laws and regulations; therefore, we did not establish an Audit Committee. The Board Audit Office operates with absolute independence to carry out internal audit tasks and regularly reports its audit activities to the Board of Directors and Supervisors. The Risk Management Committee is responsible to the Board of Directors for executing the Board's risk management decisions. It regularly reviews the development, establishment, and effectiveness of the Company's overall risk management mechanism, and reports to the Board. The Committee also provides feedback on the implementation status of risk management.



Corporate Governance
Best Practice Principles

About the Committee

Committee	Composition	Primary responsibility	Meeting frequency
Risk Management Committee	An Independent Director serves as the convener and chairperson, responsible for convening and presiding over the meetings. The Risk Management Committee shall comprise 27 members, including at least 3 Independent Directors, President, VP, Corporate Governance Officer, Assistant vice president, Chief Information Security Officer, Head of Risk Management Office, and the heads of various departments at HQ. The Chairman, Chief Auditor, and other designated personnel shall be	<ol style="list-style-type: none"> Formulate risk management policies and frameworks, and delegate authority and responsibilities to relevant units. Establish risk measurement criteria. Manages the overall risk limits of the Company and the risk limits of each unit. Regularly report to the Board of Directors and provide timely feedback on the implementation of risk management. The Committee also proposes improvement recommendations to the Board of Directors. Execute the risk management decisions made by the Board of Directors and periodically review the development of the Company's overall risk management mechanisms. Assist and supervise various departments in conducting risk management activities. Adjust risk categories, risk limits allocation, and risk assumption methods in response to environmental changes. Facilitate cross-departmental interaction and communication of risk management functions Review the assessment of capital adequacy and the allocation and adjustments of risk capital. Review the assessment of self-risk and the adequacy of liquidity. 	Meets at least once per quarter (In 2023, the committee held a total of 4 meetings with a 93.81% attendance rate by committee members)

7.1

Corporate Governance

7.1.2

Structure of Corporate Governance

Election of Directors

The directors and supervisors of Chung Kuo Insurance are appointed by the sole corporate shareholder, Mega Financial Holding Co., Ltd., in accordance with legal regulations. Pursuant to the regulations outlined in the "Rules for the Appointment and Execution of Duties of Directors and Supervisors Representing Equity Investments" of Mega Financial Group, individuals possessing the necessary knowledge or experience for executing duties shall be selected and appointed as directors and supervisors representing equity investments every three years, upon approval by Mega Financial Holding's Board of Directors.

Board of Directors' Duties	Board of Directors' Tasks
<div>1. Review and approval of the Company's Charters and various regulations.</div> <div>2. Determination of business policy and business plan.</div> <div>3. Appointment of key personnel.</div> <div>4. Review and approval of budget and final accounting.</div> <div>5. Formulation of earnings distribution.</div> <div>6. Handling capital increase or decrease.</div> <div>7. Handling real estate transactions.</div> <div>8. Review of investment.</div> <div>9. Other functions and powers authorized by laws, regulations, and shareholders' meetings.</div>	<div>1. Establish an effective and appropriate internal control system.</div> <div>2. Select and supervise managerial officers.</div> <div>3. Review the Company's management decision-making and business plans and supervise their implementation.</div> <div>4. Review the Company's financial goals and supervise their achievement.</div> <div>5. Supervise the Company's asset and liability allocation and operating results.</div> <div>6. Review the performance evaluation and remuneration standards for managerial officers, sales personnel, insurance brokers, and insurance agents, as well as the structure and system of remuneration for directors.</div> <div>7. Maintain the Company's minimum solvency.</div> <div>8. Supervise and manage the risks faced by the Company.</div> <div>9. Supervise the Company's future development direction.</div> <div>10. Establish and maintain the Company's image and promote sustainable development.</div> <div>11. Appoint CPAs and actuaries.</div> <div>12. Protect the rights and interests of policyholders.</div> <div>13. Ensure that the Company complies with all relevant laws and regulations.</div>

Independence of directors

Currently, the three independent directors of Chung Kuo Insurance have served for less than 9 years, with an average term of 6 years. Chung Kuo Insurance places great importance on the independence of its directors. The positions of Chairman and President are not held by the same individual, nor are they spouses or first-degree relatives of each other. The directors do not have a spouse or close relatives within the second degree of kinship among them. Similarly, there are no cases of spouses or close relatives within the second degree of kinship between supervisors and directors or among supervisors. The independent directors are nominated in accordance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" to ensure their independence. Additionally, all directors who serve in other listed companies hold directorship in no more than two such companies.

The Company ensures that significant oversights and improvement measures raised in internal and external audit reports, as well as important operational and business matters, from domestic and foreign regulatory authorities are promptly reported to the Board of Directors for timely response and action. Furthermore, the directors adhere to a high level of self-discipline. In cases where a director has an interest in a matter being discussed at the Board of Directors meeting, whether personally or on behalf of a related entity, the director will provide a clear explanation of the relevant interests during the meeting. The director will also recuse themselves from the discussion and voting process and will not act as a proxy for other directors to exercise voting rights.

Director diversity

Chung Kuo Insurance has a board of nine directors (including three independent directors), and three supervisors. All of them are citizens of the Republic of China (Taiwan) and their ages range from 49 to 76. They possess at least five years of relevant work experience in areas such as finance, insurance, actuarial science, business, legal, finance, accounting, marketing, operations management, or technology.

The 24th Board of Directors of Chung Kuo Insurance consists of nine directors (including three independent directors). Going forward, the company is committed to increasing the number of female directors and aims to achieve a representation of at least 30% female directors by December 31, 2025.

7.1 Corporate Governance

7.1.2 Structure of Corporate Governance

Director Diversity Information

Name	Job Title	External Independence	Nationality	Gender	Industry Experience	Professional competence				
						Risk	Finance	Law	Digital	Sustainability
Cheng-Te Liang	Chairperson of the Board	Executive Director	Republic of China	Male	Finance	●	●	●	●	●
Ying-Hao Weng	Director	Executive Director	Republic of China	Male	Finance	●	●	●	●	●
Fu-Fong Hsiao	Director	Executive Director	Republic of China	Male	Telecommunication services	●			●	●
Ping-Sen Liang	Director	Executive Director	Republic of China	Male	Finance	●	●		●	●
Lan-Jong An	Director	Executive Director	Republic of China	Male	Finance	●	●	●		●
Wang-Chung Ko	Director	Executive Director	Republic of China	Male	Industry	●	●		●	●
To-Far Wang	Independent Director	Independent Director	Republic of China	Male	Finance	●	●	●		●
Shih-Hsin Huang	Independent Director	Independent Director	Republic of China	Male	Finance	●	●	●		●
Chih-Hua Chiao	Independent Director	Independent Director	Republic of China	Male	Finance	●	●		●	●
Jui-Yun Lin	Supervisors	-	Republic of China	Female	Finance	●	●	●	●	●
Tsui-Ting Ko	Supervisors	-	Republic of China	Female	Industry	●	●	●		●
Yueh-O Huang	Supervisors	-	Republic of China	Female	Finance	●	●	●		●

Note 1: The assessment of external independence for directors as independent directors is based on the following criteria. Directors must be non-executive directors and meet at least 4 out of the 9 criteria, with a minimum of 2 out of the first 3 criteria:

- (1) Within the past year, the director has not held a position as a senior executive in the Company
- (2) The director and their family members have not received remuneration exceeding USD 60,000 from the Company or any of its subsidiaries during the current year, except as permitted by the US SEC Rule 4200
- (3) During the current year, the family members of the director have not held positions as senior executives in the Company or any of its subsidiaries
- (4) The director is not a consultant to the Company or its management team, and there is no conflict of interest with the Company's consulting advisors
- (5) The director has no conflict of interest with the company's major customers or suppliers
- (6) The director has no service contract relationship with the Company or management team
- (7) The director has no relationship with major non-profit organizations receiving donations from the Company
- (8) The director did not hold any position in an external audit organization or serve as a partner in the past year.
- (9) The director has no conflicts of interest with the independent operation of the Board of Directors.

In addition, all independent directors possess independence as defined by the competent authority. With the exception of Mr. Tu-Fa Wang, an independent director who also serves as the chairman of the Council on Formosan Studies, and Mr. Shih-Hsin Huang, an independent director who also serves as a director of Township Roots Corporation, none of the independent directors hold directorship in other companies or serve as independent directors elsewhere. Additionally, all directors who serve in other listed companies hold directorship in no more than two such companies.

Note 2: The classification is based on the first-level classification of the Global Industry Classification Standard (GICS).

Note 3: The proportion of directors aged 51 and above is 100%.

Note 4: In order to ensure stakeholder inclusivity, some of the board members represent the interests of investors.

Note 5: The attendance rate of the Board of Directors in 2023 was 98% (including authorized attendance), meeting the requirement of board attendance rate of 90%.

Note 6: Please refer to the Company's annual report for the respective backgrounds and other board directorship status of each director.

Continuous Education for Directors

In response to corporate governance and alignment with domestic and international sustainability trends, Chung Kuo Insurance is committed to supporting the continuous development of its directors and supervisors, ensuring they uphold their core values and professional expertise. To achieve this, the Company provides a diverse range of training programs to enhance their abilities to perform their duties and promote sustainable operations. In 2023, the average training hours for directors reached 16 hours, which is 10 hours more than the target, totaling 196.5 hours. Of these, 33 hours were dedicated to training related to corporate sustainability, aimed at promoting sustainable development. Course contents include low-carbon innovation, climate change disclosure, fintech risks, information security management, etc. These courses aim to improve their professional knowledge while cultivating their outstanding characteristics and decision-making ability. Additionally, they are designed to improve their decision-making quality and ability to perform supervision, thereby strengthening the functions of the Board.

Performance Evaluation for the Board of Directors

Pursuant to the attached assessment form of the "Practical Guidelines for Corporate Governance of Insurance Companies," Chung Kuo Insurance conducts annual self-assessment and peer review of the Board of Directors' performance. The results of the Board of Directors' performance evaluation are reported to the Board of Directors, and the execution status and assessment results are disclosed on the Company's website and in its annual report. The evaluation results for 2023 were all rated as "Excellent", indicating good execution performance by the Board of Directors.

7.1 Corporate Governance

7.1.3 Remuneration policies

Remuneration policy for directors (including independent directors)

Chung Kuo Insurance is a wholly-owned subsidiary of Mega Financial Holding Company. Any matters related to salary, compensation, and adjustments thereof shall comply with relevant regulations of Mega Financial Holding Company, the parent company.

The payment for concurrent service as a director or supervisor is based on the standards set forth in the "Remuneration for Concurrent Service as a Director or Supervisor at a Financial and Insurance Institution Regulated by the Ministry of Finance." Attendance allowances will not be paid to directors and supervisors who hold positions within the Company.

Independent directors: According to the "Articles of Incorporation," the Board is authorized to determine compensation based on their participation in the Company's operations and their contributions, with reference to the general compensation levels of peers.

Chairman: The remuneration of the Chairman is determined in accordance with the "Regulations on the Salary Standard for Chairpersons and General Managers Appointed or Recommended by the Ministry of Finance to State-Owned and Privately-Owned Enterprises and their Subsidiaries" and other relevant provisions stated in the Company's bylaws. This includes salary, retirement benefits, and various bonuses.

