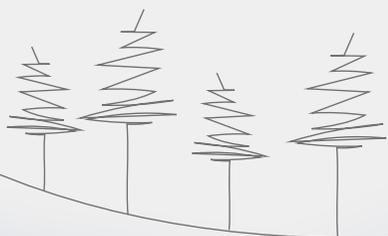
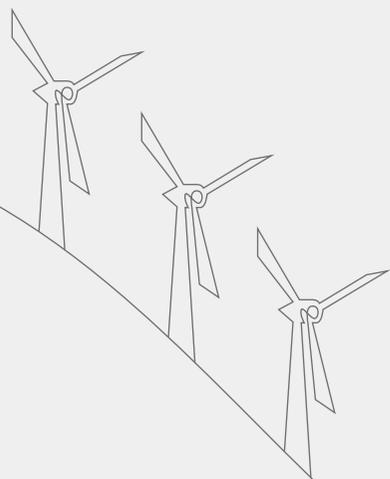




臺灣產物保險

Taiwan Fire & Marine Insurance Co., Ltd.



20 Environment Social
22 Governance Report

Content

About TFMI ESG Report	04
Letter from the Chairman	06

Chap 1. Corporate Governance

1-1 Market Outlook	25
1-2 Operating Performance	26
1-3 Corporate Governance	27
1-4 Ethical Management	33
1-5 Responsible Investment	34
1-6 Risk Management	34
1-7 Regulatory Compliance	37
1-8 Participation in Associations and Memberships	38

Chap 4. Climate Change Management

4-1 Governance Framework for Climate Change Issues	66
4-2 Climate Change Related Risks and Opportunities	66
4-3 Climate Disaster Management in the Context of RCP Warming Condition	68
4-4 Indicators and Targets	68

About TFMI	07
2022 ESG Outstanding Performance	08
Corporate Sustainability Committee	09
Sustainable Operation Targets	09
Stakeholder Engagement	10
Material Issues	13

Chap 2. Financial Inclusion and Treat Clients Fairly Experience

2-1 Customer-oriented Caring Service	40
2-2 Implement the Principle for Financial Service Industries to Treat Clients Fairly	41
2-3 Fintech and Information Security Enhancement	42
2-4 Featured Products	47
2-5 Products Designed to Create Social Benefits	48
2-6 Reinsurance	48
2-7 Utility Model Patents	50

CHAP 5. Environmental Sustainability

5-1 Green Operation Plan	70
5-2 Green Products	72
5-3 Energy Resource Management	72

GRI Standards Index	81
Strengthening of Disclosure of “Sustainability Indicators per Industry” and “Summary Sheet of Assurance Items”	88
TCFD Index	89
SASB Index	90
Independent Auditor's Limited Assurance Report	95

Chap 3. With Good Care to Create a Happy Workplace

3-1 Employee Diversity Appointment and Implementation of Human Rights Protection	52
3-2 Talent Attraction and Retention	53
3-3 Talent Cultivation and Development	54
3-4 Healthy and Friendly Happy Workplace	57
3-5 Labor-Management Communication Channels	59
3-6 Implementation of Human Rights Protection and a Gender Friendly Workplace	60
3-7 Employee Evaluation of Working Performance	61
3-8 Safe Working Environment	62
3-9 Healthy Sports Workplace	64

CHAP 6. Participation and Prosperity of Society

6-1 Charity Donation List of 2022, Taiwan Fire & Marine Insurance Foundation	78
6-2 Objects of Charitable Donations of “Taiwan Fire & Marine Insurance Co., Ltd.” in 2022	80
6-3 Sports Programs Sponsored by “Taiwan Fire & Marine Insurance Co., Ltd.”	80



About TFMI ESG Report

🔗 The Editing Information of the Report

Taiwan Fire & Marine Insurance Co., Ltd. has long been committed to the promotion and planning of environmental, social, and corporate governance, and we insist on creating long-term value for our customers, employees, and investors, by upholding the spirit of sustainable social prosperity, to actively respond to the expectations of the stakeholders of the Company. This report is the Company's Nine ESG Report, with the Corporate Social Responsibility Report of TFMI having been renamed as the TFMI ESG Report in 2021. Through the practice revelation of corporations for the economic, social, and environmental fields, TFMI expects to enable customers, enterprises, society, government, and other stakeholders to have a better understanding of TFMI's performance in actively engaging in social enterprise responsibility.

This report reveals TFMI's actual actions and future plans in the fields of Environmental, Social, and Corporate Governance (ESG) in the course of its business processes, to fully communicate with the general public and all stakeholders concerned with TFMI. We also welcome stakeholders to give advice and any feedback proposals to become the driving force for sustainable operation and progress for TFMI. All the feedback and suggestions will be used for TFMI to continue moving forward, promoting the Company further toward the goal of sustainable development.

