

2020 CSR Implementation Status

Evaluation Item	Implementation Status			Deviation from the CSR Best Practice Principles for TWSE/TPEX-Listed Companies and Rationale
	Yes	No	Summary	
1. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the principles of materiality in order to evaluate environmental, social, and governance (ESG) risks related to business operations and establish relevant risk management policies or strategies?	V		<p>The CSR Committee at CDF disseminates questionnaires to stakeholders to identify ESG issues related to business operations and integrate them into the Company's annual sustainability strategies.</p> <p>The Company has established policies and regulatory compliance systems to address issues in various business executions and assessments tasks, including "CSR Best Practice Principles," "Ethical Management Principles," "Ethical Corporate Management Best Practice Principles," "Corporate Governance Best Practice Principles," "Risk Management Policy," and "Cybersecurity Policy."</p>	No deviation
2. Implement corporate governance				
(1) Does the Company formulate CSR policies or systems and evaluate the implementation?	V		(1) The Company adopts business policies that focus on achieving "active participation of public affairs, and balancing economic, social and environmental development; business sustainability through corporate social responsibilities." For more details of the Company's CSR involvements in 2019, please refer to 5.5 Corporate Social Responsibility and Code of Conduct in V. Operational Highlights	No deviation
(2) Does the Company organize CSR training on a regular basis?	V		(2) The Company organizes regular training courses on corporate social responsibilities to promote employees' awareness and knowledge of the relevant regulations.	
(3) Does the Company have a unit that specializes (or is involved) in CSR practices? Does the Board authorize the senior management to operate the unit and required them to report regularly to the Board on its status?	V		(3) The Company has assembled the "Corporate Social Responsibilities Committee" in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies, and assigned six working groups (WGs), namely, Corporate Governance WG, Social Philanthropy WG, Environmental WG, Client Relations WG, Responsible Finance WG, and Employee Well-Being WG, to execute various assignments and report to the Board on a regular basis.	
(4) Does the Company possess a reasonable remuneration policy that associates employees' performance appraisals with	V		(4) The Company has a Remuneration Committee in place to regularly review directors' (including Chairperson and Vice Chairperson) and managers' performance, as well as the policy, system, standards, and structure of the current	

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CSR? Is the remuneration policy supported by an effective reward/disciplinary system?			remuneration. There are five dimensions of CDF's performance evaluations: core operations, cost effectiveness, legal compliance/risk management, environmental, social and corporate governance (ESG), and leadership/teamwork. Each department has its own specialized benchmarks that fully reflect the efforts and accomplishments of employees. When employees violate the Corporate Social Responsibility Guidelines, responsible departments should immediately report to the Internal Audit Department for audit. If violations are verified, the employees will be disciplined in accordance with the Company's Employee Reward and Discipline Policy.	
3. Environmental issues				No deviation
(1) Does the Company endeavor to utilize all resources more efficiently and use renewable material with a low environmental impact?	V		(1) The Company abides by international environment management systems and is dedicated to increasing the efficiency of various resources. In 2018, the Company adopted the ISO 50001 energy management system and received certification. In 2020, the Company obtained 34 green energy certificates from the National Renewable Energy Certification Center to support the development of renewable energy in Taiwan.	
(2) Does the Company possess proper environment management systems based on the characteristics of the industry?	V		(2) Long dedicated to environmental sustainability, the Company introduced the ISO 14001 environmental management system in 2015, and developed service handbooks that detail environmental policy and office energy conservation issues according to specific characteristics of the financial industry. In 2018, the ISO 14001 certificate was renewed for three years.	
(3) Does the Company assess climate-related risks and opportunities and take measures for relevant climate issues?	V		(3) CDF assesses the impact of climate risk on business operations and asset portfolios, identifies potential opportunities, and develops response strategies. It requires scenario analysis, using different impact evaluation models to identify the potential direct impacts of climate change on their physical assets and take mitigating action, such as reducing the overall credit exposure in a high-risk region through adjusting guarantee percentages or shortening the loan term to ensure long-term sustainability.	
(4) Has the Company collected data for greenhouse gas emissions, water usage	V		(4) In pursuit of the Paris Climate Accord's vision of a low carbon planet and to comply with international environmental management systems, the Company	