Remuneration Policy for Senior Management

Chung Kuo Insurance follows the provisions of the "Personnel Remuneration Management Regulations" to handle the remuneration of its personnel. However, the Company may determine additional allowances and subsidies based on factors such as region, job category, and nature of work. The remuneration for the president and vice presidents includes salary, bonus, severance pay, etc., and is disclosed in the Company's annual report every year. At Chung Kuo Insurance, the remuneration of personnel, except for the Chairman and President, is determined by the Board of Directors. For department heads and personnel holding equivalent positions at the HQ, their remuneration is proposed by the President and approved by the Chairman.

Variable remuneration is implemented in accordance with the "Guidelines for Performance Bonus Distribution" and is distributed after the annual final accounting has been audited and attested by CPAs. Currently, Chung Kuo Insurance's compensation and performance linkage mechanism is implemented in accordance with the above regulations. Additionally, the performance evaluation and scoring standards for the responsibility center incorporate ESG-related performance metrics into the evaluation criteria, in compliance with the Company's policies.

7.2 Ethical management

7.2.1 Ethical business management

In order to establish a sound corporate governance system and promote an ethical culture, Chung Kuo Insurance has established regulations such as the "Code of Conduct for Ethical Management," "Ethical Management Guidelines and Prevention of Unethical Conduct," and "Code of Ethical Conduct". These regulations cover areas such as anti-corruption, fair trading, donations, conflict of interest, intellectual property, and protection of business secrets. Regular reports on compliance with the principles of ethical conduct are submitted to the Board of Directors.

All directors and senior management have signed the "Integrity Business Policy Statement", with a 100% signing rate for 2023. In 2023, all directors participated in the internal ethical management education and training, achieving a 100% completion rate. For our full-time employees, the E-learning system is used for education and training. Upon the completing each course, employees take a pop quiz. In 2023, a 100% completion rate was achieved. Any employee found to violate the code of conduct will be subject to appropriate disciplinary actions based on the severity of the misconduct. To prevent similar incidents, the Company is committed to enhancing education and training efforts and implementing improvement measures. Following the internal audit system, Chung Kuo Insurance has conducted general audits for 30 domestic operating locations. The audit procedures and focus included identifying relevant risk. In 2023, no operating locations with corruption risks or significant corruption risks were identified.

In addition, in conjunction with our internal control and audit mechanisms, we have been promoting the Group's policy on ethical business conduct, preventive measures, operational procedures, and the consequences of unethical behavior so as to internalize the principles of ethical business into our corporate culture. The internal audit unit conducted a special audit on "business activities with relatively high risk of unethical behavior" as per the audit plan. In 2023, one case of violation against ethical business conduct regulations was found in Chung Kuo Insurance's operations. Internal auditor reported it to Mega Financial Holding and conducted comprehensive investigation. Upon completing the investigation, the Company dismissed the personnel who violated the ethical conducts in accordance with our internal regulations.

7.2 Ethical management

7.2.1 Ethical business management

Compliance with “Code of Conduct for Integrity in Business” for Chung Kuo Insurance and Business Partners

Entity	Scope of coverage (%)	Signing of declaration (%)	Provision of training (%)
Chung Kuo	100%	100% (Targets: 9 directors, 31 senior executives and managers)	100% (Targets: 826 full-time employees, 12 directors and supervisors)
Business partners (including agencies, suppliers and service providers)	100%	39% (Targets: the 48 suppliers that signed contracts with the Company in 2023)	100% (Targets: key suppliers)

Note 1: The "Code of Conduct for Integrity in Business" includes provisions on anti-corruption, fair trading, and other related matters. All of our 9 directors have also received training on ethical conduct and compliance.

Note 2: The contracts signed by the Company with agencies, suppliers, customers, or other counterparties shall include requirement for compliance with the ethical management policy and a clause that reserves the rights to terminate or dissolve the contract at any time if the counterparties are found to have engaged in dishonest conduct.

Chung Kuo Insurance’s Code of Conduct-related Training for Employees in 2023

Training type	Training hours	Number of participants
Internal training	4,743	2,627
External training	6	2

Note: All employees of Chung Kuo Life Insurance have completed code of conduct-related education and training, surpassing the

Additionally, to foster a culture of ethical management, Chung Kuo Insurance adheres to the "Sponsorship Management Regulations" and the "Donation Regulations" to govern its charitable contributions. The Company also strictly abstains from any form of bribery and refrains from making direct or indirect political donations.

Chung Kuo Insurance’s Political Contribution in 2023 (Unit: NTD)

Entity type	Amount of donation
Lobbyists, organizations, interest groups	0
Political organizations, election candidates	0
Industry trade associations and think tanks with the purpose of political influence.	0
Others (such as election propositions, expenses related to referendums, etc.)	0

7.2 Ethical management

7.2.2 Whistleblowing System

Both employees and external individuals at Chung Kuo Insurance can directly report illegal or non-compliant activities through our internal and external whistleblowing channels to the designated authority. Should the reported incident be verified to be true, relevant departments will review the internal control system and operational procedures and propose improvement measures to prevent similar negative incidents from happening again. Whistleblowers may be rewarded as an acknowledgment of their contributions. Chung Kuo Insurance has formulated the "Ethical Management Guidelines and Prevention of Unethical Conduct.". The protection measures for whistleblowers include keeping the identity of the whistleblowers and the content of the complaint confidential, not divulging information sufficient to identify the whistleblowers, and not discharging, dismissing, demoting, or reducing the salaries of the whistleblowers, jeopardizing their rights and interests under the law, contract, or custom or other unfavorable punishments due to the reported case.

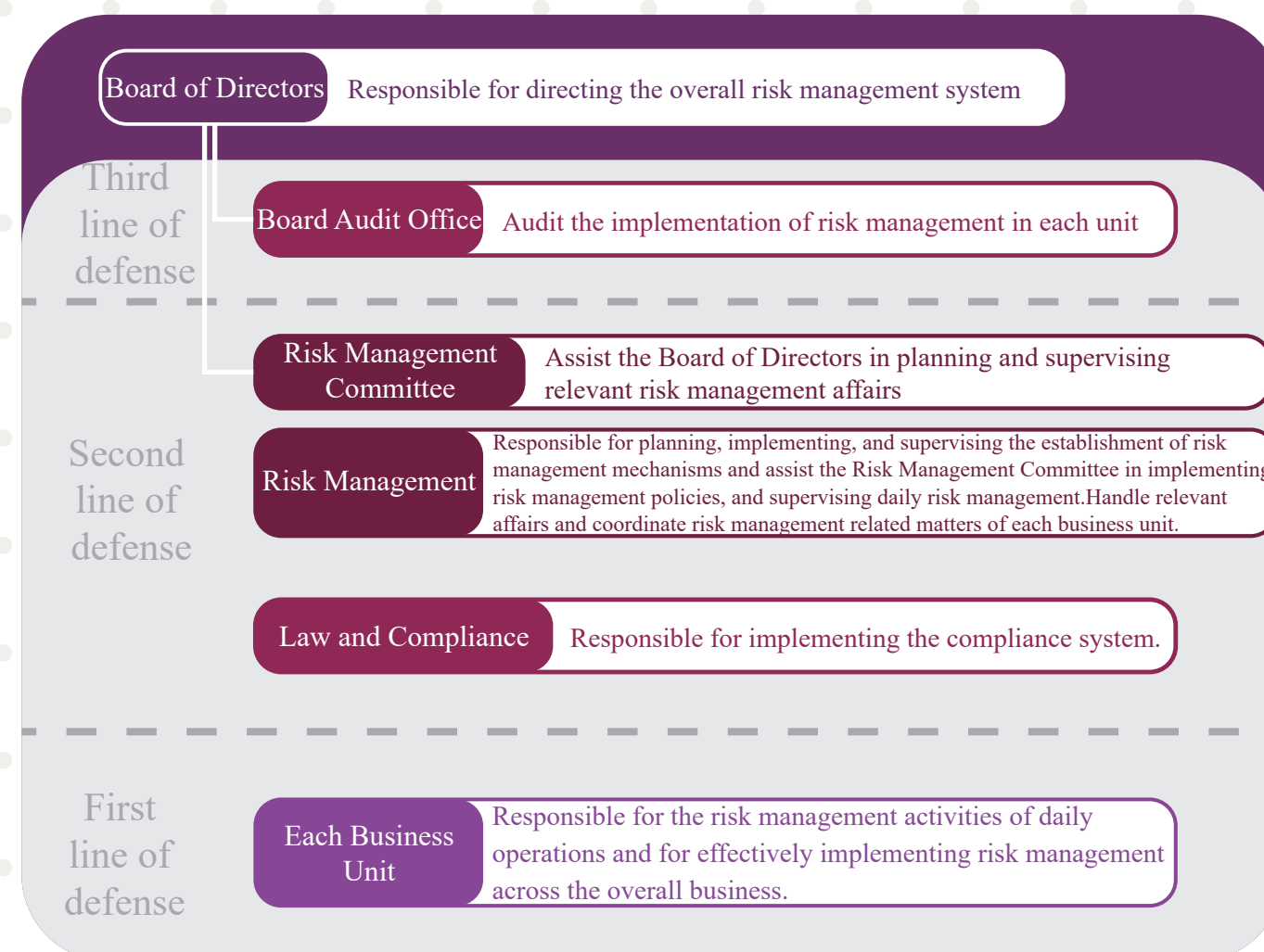
Furthermore, if the investigation of a whistleblower's case reveals significant violations or potential serious harm to the Company, the handling unit should promptly report the findings to the Board of Directors. In the case of significant and accidental events or illegal incidents, the procedures specified in the "Handling of Significant and Accidental Events Notification" shall be followed, and relevant authorities and Mega Financial Handling shall be notified or reported accordingly. In 2023, Chung Kuo Insurance received one report, including a complaint. This case was reported by an employee who violated the Company's ethical management. Upon investigation procedure, it was determined that the report stemmed from the employee's dissatisfaction with their dismissal, rather than actual dishonest conduct. Consequently, the case was dismissed.

7.3 Risk management

Risk Management Structure

Chung Kuo Insurance's risk governance framework consists of three lines of defense: the business units, risk management units, and internal audit unit. Each of these lines has its respective responsibilities in risk management at various levels. The Risk Management Office operates independently from the business units and is responsible for the daily monitoring, measurement, and evaluation of the Company's risks. It handles the execution-level aspects of risk management and related matters. Chung Kuo Insurance has established a Risk Management Committee, which reports to the Board of Directors. The Committee is responsible for overseeing the overall risk management of the Company. The Board of Directors ensures the effectiveness of risk management and holds the ultimate responsibility for the overall risk management.

Risk Management Structure



7.3

Risk
management

7.3.1

Risk Management
Mechanism

Chung Kuo Insurance adheres to the "Regulations Governing Implementation of Internal Control and Audit System of Insurance Enterprises" and follows the risk management policies and guidelines set by the parent financial holding company. We have established our "Risk Management Policy," "Risk Management Operational Control Procedures," and various risk management rules that outline the establishment of effective mechanisms for identifying, measuring, monitoring, reporting, and responding to risks. We set specific risk management objectives and track their implementation on a regular basis. The Company employs a three-line defense mechanism, involving business units, risk management units, and audit unit to manage various risks, including market risk, credit risk, liquidity risk, operational risk, insurance risk, asset-liability allocation risk, climate change risk, compliance risk, and information security risk. The management principles for each risk have been clearly defined to ensure robust risk management and contribute to sound business operations. To effectively address the risks posed by climate change, the Company has established its "Climate Risk Management Guidelines", "Sustainable Insurance Operation Guidelines", and "Sustainable Investment Management Guidelines". These guidelines aim to strengthen our climate risk management mechanism and reduce the impact of climate change risks.