◆ Reporting Period and Coverage

The report is published for 2022 (Between January 01, 2022 –December 31, 2022) with the covering of specific action and performance data for corporate governance, the economy, product service, the environment, social commitment, and other phases. Furthermore, to ensure the full expression of issue disclosures and continuous improvement of performance, some of the content and implementation results will be backdated to 2022 or extended to the first quarter of 2023's information and data.

◆ The Revelation for the Scope of this Report

The performance of this report is mainly in the Taiwan region of TFMI, with the information covering 45 operating locations of TFMI while the environmental category information only exposes the Taipei Headquarter Office.

◆ Data Boundaries

By revealing the management policy while the related issues have a significant impact on the operation of TFMI; about the impact category of stakeholders, such as customers, shareholders/investors, communities/non-profit organizations, government/authorities, vendors, employees, and the media, which are also incorporated into the organization's external boundaries.

◆ Quality of Report & External Verification

This report mainly integrates “real” and “potential” issues based on international sustainability standards, major issues of the same industry, and company concerns and divides the issues into environmental, economic, and social aspects. The relevant personnel evaluates the degree of each “positive” and “negative” impact and the possibility of occurrence of each issue, the results of calculating the degree of impact and the possibility of occurrence, drawing the positive and negative mapping of the material issues, and sorting out the major issues to ensure that, after the discussion, major themes are established.

This report is qualified per the GRI 2021 Standards and the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies and is to be identified by Deloitte Touche Tohmatsu Limited, Deloitte Taiwan as the guarantor so that verification can be carried out by ISAE 3000: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

◆ To ensure the reliability of the public information contained in the present report, the data are based on the following criteria

The publishing unit	Project to follow
The Global Reporting Initiative, GRI	GRI standards 2021
United Nations Environment Programme	Principles for Sustainable Insurance, PSI
Taiwan Stock Exchange, TWSE	Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies
United Nations	Sustainable Development Goals, (SDGs)

◆ Feedback & Contact Information

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Letter from the Chairman

TFMI was established on March 12th, 1948, as the oldest property insurance company in Taiwan. To make the public better understand the TFMI's non-financial performance information, the corporation issued the "2022 Taiwan Fire & Marine Insurance Company ESG Report" which fully discloses the implementation of sustainable development of enterprises such as environmental protection, social participation, and corporate governance.

In corporate governance, the TFMI upholds its business strategy of "Stable Operation" and "Customer-orientation", implements legal compliance and Operation Risk Management and continually improves the innovation of diversified products, constructs a comprehensive digital financial platform, optimizes the workplace environment, and establishes a company culture of "treating clients fairly" as the core. The TFMI was ranked in the top 25% of the property insurance industry in the 2022 Assessment of the Implementation of Treating Customers Fairly Principles ("TCF Principles") by FSC. In 2022, the capital amount remained at 3.622 billion as a first ranking in the industry, the risk-based capital of 1081.89% far exceeding the regulatory requirements. In addition, the company continued to receive the "A-/Stable" rating and "twAA" rating with a "Stable" outlook from Standard & Poor's (S&P) and Taiwan Ratings.

In terms of corporate social responsibility, the TFMI actively cooperates with the competent authorities to promote policy-oriented insurance including microinsurance, residential earthquake insurance, and agricultural, winning first place again in the "Residential Earthquake Insurance Excellent Award" by the competent authorities in 2022. In addition, through the Taiwan Fire & Marine Insurance Foundation, we integrate relevant resources to care for vulnerable groups, women and the elderly living alone, improve the medical environment, support special education for children with learning disabilities, anti-drug activities for teenagers, arts and culture, and grassroots sports. We aim to promote social development and serve the community – this is part of the company's mission.

In terms of environmental protection, the TFMI continues to develop green energy insurance products. We also evaluate the level of energy loss and consumption in the operation process, renew and replace high-energy consuming equipment, and promote a digital operation and paperless car insurance policy to reduce the impact on the environment from our business operations.

Established in Taiwan for over 70 years, other than maintaining robust business performance and excellent customer service, the TFMI will continue to uphold the corporate philosophy of "Treasure the present moment and guard the future" through the Taiwan Fire & Marine Insurance Foundation to engage in topics such as environmental protection and serving the community to achieve corporate sustainable development and create a better future for both the business and society.

Chairman

李泰宏
Steve Lee



About TFMI

Company Profile

The TFMI, the oldest and most robust product insurance company in Taiwan, has been established for over 70 years. By upholding a “Stable Operation” and “Customer-oriented” business strategy, we create common interests among customers, shareholders, employees, and society. Meanwhile, we hold six major enterprise core values, “Profession, Faith, Innovation, Teamwork, Care, and Efficiency” to further keep the pioneering thinking for digital technology development, innovative product design, professionalism improvement, and administrative efficiency; for more valuable service to our customers and a better and happier enterprise for our employees. We expect to become the best product insurance brand in the minds of our customers and employees.