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and waste quantity in the past two years, and set policies for energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management?			<p>has been tracking its GHG emissions, water consumption, and waste quantity data over the last three years and releases that data in its CSR Report, which serves as a foundation for advancing the management of emission reduction and energy saving disclosures.</p> <p>The Company's energy conservation and carbon reduction strategies are part of its CSR commitment and include the following medium- and long-term targets: a 3% reduction of GHG emissions, a 3% reduction of electricity consumption, and a 2% reduction of water consumption, as well as expanding coverage of waste inventory to at least 75% by 2021 (base year 2016).</p>	
<p>4. Social issues</p> <p>(1) Does the Company develop its policies and procedures in accordance with laws and International Bill of Human Rights?</p> <p>(2) Does the Company appropriately reflect the business performances or achievements in the employee remuneration policy (including salary, annual leave, and other benefits)?</p> <p>(3) Does the Company provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?</p>	<p>V</p> <p>V</p> <p>V</p>		<p>(1) CDF recognizes and strives to comply with the principles declared in international human rights bills. The CDF Human Rights Commitment applies to not only the parent company but also to all subsidiaries. Human rights protection measures include an ongoing advocacy for gender equality, sexual harassment prevention, personal data protection, workplace safety, etc. The full version of the CDF Human Rights Commitment is available at: https://www.cdibh.com/ch/CSR/Governance/CorporateGovernanceRegulations.</p> <p>(2) CDF attaches great importance to employee benefits and provides employees with a comprehensive welfare program, including competitive compensation, more paid leave than legally required, health examinations, and group insurance. The Company determines employees' compensation and cash bonus based on operating results and individual performance objectives to align employees' interests with those of CDF.</p> <p>(3) The Company ensure employees' safety and health in the work environment through the following measures:</p> <p>A. To create a hazard-free working environment, CDF has built, as requested by law, a team of labor safety and health personnel who organize regular training sessions on workplace safety and conduct fire safety drills to keep employees up to date on the latest safety practices. CDF also conducts office lighting inspections, measurements of CO2 levels, and drinking water turbidity, pH level</p>	No deviation

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(4) Does the Company establish effective career development and training plans for its employees?	V		<p>measurements, E. Coli testing, as well as the regular cleaning of water storage tanks and air-conditioning cooling towers, serviced by professional providers, in order to create a healthy work environment for employees.</p> <p>B. CDF provides group insurance coverage and health examinations for employees. In addition, all main subsidiaries engage professional nurses and contractual physicians to educate employees on topics such as wellness and the prevention of occupational hazards, and disseminate health-related information and organize health seminars. All major subsidiaries have been certified by the government as healthy workplaces.</p> <p>C. In accordance to regulations, fire safety equipment maintenance and reporting is verified at each office building. Regular fire safety drills are also organized in order to improve employees' disaster prevention awareness and response capabilities.</p> <p>D. CDF has a strict access control policy, requiring that employees and other operators enter and exit each work area according to rules and regulations. All headquarters are equipped with 24-hour security surveillance and guards who routinely engage in safety patrol to prevent illegal intrusion and ensure the personal security of all employees.</p> <p>(4) Talent is the foundation of any organization, which is why the Company has long emphasized the importance of employees' development. In support of this policy, the Human Resource Department offers employees a rich and diverse selection of online educational courses, as well as workshops and career development programs that align with the world's latest financial trends.</p>	
(5) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labeling and set polices to protect consumers' rights and consumer appeal procedures?	V		<p>(5) Customer privacy in connection with all financial products and services offered by CDF is protected in accordance with the Financial Consumer Protection Act, the Personal Information Protection Act, and other relevant international standards. KGI Bank and KGI Securities promote Financial Services Industry Principles for the Fair Treatment of Customers to enhance employees' understanding of consumer protection and to comply with related laws and regulations. In addition, a comprehensive Guidelines for Handling Consumer</p>	

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(6) Does the Company formulate and implement supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights?	V		<p>Complaints and Disputes and a Customer Complaint Resolution Process (CCRP) platform have been established to record and analyze the category, content, cause, handling procedure, processing time, and corrective actions of all customer complaints.</p> <p>(6) CDF's Supplier CSR Guidelines calls on suppliers to commit to upholding standards on environmental, occupational safety, and health, and workers' rights issues. In 2020, CDF's CSR Commitment Letter was signed by all suppliers who had a single-contract procurement value of over NT\$1,000,000, and all suppliers with procurement value worth over NT\$200,000. In 2020, CDF and China Life received the Private Sector Green Procurement Award from the Department of Environmental Protection, Taipei City Government for the third and fifth consecutive years, respectively, and the 2019 Private Sector Green Procurement Award from the Environmental Protection Administration, Executive Yuan for a second consecutive year and the first year, respectively.</p>	
5. Does the Company refer to internationally-used standards or guidelines for the preparation of reports, such as CSR reports, to disclose non-financial information? Are the reports certified or assured by a third-party accreditation body?	V		The Company's 2020 CSR Report, published in 2021, was prepared in accordance with the core criteria of GRI standards issued by the Global Sustainability Standards Board (GSSB), and was granted Type 2-AA1000 Assurance Standard accountability verification by the BSI Taiwan Branch (BSI).	No deviation
6. If the Company has established CSR principles in accordance with the CSR Best Practice Principles for TWSE/TPEX-Listed Companies, please describe its current practices and any deviations from the Best Practice Principles: None				
7. Other important information to facilitate a better understanding of corporate social responsibility practices: See Evaluation Items 1-4 above.				