Emerging Risks

Chung Kuo Insurance regularly conducts risk identification and operates risk surveys based on the risk categories and definitions from "The Global Risks Report 2023" by the World Economic Forum (WEF). The operational risk self-assessment report prioritizes risks based on their probability of occurrence and impact on the Company, according to the definitions provided in the operating risk survey. It then addresses the top three identified risks.

Annual Risk Awareness Survey

Ranking of Risk Events	
By likelihood of occurrence	By impact on the Company
1. Extreme climate events	1. Extreme climate events
2. Infectious diseases	2. Network security failures
3. Natural resource crisis	3. Failure to adapt to climate change

Risk Stress Test

Chung Kuo Insurance conducts the Own Risk and Solvency Assessment (ORSA) once a year. In this annual assessment, we conduct exposure analysis under different scenarios to evaluate the Company's capital adequacy in extreme situations.

The capital adequacy ratio of Chung Kuo Insurance shall not fall below the statutory standard of 200% or the management target value of 250% set by the Company. In response to liquidity risks, Chung Kuo Insurance regularly reviews its suitability, monitors management indicators related to capital liquidity, oversees the sources and uses of large-value capital and tenor concentration, and establishes appropriate limits for control.

Content of Scenario and Description on Rationality

Scenario	Content	Description on Rationality
Natural Disasters - Earthquakes	A severe earthquake at the 1-in-250-year level causes significant disaster in northern Taiwan. Influenced regions include the Greater Taipei Area (including Taipei City, New Taipei City, and Keelung City) and the Tao-Chu-Miao Area (including Taoyuan City, Hsinchu City, Hsinchu County, and Miaoli County).	Assuming the use of the catastrophe model for trial calculations, the damage from a severe earthquake at the 1-in-250-year level is determined to be a significant loss from a natural disaster.
Natural Disasters - Typhoon Floods	A severe typhoon at the 1-in-200-year level cause significant disaster across Taiwan, especially in the Hua-Tung Area (including Hualien Country and Taitung County) and southern Taiwan (Yunlin County, Chiayi County, Tainan City, Kaohsiung City, and Pingtung County).	Assuming the use of the catastrophe model for trial calculations, the damage from typhoon floods at the 1-in-200-year level is determined to be a significant loss from a natural disaster.

7.3 Risk management

7.3.1 Risk Management Mechanism

Insurance risk factor exposures for stress test under the Own Risk and Solvency Assessment (ORSA) mechanism

Scenario/Item	Loss on exposure	
	Loss assessment	Loss amount (Unit: NTD thousands)
Earthquake	Estimated claims	13,858,649
	Net retained claims	993,608
Typhoon floods	Estimated claims	7,895,332
	Net retained claims	675,800

Risk Management Training

In an effort to enhance employees' risk awareness and foster a risk management culture, Chung Kuo Insurance regularly arranges for employees from the Risk Management Room to receive education and training on risk management. In 2023, the average training hours for these employees reached 60 hours. We also encourage our staff to participate in various internal and external risk management-related educational and training programs. In accordance with the "Subsidiary Risk Management Assessment Procedure" established by Mega Financial Holding, the status of participation in risk management educational training each year will be linked to their performance evaluations.

Status of Risk Management Related Training for Chung Kuo Insurance Employees in 2023		
Training type	Training hours	Total number of participants
Internal training	4,270	1,033
External training	34,215	17,610

Note: All Chung Kuo Insurance employees have completed their risk management-related educational training.

7.3 Risk management

7.3.2 Operational continuity management

To ensure the continuous operation of the company, Chung Kuo Insurance adheres to the guidelines of the "Insurance Industry Risk Management Practices" and the principles of Business Continuity Management (BCM) as outlined in ISO 22301. This is done to establish a business continuity management system that complies with international standards. The Company has formulated a "Business Continuity Management Policy" and the "Code of Business Continuity Management Operation." We have also developed business continuity plans specifically targeting the recovery of critical business functions. By regularly organizing educational training, conducting exercise plans, and on-site drills, we ensure the ability to sustain business operations in the event of disruptions caused by disasters.

In addition, Chung Kuo Insurance approved the "Business Continuity Operational Plan in Response to Material Natural Disasters" in 2023 to mitigate the impact and improve the acceptability of service outages caused significant natural disasters. This initiative aims to reduce financial losses, maintain the Company's reputation, protect employees, improve customer satisfaction, and ensure compliance with regulatory requirements. Our goal is to implement emergency response measures through this plan to minimize losses in the event of significant natural disasters.

In 2023, Chung Kuo Insurance conducted educational training and drills on business continuity-related issues to enhance the knowledge of its employees in relevant fields. The status of drills and exercises conducted in 2023 is as follows:

Drill item	Drill method	Date of completion
Property and Casualty (P&C) Core System	Remote backup	2023/12/16
New Property and Casualty (P&C) Core System (auto insurance, financial insurance, accident insurance, and so forth)	Remote backup	2023/12/16
B2C System	Remote backup	2023/12/16
B2B System	Remote backup	2023/12/16
Other backup systems (human resources, document management and so forth)	Remote backup	2023/12/16
Backup system restoration testing	Remote backup	2023/12/16
BCM Business Continuity Operation, PIMS Personal Information Incident Drill, and ISMS Information Service Continuity Operation Drill	Simulation scenario	2023/7/20
Information security incident - Suspected DDoS Network Attack	Simulation scenario	2023/9/5
Generator power supply system	Power switching	2023/12/24
Building fire protection system	Fire protection workshop	2023/6/8 2023/12/13

7.4

Legal
Compliance

7.4.1

Legal Compliance
Management
Mechanism

7.4

Legal
Compliance

7.4.2

Audit System

Legal compliance is a focal point of the internal control system at Chung Kuo Insurance. The Company has established a "Legal Compliance System" and created the Legal Compliance Office, reporting to the President. This office is responsible for planning, managing, and implementing our legal compliance system, handling legal matters, promoting ethical business practices, and managing anti-money laundering and counter-terrorism financing affairs, among other related tasks. In the event of significant violations of laws and regulations, the Legal Compliance Office shall promptly notify the Board of Directors and submit a report on the matter of legal compliance to the Board of Directors.

Mega Financial Group holds quarterly meetings for compliance officers to discuss various matters related to the implementation of compliance systems, internal and external audit findings, improvement measures, compliance training, and legal compliance. In 2023, the Group conducted a total of four such meetings, and the attendance rate of Chung Kuo Insurance’s compliance officers came to 100%.

The Legal Compliance unit organizes regular training sessions for compliance officers to enhance their knowledge and understanding of legal compliance. Based on the annual compliance plan, the unit conducts annual compliance tests, self-assessments, and compliance assessments to evaluate adherence to laws and regulations. The results of these evaluations are reported to the Board of Directors.

Status of Legal Compliance Training for Chung Kuo Insurance Employees in 2023		
Training type	Training hours	Total number of participants
Internal training	1396.5	688
External training	742.5	140

Audit System

Chung Kuo Insurance has established its "Internal Audit System Implementation Measures" in accordance with the "Regulations Governing Implementation of Internal Control and Audit System of Insurance Enterprises". The annual audit plan is formulated and submitted to the Board of Directors for discussion and approval. Based on this plan, regular audits are conducted on each unit once a year, including general audits and specific project audits. The Internal Audit Unit closely monitors and follows up on any identified oversights in the audited units until they are rectified and the progress and results of the audits are periodically reported to the Board of Directors. As per the regulations governing the supervision of subsidiaries, Mega Financial Holding Company supervises the internal audit operations in its subsidiary companies. Each year, an assessment is conducted to evaluate the performance of internal audit functions in the subsidiaries. The evaluation results are communicated to Chung Kuo Insurance through formal correspondence, and the Audit Department the Company would present these findings to the Board of Directors. These findings are then factored into the performance evaluation of each responsible unit within the Company.

Status of Audit Professionals' Certifications or Relevant Examinations in Chung Kuo Insurance for 2023	
Name of examination/certification	Number of passes
Bank internal control and internal audit examination	2
Internal auditor	0

7.4 Legal Compliance

7.4.3 Penalty Cases

7.5 Combatting Crime

7.5.1 Management Mechanisms to Combatting Crime

Penalty Cases

In 2023, there were a total of 2 penalty cases in which Chung Kuo Insurance violated laws or received notifications from regulatory authorities. Among these cases, there was 1 case that exceeded the significant threshold of NTD 1 million. Neither of the penalty cases were related to corruption, fraud, or anti-competitive practices. Moreover, appropriate measures have been established subsequently to enhance control and prevent the recurrence of similar incidents.

No.	Case name	Fine	Other penalties	Corrective measure
1.	Pandemic insurance policy audit. Failed to take timely measures upon reaching the limit, and the sales suspension warning was not effective enough	NTD 1.8 million	None	Two new internal regulations were established for product management: 1. Operation Guidelines for Risk Control for High-Risk Insurance Products: Specify risk control procedures for high-risk insurance products 2. Operation Guidelines for Suspending Acceptance of Insurance Products: Strengthen the procedures for suspending the acceptance (i.e., sales suspension) of insurance products, categorized into general and emergency sales suspensions, and clearly define the activation timing, notification, and handling method for application.
2.	Underpayment of wages for unused annual leave upon the termination of the employee's contract	NTD 20,000	None	<ul style="list-style-type: none"> This issue will be controlled and managed through the human resource management system's attendance management module. Strengthen system control measures, perform preliminary calculations manually, and reinforce reviews by the line supervisor and deputy manager for better oversight.

Management Mechanisms to Combatting Crime

In order to comply with the regulations of the "Money Laundering Control Act," "Counter-Terrorism Financing Act," and "Regulations Governing Anti-Money Laundering of Financial Institutions" and etc., Chung Kuo Life Insurance has established its "Anti-Money Laundering and Counter-Terrorism Financing Policy and Procedures" and the "Anti-Money Laundering and Counter-Terrorism Financing Risk Management Guidelines." These guidelines cover customer due diligence, transaction monitoring, and education and training. Additionally, the Company has set up the "Anti-Money Laundering and Counter-Terrorism Financing Committee," with the President serving as the convener. The Committee meets quarterly, and meeting records are submitted to the Board of Directors. The committee members include the head of the Anti-Money Laundering and Counter-Terrorism Financing Unit, Legal and Regulatory Compliance Office, Risk Management Office, Financial Management Department, Administration Department, Electronic Data Processing Department, and Overseas Department.

To supervise and manage the anti-money laundering and counter-terrorism financing (AML/CFT) efforts of its subsidiaries, Mega Financial Group holds regular "Group Anti-Money Laundering Prevention Meetings." These meetings oversee the implementation of AML/CFT measures by each subsidiary, covering areas such as regular customer reviews, employee education and training, reporting of suspicious money laundering or terrorist financing transactions, discussion of specific cases, operation of AML/CFT committees and task forces, compliance with AML/CFT risk appetite and limits, and AML/CFT compliance testing. In 2023, a total of 6 Group Anti-Money Laundering Prevention Meetings were convened, and the Company achieved a 100% attendance rate in these meetings.

7.5 Combatting Crime

7.5.2 Crime Combatting Measures

Crime Combatting Measures

Chung Kuo Insurance has established relevant guidelines such as the "Anti-Money Laundering and Counter-Terrorist Financing Policy and Procedures" and the Board of Directors appoints a designated officer from the HQ to oversee the Company's anti-money laundering and counter-terrorist financing efforts. This designated officer is responsible for supervising these activities and reports to the Board of Directors every six months on the progress of the anti-money laundering and counter-terrorist financing measures. The report covers various aspects, including compliance with directives from regulatory authorities and the parent financial holding company, the implementation of anti-money laundering and counter-terrorist financing risk assessments, reporting of suspicious transactions and terrorist financing activities, continuous monitoring of transactions, internal controls related to anti-money laundering and counter-terrorist financing, mechanisms for testing their implementation, and relevant education and training initiatives.

When soliciting, the business unit must identify and verify the identity of customers, keep a photocopy of the identity document or maintain records, and complete the KYC information item by item. When underwriting, the application documents filled out by the proposer or the insured must be thoroughly reviewed. When a claim is made, the recipients of the insurance claims must be thoroughly verified. In addition, name verification shall be conducted when establishing business relationships, changing insurance contracts, and making insurance claims. If the verification results indicate that a customer is on the high-risk list, a full assessment and reinforcement of customer due diligence and verification procedures shall be implemented in accordance with regulations.

The Company is dedicated the prevention of money laundering and combating terrorist financing activities. To achieve this, we organize annual anti-money laundering training and related seminars, inviting experts from both internal and external sources. These educational programs are delivered through various formats, such as in-person seminars, digital learning, and video training to enhance the knowledge and skills of personnel involved in anti-money laundering and counter-terrorist financing efforts. The target for 2023 was to achieve a 100% completion rate for the mandatory training hours among the relevant personnel. In addition, links promoting the fraud prevention policy are available on Chung Kuo Insurance's official website to remind customers to prevent fraudulent behavior.

Status of Combatting Crime Training for Chung Kuo Insurance Employees in 2023

Training type	Training hours	Total number of participants
Online courses and self-assessment checks	3,204.5	1,313
In-person training provided by external professional experts	266	42
Note 1: Trainers from the Institute of Financial Law and Crime Prevention were invited to offer courses at Chung Kuo Insurance on topics such as "Anti-Proliferation Financing, Anti-Money Laundering, and Combating Terrorist Financing Trends and Patterns" and "Identification of Beneficial Ownership and customer Due Diligence"		

Status of Crime Combatting Certifications or Relevant Examinations in Chung Kuo Insurance for 2023

Name of examination/certification	Number of passes
Test for Anti-money Laundering (AML) and Combating Terrorism Financing Specialist	0

7.6 Tax Governance

7.6.1 Tax Governance Policy

In response to the international trend of tax governance and to promote sustainable development, Chung Kuo Insurance adheres to the "Tax Governance Policy" and relevant tax regulations established by Mega Financial Holding Group as the standard to implement corporate tax governance objectives.

Mega Financial Group's Tax Governance Policy

Legal compliance

To comply with the tax regulations of the countries where we operate, as well as international tax standards. Additionally, we carefully consider the interpretation and legislative intent of tax laws, and fulfill our social responsibility as a taxpayer by honestly declaring and paying taxes.

Risk management

To evaluate tax risks and develop response measures in response to changes in the tax regulations of the countries where we operate and international tax standards.

Business substance

When planning organizational structure or conducting transactions, we would adopt tax frameworks that align with commercial substance and avoid deliberately transferring profits to low-tax jurisdictions or using tax havens.

Information transparency

To regularly disclose tax information through public channels so as to enhance transparency.

Active communication

To maintain an open and honest approach when engaging in communication with the tax authorities of the operating country and strive to foster a positive and harmonious relationship.

Arm's length transaction

Related-party transactions should adhere to the transfer pricing regulations of the operating country and comply with the principles of arm's length transactions.

Talent training

To continue enhancing our tax expertise and provide ongoing talent training.

7.6 Tax Governance

7.6.2 Country-specific Tax Information

Chung Kuo Insurance's Country-specific Tax Information for 2023 (Unit: NTD thousands)

Tax Jurisdiction	Principle Activity	Employee Count	Net Income	Income Before Tax	Current Income	Paid Income	Tangible Assets Other Than Cash and Cash Equivalents
Taiwan	Property insurance	879	5,567,987	(2,721,617)	(1,083,963)	(19,597)	1,083,970
United States	Property insurance	7	757,215	50,775	6,533	21,778	2,475

Note 1: Employee count includes external directors.

Note 2: Tangible assets other than cash and cash equivalents include operating lease assets, investment properties, and property, and equipment.

Effective Tax Rate and Cash Tax Rate Information for Chung Kuo Insurance in 2023 (unit: NTD thousands)

Item	2023 (unit: NTD thousands)
Profit (Loss) before tax	(2,670,842)
Income tax expense (gain)	(1,203,968)
Effective tax rate (%)	45.08
Income tax paid	2,181
Cash tax rate (%)	N/A

Note: In 2023, due to significant losses, there were income tax benefits. However, the payment of income tax primarily pertains to settling tax liabilities for 2022 during 2023.

7.6

Tax Governance

7.6.2

Country-specific Tax Information

Operating Locations and Key Operating Activities

Tax Jurisdiction	Location of operations	Key Operating Activities			
		Regulated Financial Services	Insurance	Holding of Shares or Other Equity Instruments	Others
Taiwan	Chung Kuo Insurance Company Limited				
United States	Chung Kuo Insurance Company Limited Guam Representative Office				



Appendix

8.1	About the Report	224
8.2	Stakeholders and Material Topics	228
8.3	Stakeholders and Material Topics	244
8.4	External Independent Verification Statement	257

8.1 About the Report

With a commitment to the principles of integrity and transparency, Chung Kuo Insurance values the interests of stakeholders. We actively address environmental (E), social (S), and corporate governance (G) concerns while pursuing sustainable operations and quality of customer service. We hope to create positive impacts and lead the sustainable development.

This report is the second issued by Chung Kuo Insurance and primarily discloses the Company's achievements and future prospects in sustainable development for 2023. To support environmental protection, an electronic version is available on the official website for stakeholders' reference.

Reporting period

The "2023 Sustainability Report" released by Chung Kuo Insurance in June 2024 provides insights into our sustainable development progress, impact management measures on significant topics, and corresponding performance during the period from January 1, 2023, to December 31, 2023.

The report aligns with the disclosure of financial information during the reporting period. The next year's sustainability report is expected to be issued in June 2025.

Scope of the Report

This report is not a financial report, but rather focuses on sustainability data. The scope of the report primarily covers the operational activities of Chung Kuo Insurance in Taiwan. In case of any inconsistencies in the scope, it will be duly noted in the relevant data and paragraphs.

The financial data presented in this report is consistent with the disclosure scope of Chung Kuo Insurance's financial report, and all financial figures in this report are presented in New Taiwan Dollars (NTD).

Reporting Principles

Issuing authority	Standards/Guidelines in Reference
The Global Reporting Initiative, GRI	GRI General Standards, Industry Standards, and Major Topic Standards (GRI Standards)
Sustainability Accounting Standards Board, SASB	SASB Standards
Financial Stability Board, FSB	Climate-related financial disclosure recommendations Task Force on Climate-related Financial Disclosures (TCFD)
Note: The reporting principles correspond to the chapters and page numbers of the content in this report. Please refer to Appendix 8.3 Sustainable Standards and Indicator References	

Reporting Quality

Category	Standard in Reference	Verification/Assurance/Audit
Sustainability information	Assurance Standard No. 3000 "Assurance Engagements Other than Historical Financial Information Audit or Review"	Deloitte & Touche
Financial data	Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards	PricewaterhouseCoopers, Certified Public Accountants (PwC)

8.1 About the Report

Flow of Management Process

Data collection and consolidation

- The Sustainable Development ESG Implementation Task Force is a business unit responsible for the overall planning of the report and collaborates with the Company's internal business units to collect and compile relevant data.

Internal review

- The Sustainable Development ESG Implementation Task Force compiles and edits the content of this report
- Contents disclosed in this report are reviewed and approved by the convener of the Sustainable Development ESG Implementation Task Force and the Chairman

External verification

- The Sustainable Development ESG Implementation Task Force engaged Deloitte & Touche to conduct an independent Limited Assurance engagement in accordance with the Assurance Standard 3000 issued by the Chinese Institute of Certified Public Accountants (CICPA) for "Assurance Engagements Other than Historical Financial Information Audit or Review." For the independent limited assurance report by the auditor, see 8.4 External Independent Verification Statement.

Public disclosure

- After the layout is finalized by graphic editors and the related sustainability indicators are externally verified, the report will be disclosed on the website.

Feedback

Should you have any questions or suggestions regarding the contents or activities in this report, please feel free to contact us.

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Sustainability
section:

8.2 Stakeholders and Material Topics

Chung Kuo Insurance is committed to its pursuit of sustainable development and establishment of transparent and open communication channels with stakeholders. This includes providing a dedicated "Corporate Sustainability"

section on our external website, which facilitates the collection of sustainability topics that stakeholders are concerned about. Through this report, we disclose the information required by stakeholders in a timely manner and respond promptly with appropriate measures.

Stakeholder Engagement

To ensure that the information in the sustainability report meets stakeholders' expectations, Chung Kuo Insurance follows the Global Reporting Initiative (GRI) Standards (2021) for sustainability reporting. We also adhere to the five principles of the AA1000SES Stakeholder Engagement Standard, which are Accountability, Impact, Materiality, Inclusivity, and Responsiveness. Through this process, we identify and engage with seven major stakeholder groups, including Employees, Policyholders, Shareholders/Investors, Suppliers, the Government and regulatory authorities, Community and Non-profit organizations, and Media. The identification process involves discussions among senior executives at Chung Kuo Insurance to ensure that all relevant stakeholder interests are considered comprehensively

Chung Kuo Insurance engages in open communication with the seven major stakeholder groups to understand their concerns regarding sustainability issues. We utilize diverse communication channels, as listed in the table below, to respond to their inquiries and feedback in this sustainability report. In addition, at the end of each year, we provide regular reports to the Chairman on our communication efforts with stakeholders, including the results of surveys assessing stakeholders' level of concern regarding sustainability issues. .



Corporate
Sustainability
section

Stakeholders	Top Five Impactful Issues Identified in Stakeholder Assessment	Channel of Communication and Means of Response	Key Points and Results of Stakeholder Engagement in 2023
Government and Competent Authorities	<ul style="list-style-type: none">Ethical managementLegal complianceEconomic PerformanceGreen operationsTalent Attraction	<p>Regular:</p> <ul style="list-style-type: none">Declaring information on the website of regulatory authoritiesParticipating in policy advocacy meetings and public hearings organized by regulatory authoritiesCooperating with regulatory authorities to provide relevant information for audits and inspectionsMeeting with or communicating with regulatory authorities through official documents, phone calls, or other means of communicationComplying with relevant laws and regulations of regulatory authorities and cooperating with their supervision and audits	<ul style="list-style-type: none">Regularly participated in the committee meetings of the Non-Life Insurance Association.Replied to the assessment report of the Own Risk and Solvency Assessment (ORSA)

8.2 Stakeholders and Material Topics

Stakeholders	Top Five Impactful Issues Identified in Stakeholder Assessment	Channel of Communication and Means of Response	Key Points and Results of Stakeholder Engagement in 2023
Employees/ Union	<ul style="list-style-type: none"> Talent Attraction Information security management Happy Workplace Talent Development Risk Management 	<p>Regular:</p> <ul style="list-style-type: none"> Organizing seminars on safety and health for employees Holding labor-management meetings Establishing the Employee Welfare Committee and the Labor Retirement Reserve Supervisory Committee <p>Sporadic:</p> <ul style="list-style-type: none"> Holding various unit meetings <p>Permanent:</p> <ul style="list-style-type: none"> Establishing dedicated employee complaint and sexual harassment complaint helpline and email address 	<ul style="list-style-type: none"> There were no collective labor disputes or discrimination-related complaints in 2023 Regularly hold labor-management meetings as a communication bridge between labor and management. There were no pending cases. Every full-time employee participates in the annual performance appraisal.
Shareholders /Investors	<ul style="list-style-type: none"> Ethical management Corporate Governance Information security management Climate Action Economic Performance 	<p>Regular:</p> <ul style="list-style-type: none"> Publication of operational performance (monthly) Convening shareholder meetings, issuing annual reports in both Chinese and English, and publishing sustainability reports (annually) <p>Sporadic:</p> <ul style="list-style-type: none"> Disclosure of information through the Market Observation Post System (MOPS) Organizing domestic corporate briefings Attending domestic and international corporate briefings and investor relations conferences 	<ul style="list-style-type: none"> Held quarterly investor conference together with the parent company Continuously obtained international credit ratings Disclosed investment practices in the Sustainability Report Signed the statement of compliance with the Taiwan Stock Exchange Stewardship Principles for Institutional Investors

Stakeholders	Top Five Impactful Issues Identified in Stakeholder Assessment	Channel of Communication and Means of Response	Key Points and Results of Stakeholder Engagement in 2023
Shareholders /Investors		<p>Permanent:</p> <ul style="list-style-type: none"> Setting up bilingual websites, publishing annual reports, financial statements, and shareholder information 	<ul style="list-style-type: none"> Issued the Stewardship Report and enrolled in the evaluation for the list of companies with better institutional investor stewardship disclosure
Policyholders	<ul style="list-style-type: none"> Risk Management Happy Workplace Information security management Talent Attraction Ethical management 	<p>Sporadic:</p> <ul style="list-style-type: none"> Customer satisfaction survey <p>Permanent:</p> <ul style="list-style-type: none"> Setting up customer service and complaint hotline Disclosing our customer complaint handling liaison and contact information for feedback on the company website 	<ul style="list-style-type: none"> Conducted the 2023 customer satisfaction survey, achieving an overall satisfaction rate of 91.2%
Suppliers	<ul style="list-style-type: none"> Ethical management Sustainable Supply Chain Customer relations Information security management Legal compliance 	<p>Sporadic:</p> <ul style="list-style-type: none"> Holding project meetings Organizing ESG seminars <p>Permanent:</p> <ul style="list-style-type: none"> Conducting negotiations Reaching agreement on contract terms 	<ul style="list-style-type: none"> All suppliers we contracted with were required to sign the "Supplier Sustainability Declaration" Held key supplier communication meetings

8.2 Stakeholders and Material Topics

Stakeholders	Top Five Impactful Issues Identified in Stakeholder Assessment	Channel of Communication and Means of Response	Key Points and Results of Stakeholder Engagement in 2023
Communities and Non-profit organizations	<ul style="list-style-type: none"> Business performance Information security management Legal compliance Ethical management Happy Workplace 	<p>Sporadic:</p> <ul style="list-style-type: none"> Sponsoring charitable, sports, academic, or cultural events Providing financial or material support to non-profit organizations or institutions Organizing volunteer service activities Collaborating with social welfare organizations to organize social welfare activities Participating in ESG-related community organization activities 	<ul style="list-style-type: none"> Donated over NTD 4.75 million to Mega Charity Foundation, Bali Elderly Center, Step30 International Ministries, Humanitarian ICT for Emergency & Disaster Relief, other social welfare units, National Chengchi University (NCCU) Griffins basketball team, and Chinese Taipei Association of Ultrarunners, among others. To celebrate its 92nd anniversary, the Company initiated an internal supplies collection and then screened the collected supplies. We also invited our employees and policyholders to jointly visit the "Step30 International Ministries" warehouse and serve as volunteers. We helped sort the supplies and sponsored the shipping fee. We hoped these supplies such as bags and shoes can reach underprivileged children in South Africa as soon as possible, demonstrating that love knows no borders.

Stakeholders	Top Five Impactful Issues Identified in Stakeholder Assessment	Channel of Communication and Means of Response	Key Points and Results of Stakeholder Engagement in 2023
Communities and Non-profit organizations	<ul style="list-style-type: none"> Business performance Information security management Legal compliance Ethical management Happy Workplace 	<p>Sporadic:</p> <ul style="list-style-type: none"> Sponsoring charitable, sports, academic, or cultural events Providing financial or material support to non-profit organizations or institutions Organizing volunteer service activities Collaborating with social welfare organizations to organize social welfare activities Participating in ESG-related community organization activities 	<ul style="list-style-type: none"> Participated in the "2023 Protecting Dadu Mountain Parent-child Tree Planting Event at Taichung Metropolitan Park" organized by Taiwan Reforestation Association. We joined hands and planted nearly a hundred saplings, contributing to forest protection. Participated in the Group beach cleanup activity organized by the Culture and Education Foundation, where we cleaned up the coastal environment near the National Museum of Marine Science and Technology in Keelung City and worked together for environmental protection. Participated in the "Charitable Blood Donation Drive" and collaboratively contributed 131 bags of blood to the blood bank. Joined with the charity foundation as volunteers to pack the Mid-Autumn Mooncake gift boxes at the Down Syndrome Foundation, ensuring that the gift boxes in support of residents with Down Syndrome were delivered smoothly. Participated in volunteer activities with the Charity Foundation at Catholic Home for the Elderly in Bali, New Taipei City to care for the elderly and disadvantaged

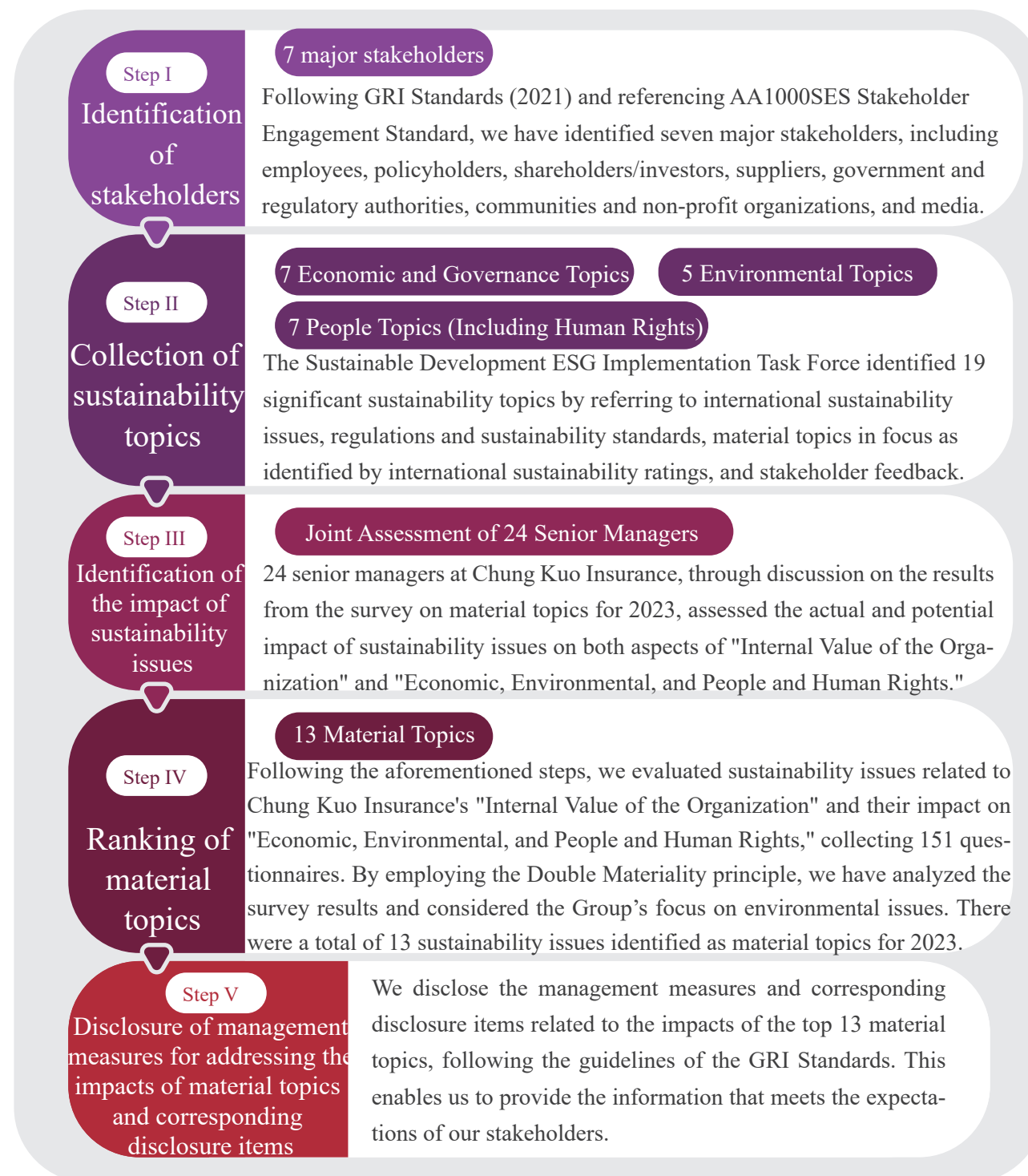
8.2 Stakeholders and Material Topics

Stakeholders	Top Five Impactful Issues Identified in Stakeholder Assessment	Channel of Communication and Means of Response	Key Points and Results of Stakeholder Engagement in 2023
Media	<ul style="list-style-type: none">Information security managementEconomic PerformanceCorporate GovernanceCustomer relationsEthical management	<p>Sporadic:</p> <ul style="list-style-type: none">Issuing press releases or holding press conferencesCooperating with the media by providing relevant informationDisclosure of information through the Market Observation Post System (MOPS) <p>Permanent:</p> <ul style="list-style-type: none">Designating a spokesperson and public relations personnel to provide points of contact	<ul style="list-style-type: none">Published 27 press releases in 2023Released 42 Facebook posts in 2023

8.2 Stakeholders and Material Topics

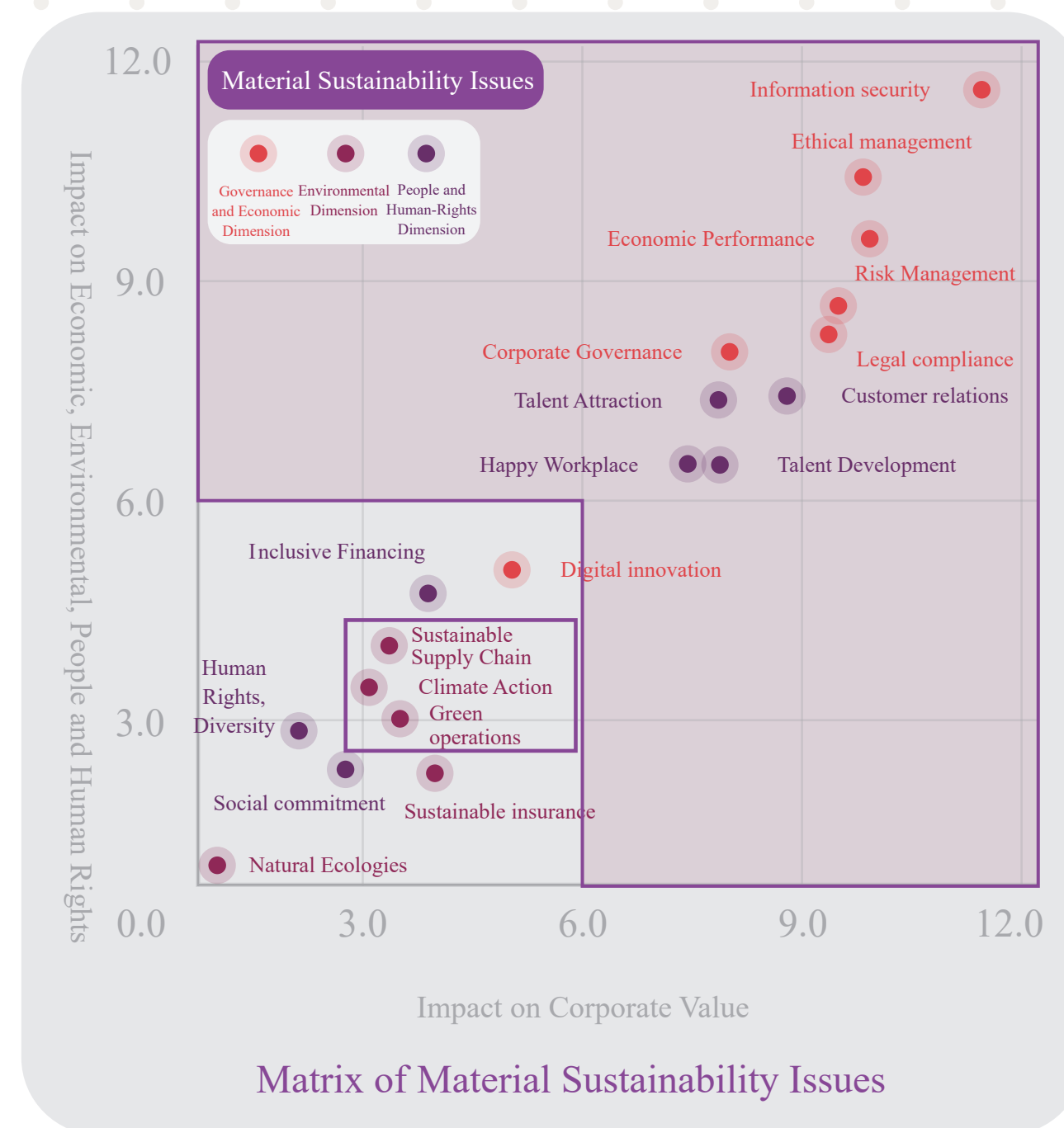
Material Topic Identification Process

In order to understand how stakeholders assess the impact of Chung Kuo Insurance on sustainability issues and evaluate the achievements of the organization's sustainable management, we conducted stakeholder engagement and material topic identification through five major steps (as shown in the diagram below):



Analysis of Material Topics

In our 2023 Sustainability Report, we implemented the Double Materiality analysis, which assesses and prioritizes sustainability topics based on their impacts on the economy, environment, people, and human rights, as well as their impact on the organization's value. Through this process, we identified 13 material topics as focal points for 2023 and disclosed the management measures and the outcomes of our efforts to address these impacts in this report.



8.2 Stakeholders and Material Topics

List of Sustainability Issues

Governance and Economic Dimension	Environmental Dimension	People and Human-Rights Dimension
Economic Performance*	Sustainable Supply Chain*	Talent Attraction*
Corporate Governance*	Green Operations*	Talent Development*
Ethical Management*	Sustainable insurance	Happy Workplace*
Risk Management*	Natural Ecologies	Inclusive Financing
Legal Compliance*	Climate Action*	Social commitment
Information Security Management*		Human Rights, Diversity, and Inclusion
Digital innovation		Customer Relations*

Note 1: *denotes material topics for the year

Note 2: The reporting boundaries for material topics this year are consistent with those of 2022. Three new themes—green operations, sustainable supply chain, and talent attraction—were introduced for the first time since 2022. The four material topics—sustainable insurance, digital innovation, inclusive financing, and social commitment—were general topics for this year.

Management of Material Topic Impact

Ranking	Name	Description of impact	Value chain impact hotspots			Corresponding GRI/SASB/other topics	Chapter as Responses
			Upstream suppliers	Chung Kuo Insurance's own operations	Downstream customers		
1	Information security management	Information security has become a topic and an indicator valued by various industries in the digital age. To emphasize the protection of sensitive data, we strengthen information security management and formulate internal policies to ensure the security of company secrets and customer privacy. Otherwise, we risk facing internal and external information security threats and attacks, which could lead to significant losses from material information security incidents.		●	●	GRI 418 customer Privacy	CH4 Sustainable Insurance

Ranking	Name	Description of impact	Value chain impact hotspots			Corresponding GRI/SASB/other topics	Chapter as Responses
			Upstream suppliers	Chung Kuo Insurance's own operations	Downstream customers		
2	Ethical management	Integrity is the foundation of corporate management. We have incorporated ethical management into the Company's strategy. In reference to relevant laws and regulations, we have formulated the Code of Ethics and policies for anti-corruption, anti-competition, and insider trading prevention to foster a corporate culture of integrity. On the contrary, it could damage the corporate image and reduce customer trust.		●	●	GRI 205 Anti-corruption GRI 206 Anti-competitive Behavior	CH7 Responsible Governance
3	Economic Performance	Good economic performance is the core of business operations and affects its sustainable development, shareholder value, and market position. We maintain steady revenue growth to meet the expectations of shareholders and other stakeholders. On the contrary, the Company may face operational difficulties due to the financial crisis, which could lead to disruptions in its operations.		●	●	GRI 201 Economic Performance	CH1 About Chung Kuo Insurance
4	Risk Management	Faced with an increasingly complex financial environment, we implement risk assessment and management. We identify various potential risks both internally and externally, implement control in advance, and respond to potential impacts. Conversely, if a risk occurs, it can cause operational interruptions, significant irreversible losses, and damage to the corporate reputation.		●	●	FN-IN-410c Financed Emissions FN-IN-450a Physical Risk Exposure Guidelines for Financial Disclosure of Climate-Related Risks of Insurance Enterprise	CH7 Responsible Governance

8.2 Stakeholders and Material Topics

Management of Material Topic Impact

Ranking	Name	Description of impact	Value chain impact hotspots			Corresponding GRI/SASB/other topics	Chapter as Responses
			Upstream suppliers	Chung Kuo Insurance's own operations	Downstream customers		
5	Legal compliance	We strictly comply with relevant local laws and regulations of the operating locations, proactively monitor the changes in these laws and regulations, propose improvement measures for any violations, and establish a violation reporting mechanism to prevent negative impacts on stakeholders' rights and interests. Conversely, violations may result in fines for the enterprise and adversely affect stakeholders' rights and interests.				GRI 2-27 Compliance with Laws and Regulations GRI 417 Marketing And Labeling FN-IN-270a Transparent Information & Fair Advice for Customers	CH7 Responsible Governance
6	Customer relations	We adhere to a policy of fair customer treatment and maintain a sound customer complaint procedure to improve customer relations and service quality, thereby enhancing the confidence of financial consumers and protecting their rights. On the contrary, it can damage the company's image, reduce customer experience and loyalty, and lead to poor business performance.				FN-IN-270a Transparent Information & Fair Advice for Customers	CH4 Sustainable Insurance
7	Corporate Governance	We establish an effective corporate governance framework and an internal control system, such as maintaining the effective operation of the Board of Directors and all functional committees by enhancing the professionalism and diversity of directors and introducing a performance evaluation mechanism. Otherwise, the rights and interests of stakeholders, such as shareholders, cannot be protected. This can undermine their trust in the Company's decision-making and reduce the enterprise's competitiveness.				GRI 2 General Disclosures	CH7 Responsible Governance

Ranking	Name	Description of impact	Value chain impact hotspots			Corresponding GRI/SASB/other topics	Chapter as Responses
			Upstream suppliers	Chung Kuo Insurance's own operations	Downstream customers		
8	Talent Attraction	To attract outstanding talent, we actively protect employees' rights and interests and implement an employee diversity strategy. These initiatives aim to ensure fairness in employment practices, conditions, remuneration, benefits, training, evaluation, and promotion opportunities, and to create a diverse and inclusive workplace environment. Otherwise, the Company may face issues such as an inability to attract new talent and the loss of existing employees.				GRI 202 Market Presence GRI 401 Employment GRI 405 Diversity and Equal Opportunity	CH5 Employee Care
9	Talent Development	Employees are important assets and the foundation of an enterprise. By strengthening on-job training and self-learning for colleagues, and planning and offering various finance-related professional courses, we encourage their adaptive development. On the contrary, the Company may face problems such as insufficient professional skills among employees, which may further affect its operations and performance.				GRI 404 Training and Education	CH5 Employee Care

8.2 Stakeholders and Material Topics

Management of Material Topic Impact

Ranking	Name	Description of impact	Value chain impact hotspots			Corresponding GRI/SASB/ other topics	Chapter as Responses
			Upstream suppliers	Chung Kuo Insurance's own operations	Downstream customers		
10	Happy Workplace	We provide good remuneration, benefits, and a safe, secure, and healthy work environment. We have formulated relevant policies in accordance with laws and regulations. Our practices include protecting labor-management communication and conducting regular workplace inspections. On the contrary, it may lead to occupational accidents, occupational diseases, and a decrease in employee commitment.				GRI 402 Labor/Management Relations GRI 403 Occupational Health And Safety	CH5 Employee Care
11	Sustainable Supply Chain	Sound supply chain management can strengthen the sustainable development of an enterprise. We strictly implement supply chain management to comply with regulatory requirements from aspects such as labor rights and human rights, occupational safety and health, environmental sustainability, and corporate ethics and integrity. On the other hand, the Company might purchase high-carbon emission products or engage with suppliers involved in fraud and human rights risks, which could impact the quality of those suppliers' products or harm the Company's reputation.				GRI 204 Procurement Practices GRI 308 Supplier Environmental Assessment GRI 414 Supplier Social Assessment	CH3 Environmental Sustainability

Ranking	Name	Description of impact	Value chain impact hotspots			Corresponding GRI/SASB/ other topics	Chapter as Responses
			Upstream suppliers	Chung Kuo Insurance's own operations	Downstream customers		
12	Climate Action	Climate change has made governments and investors around the world pay more attention to climate issues. Extreme climates may also impose impacts such as an increase in operating costs and climate risks. We carefully assess climate-related risks and opportunities and regularly disclose environment-related information. Otherwise, the Company may face the loss of business opportunities.				GRI 302 Energy GRI 305 Emissions FN-IN-410c Financed Emissions FN-IN-450a Physical Risk Exposure Guidelines for Financial Disclosure of Climate-Related Risks of Insurance Enterprise	CH3 Environmental Sustainability
13	Green operations	In order to implement green operations, we collect and assess the environmental impact of our operational activities, develop corporate work execution plans and objectives, promote various energy-saving measures, and improve energy efficiency to reduce environmental impact. Conversely, the Company may face risks such as environmental fines, rising operational carbon emissions, and significant impacts on the environment and human health.				GRI 303 Water And Effluent GRI 306 Waste	CH3 Environmental Sustainability

Note 1: The impacts of material topics encompass both positive and negative, actual and potential effects;

Note 2: For the relevant policies, commitments, management measures, goals, and performance achievements for each material topic, refer to CH2 Sustainable Strategy and corresponding sections on responses to each topic. Our management measures include impact management, prevention, mitigation, and remediation measures.

8.3 Sustainable Standards and Indicator References

GRI Sustainability Reporting Guidelines Content Index

Disclaimer	Contents reported by Chung Kuo Insurance in accordance with the GRI guidelines for the period of 2023 (from January 1, 2023, to December 31, 2023)
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI industry standard	No GRI industry standards were applicable during the reporting period for this report
Disclaimer	Contents reported by Chung Kuo Insurance in accordance with the GRI guidelines for the period of 2023 (from January 1, 2023, to December 31, 2023)

Disclosures	Corresponding chapter	Page Number
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GRI 2 General Disclosures (2021)

2-1	Organizational details	1.1 Fundamentals	012
2-2	Entities included in the organization's sustainability reporting	1.1 Fundamentals 8.1 About the Report As part of the Mega Financial Group, Chung Kuo Insurance, a subsidiary of Mega Financial Holding, is included in the Group's sustainability report. The Group's sustainability report is published separately by Mega Financial	012 226
2-3	Reporting period, frequency and contact point	8.1 About the Report	226
2-4	Restatements of information	There were no restatements of information	-
2-5	External assurance	8.1 About the Report 8.4 External Independent Verification Statement	226 259
2-6	Activities, value chain and other business relationships	1.1 Fundamentals 3.3 Sustainable Procurement	012 080

Disclosures	Corresponding chapter	Page Number
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GRI 2 General Disclosures (2021)

2-7	Employees	5.1 Talent Attraction All full-time employees of Chung Kuo Insurance are permanent employees, and there are currently no employees with guaranteed hours	128
2-8	Workers who are not employees	5.1 Talent Attraction Chung Kuo Insurance mainly employs non-employee workers through dispatch, and their primary tasks involve office administrative work and information unit projects.	128
2-9	Governance structure and composition	2.1 Framework of Sustainable Governance 7.1 Corporate Governance Chung Kuo Insurance currently does not have any directors from specific vulnerable groups. For information on the concurrent positions of directors and their representation as stakeholders, please refer to the Company's Annual Report for 2023.	018 198
2-10	Nomination and selection of the highest governance body	7.1 Corporate Governance	198
2-11	Chair of the highest governance body	7.1 Corporate Governance	198
2-12	Role of the highest governance body in overseeing the management of impacts	2.1 Framework of Sustainable Governance 8.1 About the Report	018 226
2-13	Delegation of responsibility for managing impacts	2.1 Framework of Sustainable Governance	018
2-14	Role of the highest governance body in sustainability reporting	2.1 Framework of Sustainable Governance 8.1 About the Report	018 226
2-15	Conflicts of interest	7.1 Corporate Governance For other information related to conflicts of interest concerning stakeholders, please refer to Chung Kuo Insurance's Annual Report for 2023.	198

8.3 Sustainable Standards and Indicator References

GRI Sustainability Reporting Guidelines Content Index

Disclosures	Corresponding chapter	Page Number
GRI 2 General Disclosures (2021)		
2-16	Communication of critical concerns	2.1 Framework of Sustainable Governance No incident of critical concern occurred this year
2-17	Collective knowledge of the highest governance body	7.1 Corporate Governance
2-18	Evaluation of the performance of the highest governance body	7.1 Corporate Governance
2-19	Remuneration policies	5.3 Happy Workplace 7.1 Corporate Governance Currently, there is no clawback mechanism or severance pay in place at Chung Kuo Insurance. Director remuneration is not yet linked to sustainability targets, but some senior executives' compensation is tied to sustainable
2-20	Process to determine remuneration	7.1 Corporate Governance Chung Kuo Insurance has not established a remuneration committee or hired a compensation consultant at this time
2-21	Annual total compensation ratio	Compensation information will not be disclosed as it is confidential business data
2-22	Statement on sustainable development strategy	Message from Chairman
2-23	Policy commitmentsv	5.4 Protection of Human Rights 7.2 Ethical management
2-24	Embedding policy commitments	2.1 Framework of Sustainable Governance 3.3 Sustainable Procurement 5.2 Talent Development 5.4 Protection of Human Rights 7.2 Ethical management

Disclosures	Corresponding chapter	Page Number
GRI 2 General Disclosures (2021)		
2-25	Process to remediate negative impacts	4.3 customer relations 5.4 Protection of Human Rights 8.2 Stakeholders and Material Topics
2-26	Mechanisms for seeking advice and raising concerns	7.2 Ethical management 8.1 About the Report 8.2 Stakeholders and Material Topics
2-27	Compliance with laws and regulations	7.4 Legal Compliance
2-28	Membership associations	1.1 Fundamentals
2-29	Approach to stakeholder engagement	8.2 Stakeholders and Material Topics
2-30	Collective bargaining agreements	5.4 Protection of Human Rights
GRI 3 Material Topics (2021)		
3-1	Process to determine material topics	8.2 Stakeholders and Material Topics
3-2	List of material topics	8.2 Stakeholders and Material Topics
3-3	Management of material topics	2.2 Sustainability Visions and Strategies 8.2 Stakeholders and Material Topics
GRI 201 Economic Performance (2016)*		
201-1	Direct economic value generated and distributed	1.2 Economic Performance

8.3 Sustainable Standards and Indicator References

GRI Sustainability Reporting Guidelines Content Index

Disclosures		Corresponding chapter	Page Number
GRI 201 Economic Performance (2016)*			
201-2	Financial implications and other risks and opportunities due to climate change	3.1 Climate Action 4.1 Sustainable Insurance	040 098
201-3	Defined benefit plan obligations and other retirement plans	5.3 Happy Workplace Detailed information on Chung Kuo Insurance can be found in our Q4 financial report for 2023	142
GRI 202 Market Presence (2016)*			
202-1	Ratio of the standard salary for entry-level employees by gender to the local minimum wage	5.3 Happy Workplace	142
GRI 203 Indirect Economic Impact (2016)			
203-2	Significant indirect economic impacts	3.1 Climate Action	040
		4.1 Sustainable insurance	098
		4.2 Inclusive finance	106
		4.5 Digital innovation	124
		6.1 Nurturing of Financial Talents	180
		6.2 Social Commitment	184
GRI 204 Procurement Practices (2016)*			
204-1	Proportion of procurement expenditure from local suppliers	3.3 Sustainable Procurement	080
GRI 205: Anti-corruption (2016)*			
205-1	Operations assessed for risks related to corruption	7.2 Ethical management	205

Disclosures		Corresponding chapter	Page Number
GRI 205: Anti-corruption (2016)*			
205-2	Communication and training on anti-corruption policies and procedures	7.2 Ethical management	205
205-3	Confirmed incidents of corruption and actions taken	7.2 Ethical management 7.4 Legal Compliance	205 214
GRI 206: Anti-competitive Behavior (2016)*			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	7.4 Legal Compliance No incidents this year	214
GRI 207 Tax (2019)			
207-1	Approach to tax	7.6 Tax Governance The tax strategies of Mega Financial Group are reviewed and approved collectively by the Financial Control Department of Mega Financial Holding.	220
207-3	Stakeholder engagement and management of concerns related to tax	7.6 Tax Governance	220
207-4	Country-by-country reporting	7.6 Tax Governance	220
GRI 302 Energy (2016)*			
302-1	Energy consumption within the organization	3.2 Green Operations	072
GRI 303 Water And Affluent (2018)*			
303-3	Water withdrawal	3.2 Green Operations	072

8.3 Sustainable Standards and Indicator References

GRI Sustainability Reporting Guidelines Content Index

Disclosures		Corresponding chapter	Page Number
GRI 304 Biodiversity (2016)			
304-1	Operating locations owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	3.4 Natural Ecologies	088
GRI 305 Emissions (2016)*			
305-1	Direct (Scope 1) GHG emissions	3.2 Green Operations	072
305-2	Energy indirect (Scope 2) GHG emissions	3.2 Green Operations	072
305-3	Other indirect (Scope 3) GHG emissions	3.2 Green Operations	072
GRI 306 Waste (2020)*			
306-1	Waste generation and significant waste-related impacts	3.2 Green Operations	072
306-2	Management of significant waste-related impacts	3.2 Green Operations	072
306-3	Waste generated	3.2 Green Operations	072
306-4	Waste diverted from disposal	3.2 Green Operations	072
306-5	Waste directed to disposal	3.2 Green Operations	072

Disclosures		Corresponding chapter	Page Number
GRI 308 Supplier Environmental Assessment (2016)*			
308-1	New suppliers that were screened using environmental criteria	3.3 Sustainable Procurement	080
GRI 401: Employment (2016)*			
401-1	New employee hires and employee turnover	5.1 Talent Attraction	128
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.3 Happy Workplace	142
401-3	Parental leave	5.3 Happy Workplace	142
GRI 402 Labor/Management Relations (2016)*			
402-1	Minimum notice periods regarding operational changes	5.3 Happy Workplace	142
GRI 403 Occupational Health And Safety (2018)*			
403-3	Occupational health services	5.3 Happy Workplace	142
403-5	Worker training on occupational health and safety	5.3 Happy Workplace	142
403-6	Promotion of worker health	5.3 Happy Workplace	142
403-9	Occupational Injuries	5.3 Happy Workplace	142

8.3 Sustainable Standards and Indicator References

GRI Sustainability Reporting Guidelines Content Index

Disclosures		Corresponding chapter	Page Number
GRI 404 Training and Education (2016)*			
404-1	Average hours of training per year per employee	5.2 Talent Development	134
GRI 405: Diversity and Equal Opportunity (2016)*			
405-1	Diversity of governance bodies and employees	5.1 Talent Attraction 7.1 Corporate Governance	128 198
GRI 406 Non-Discrimination (2016)			
406-1	Incidents of discrimination and corrective actions taken	5.4 Protection of Human Rights No incidents this year	154
GRI 414 Supplier Social Assessment (2016)*			
414-1	New suppliers that were screened using social criteria	3.3 Sustainable Procurement	080
GRI 415 Public Policy (2016)			
415-1	Political contributions	7.2 Ethical management	205
GRI 417 Marketing And Labeling (2016)*			
417-2	Incidents of non-compliance concerning product and service information and labeling	4.3 customer relations 7.4 Legal Compliance No incidents this year	110 214
417-3	Incidents of non-compliance concerning marketing communications	4.3 customer relations 7.4 Legal Compliance No incidents this year	110 214

Disclosures		Corresponding chapter	Page Number
GRI 418 customer Privacy (2016)*			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.4 Information security	116
Note: * indicates the GRI material topics for this year; their management policies are disclosed in the corresponding section of the indicator			

SASB Sustainability Accounting Standards

Disclosure Topic	Indicator Code	Accounting indicator	Corresponding chapter/De-	Page Number
Transparent Information & Fair Advice For customers	FN-IN-270a.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	4.3 customer relations 7.4 Legal Compliance	110 214
	FN-IN-270a.2	Complaints-to-claims ratio	4.3 customer relations In 2023, the complaint rate of Chung Kuo Insurance at the Financial Ombudsman Institution for Financial Consumers was approximately 3.3591 (per 10,000 policies).)	110
	FN-IN-270a.3	Customer retention rate	4.3 customer relations In 2023, the average policy renewal rate for various insurance types for Chung Kuo Insurance came to 82.30%.	110
	FN-IN-270a.4	Description of approach to informing customers about products	4.3 customer	110
Embedding ESG factors in investment management	FN-IN-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment management processes and strategies	4.1 Sustainable	098

8.3 Sustainable Standards and Indicator References

SASB Sustainability Accounting Standards

Disclosure Topic	Indicator Code	Accounting indicator	Corresponding chapter /Description	Page Number
Products designed to promote responsible behavior	FN-IN-410b.1	Net premiums written related to energy efficiency and low carbon technology	4.1 Sustainable Insurance In 2023, the total premium revenue from sustainable insurance products for Chung Kuo Insurance amounted to approximately NTD 183 million.	098
	FN-IN-410b.2	Discussion of products and/or product features that incentivize health, safety, and/or environmentally responsible actions	4.1 Sustainable insurance 4.2 Inclusive finance	098 106
Financed Emissions	FN-IN-410c.1	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2, and (3) Scope 3	No relevant data has been collected yet	-
	FN-IN-410c.2	Financed emission exposure for each industry by asset class	No relevant data has been collected yet	-
	FN-IN-410c.3	Percentage of gross exposure included in the financed emissions	No relevant data has been collected yet	-
	3.1 Climate Action FN-IN-410c.4	Description of methodology used to calculate financed	Carbon emissions from investment positions are calculated in accordance with the methodology set by the international organization, "Partnership for Carbon Accounting Financials (PCAF)"	-
Environmental exposure	FN-IN-450a.1	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	3.1 Climate Action	040

Disclosure Topic	Indicator Code	Accounting indicator	Corresponding chapter /Description	Page Number
Environmental 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))	3.1 Climate Action	040
	FN-IN-450a.3	Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of firm-level risks and capital adequacy	3.1 Climate Action 7.3 Risk Management	040 209
Systematic Risk Management	FN-IN-550a.1	Exposure to derivative instruments by category: (1) total potential exposure to non-centrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives	N/A	-
	FN-IN-550a.2	Total fair value of securities loans collateral assets	N/A	-
	FN-IN-550a.3	Description of approach to managing capital and liquidity-related risks associated with systemic non-insurance activities	7.3 Risk Management	209
Activity indicators	FN-IN-000.A	Current number of policies, categorized by product type: (1) Property and Casualty (2) Life Insurance (3) Reinsurance	4.1 Sustainable insurance	098

8.3 Sustainable Standards and Indicator References

8.4 External Independent Verification Statement

TCFD climate-related information and corresponding indicator list

Disclosures	Corresponding chapter			Page Number
Governance	a	Describe the board's oversight of climate-related risks and opportunities	3.1 Climate Action	040
	b	Describe the management's role in assessing climate-related risks and opportunities	3.1 Climate Action	040
Strategy	a	Describe the climate-related risks and opportunities the organization has identified over short, medium, and long term	3.1 Climate Action	040
	b	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	3.1 Climate Action 3.2 Green Operations	040 072
	c	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	3.1 Climate Action	040
Risk Management	a	Describe the organization's processes for identifying and assessing climate-related risks	3.1 Climate Action	040
	b	Describe the organization's processes for managing climate-related risks	3.1 Climate Action	040
	c	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	3.1 Climate Action	040
Metrics and Targets	a	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management	3.1 Climate Action	040
	b	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	3.1 Climate Action 3.2 Green Operations	040 072
	c	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	3.1 Climate Action	040

Sustainability Report Auditor's Limited Assurance Report

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INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

Chung Kuo Insurance Co., Ltd.,

We have undertaken a limited assurance engagement on the selected performance indicators in the Sustainability Report ("the Report") of Chung Kuo Insurance Co., Ltd., ("the Company") for the year ended December 31, 2023.

Subject Matter Information and Applicable Criteria

See Appendix for the Company's selected performance indicators ("the Subject Matter Information") and applicable criteria.

Responsibilities of Management

The management of the Company is responsible for the preparation of the Subject Matter Information in accordance with Universal Standards, Sector Standards and Topic Standards published by the Global Reporting Initiative (GRI), and SASB Standards published by the Sustainability Accounting Standards Board (SASB), and for such internal control as management determines is necessary to enable the preparation of the Subject Matter Information that are free from material misstatement, resulting from fraud or error.

Auditors' Responsibilities

Our responsibility is to plan and conduct our limited assurance engagement in accordance with Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation of the Republic of China to issue a limited assurance report on whether the Subject Matter Information (see Appendix 1) is free from material misstatement. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

We based on our professional judgment in the planning and conducting of our work to obtain evidence supporting the limited assurance. Because of the inherent limitations of any internal control, there is an unavoidable risk that even some material misstatements may remain undetected. The procedures we performed include, but not limited to:

- Inquiring of management and the personnel responsible for the Subject Matter Information to obtain an understanding of the policies, procedures, internal control, and information system relevant to the Subject Matter Information to identify areas where a material misstatement of the Subject Matter Information is likely to arise.
- Selecting sample items from the Subject Matter Information and performing procedures such as inspection, re-calculation, re-performance, observation, and analytical procedures to obtain evidence supporting limited assurance.

8.4 External Independent Verification Statement

Sustainability Report Auditor's Limited Assurance Report

Inherent Limitations

The Subject Matter Information involved non-financial information, which was subject to more inherent limitations than financial information. The information may involve significant judgment, assumptions and interpretations by the management, and the different stakeholders may have different interpretations of such information.

Independence and Quality Control

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Standard on Quality Management 1 "Quality Management for Public Accounting Firms" issued by the Accounting Research and Development Foundation of the Republic of China, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Conclusion

Based on the procedures we have performed and the evidence we have observed, nothing has come to our attention that causes us to believe that the Subject Matter Information is not prepared, in all material respects, in accordance with the applicable criteria.

Other Matters

We shall not be responsible for conducting any further examination work for any change of the Subject Matter Information or the applicable criteria after the issuance date of this report.

The engagement partner on the limited assurance report is Chen-Ni Pang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

July 11, 2024

Notes to Readers

For the convenience of readers, the independent auditor's limited assurance report and the accompanying summary of subject matter information have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditor's limited assurance report and summary of subject matter information shall prevail.

APPENDIX

SUMMARY OF SUBJECT MATTER INFORMATION

#	Subject Matter Information			Corresponding Disclosure	Applicable Criteria
1.	Entity	Reporting Period/Reporting Unit	Period of Time/Scope	2.2 Risk and management	GRI 205:2018 Corruption and bribery and discrimination policies and procedures
	Chung Kuo Insurance	2023 (Taiwan & Overseas)	100% (Target: 100% full-time employees)		
	Business partners (including providers, suppliers and service providers)	2023 (Target: 100% suppliers, the top and significant suppliers in 2023)			
	Note 1: The "Code of Conduct for Integrity in Business" includes provisions on anti-corruption, best handling and other related matters. All Taiwan & Overseas have a business meeting and official conduct and compliance.				
	Note 2: The standards issued by the Company, including policies, regulations, customers, and other counterparts shall include requirements for compliance with the other laws, government policies and standards, and the applicable laws and regulations, including the Company's policy that the management is required to have organized a disclosure system.				
2.	Item	Measurement	Unit	2.2 Green Operations	GRI 305:2018 Water-related
	Water withdrawal	Water from tap water	11,029 cubic meters		
	Note 1: The total water consumption data is based on water bill records from the billing premises. Payments on local water bills are made by the responsible water supplier for the year 2023 and have not expired. The data source is a domestic operating location, where water is primarily used for employee and daily residential consumption and for production purposes.				
	Note 2: All water used comes from the government's tap water supply, which is distributed by the Chung Kuo Building and construction Co., Ltd. There is no industrial or agricultural water source. Used wastewater is discharged into the sewage system.				
	Note 3: According to the Water Risk Index developed by the World Resources Institute (WRI), an analysis of Chung Kuo Insurance's operating locations in Taiwan indicates that there is no actual or potential water scarcity. Water-related risks are therefore not considered a material risk.				
3.	Occupational safety and health training program			2.2 Healthy Workplace	GRI 403:2018 Worker safety and occupational health and injury
	In order to prevent occupational accidents and ensure the safety and health of workers, Chung Kuo Insurance complies with the Occupational Safety and Health Act, the Labor Safety and Health Act, and other relevant laws and regulations. We have installed 24-hour surveillance systems in all office buildings, and we also have security personnel on duty on-site, guards to monitor personnel entrance and exit, and regular fire drills. In accordance with the standard, the security service provider is also required to conduct regular training for their security personnel each year. The training and exercises include fire safety and behavior regulations, management of emergency situations, and disaster relief measures. As of 2023, all security personnel have successfully completed the training session.				
	The provision of occupational safety and health training plan includes fire safety, emergency training to establish a secure workplace. We have developed fire drill activities and organized, including the installation of Automatic Fire Alarm (AFD) in the HQ building, Taichung Branch, and Marketing Branch, along with regular education and training to respond to emergency situations. Regular fire drill activities are also being carried out, involving on-site simulated exercises to enhance employees' abilities to handle emergency situations effectively.				

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#	Subject Matter Information				Corresponding Criterion	Applicable Criteria
4.	The average quality of Chung Kuo Insurance's Environmental Management System (EMS) and Human Resources (HR) Management System (HRMS) for the year 2023.				4.1.1 Level of Development	4.1.1.1 The average quality of the management system for the year 2023.
5.	Category	Item	Total Number of Training Hours	Average Number of Training Hours per Employee	4.1.1.1	4.1.1.1
6.	Category	Item	Total Number of Training Hours	Average Number of Training Hours per Employee	4.1.1.1	4.1.1.1
7.	Category	Item	Total Number of Training Hours	Average Number of Training Hours per Employee	4.1.1.1	4.1.1.1
8.	Category	Item	Total Number of Training Hours	Average Number of Training Hours per Employee	4.1.1.1	4.1.1.1

Sustainability Information Third-Party Verification Statement



ISO 14001 :
2015 Environment
Management System



ISO 50001 :
2018 Energy
Management System



ISO 27001 :
2013 Information Security Man-
agement System



ISO 27701 :
2019 Privacy Information Man-
agement System



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