With offices across Taiwan, the capital amount remained at 3.622 billion as the first ranking in the industry, and the risk-based capital of 1081.89% far exceeded regulatory requirements. This is a strong testament to the TFMI’s ability to maintain strong capital levels and good underwriting performance. In addition, the company continued to receive the “A-/Stable” rating and “twAA” rating with a “Stable” outlook from Standard & Poor’s (S&P) and Taiwan Ratings.

Basic Information of the TFMI

Item	Description
Company Name	Taiwan Fire & Marine Insurance Co., Ltd. (Stock Code: 2832)
The Nature of the Company	Financial and Insurance Industry
The Main Product Categories	Fire Insurance, Water Insurance, Automobile Insurance, New Types of Insurance, Accident and Health Insurance, Liability Insurance, Reinsurance, and other Insurances.
Operation Locations	45 strongholds in Taiwan, and 1 representative office in Mainland China.
Establish year	1948
Number of Employees	909 (2022/12/31)
Actual Capital Received	NT\$3.622 billion



2022 ESG Outstanding Performance



Corporate Governance

- ★ The written premium totaled NT\$ 7.366 billion
- ★ Earnings per share (EPS) of NT\$ 1.86
- ★ The Ratio of Risk-based capital is 1081.89%
- ★ Four female directors accounted for 36% of the board
- ★ Won first place for nine consecutive years in the Residential Earthquake Insurance / Fire Insurance market share
- ★ Ranked in the top 25% of the property insurance industry in the 2022 Assessment of the Implementation of Treating Customers Fairly Principles (“TCF Principles”) by FSC

- ★ First ever "Home Insurance Products for Tenant" in the market
- ★ Development of six utility model patents including the legal compliance risk evaluation management system, digital underwriting survey auxiliary system, claims settlement progress query system, claims settlement online automatic project distribution system, digital cross-sales insurance service platform, and car insurance auxiliary underwriting system
- ★ Rated twAA for a stable outlook in the Taiwan Ratings and an A- stable rating in the Standard & Poor Rating

Social

- ★ Support Renai Yiyang Social Welfare Foundation to hold “Young 999- Youth Action Plan”
- ★ Supports the “Save Faust” Program in the Teenager Education Theater Project of the Paper Windmill Arts and Educational Foundation
- ★ Supports the Affiliated Special Education School in Taipei of The First Social Welfare Foundation provide the better early intervention opportunities for the children with delayed onset or mental disability
- ★ Actively promotes microinsurance and donated “Micro Insurance, Warmth for the Vulnerable” Social Charity Scheme to align with the government’s policy
- ★ Support the Cultural and Educational Foundation of C. K. Chen held the “Teenager Baseball National Cup of C. K. Championship”

Deeds of the Year

- ★ Received first place in the “2022 Residential Earthquake Insurance Excellent Award” monitored by the Financial Supervisory Commission
- ★ Received Bronze Medal in the 2021 TCSA Taiwan Enterprise Sustainability Awards Perpetual Report
- ★ For four consecutive years, won the “Best Service Quality Award” in Insurance Excellence Appraisal

- ★ Received “Best Professional Team Award” in Excellence Insurance Appraisal
- ★ Continuous acquisition of the ISO27001 information security management system, and certification by the British Standard Institute (BSI)
- ★ For nine consecutive years, the sustainability report has been verified by an external third party

Corporate Sustainability Committee

TFMI established a Sustainable Development Committee, and aims to practice corporate sustainability and promote economic, environmental, and social progress to achieve the goal of sustainable development. By extension, the Sustainable Development Best Practice Principles are hereby formulated for compliance by all colleagues. The President leads the department for planning and executing all enterprise sustainable development strategies and specific project plans, under which cross-unit groups, such as the Sustainable Development Group, have been established and regular meetings are held once every year. Considering internal and external global sustainable trends, the potential impact of major issues, and the need to integrate internal and external sources for project management, planning and promoting ESG strategies and actions, we continuously track and review implementation and performance, and revise our strategies and directions in a timely manner to achieve our sustainable development goals. The ESG report is provided to the board of directors every year, and the 2022 report has already been shared with the board.

The Sustainable Development Group focuses on the long-term need to pay close attention to and understand social responsibility developments and trends locally and globally, provides opportunities for all colleagues to participate in internal and external educational training and seminars, and expects all colleagues to develop their skills and competency in ESG sustainable thinking concepts. While engaging in business operations, TFMI also actively practices corporate social responsibility and aligns with international ESG trends, and takes its responsibility as a corporate citizen seriously. To create professional value for stakeholders and convey the significance of insurance social enterprises, we provide a virtuous circle with stakeholders where we can grow and improve together, and achieve sustainable operation goals across the three areas of corporate governance, the environment, and social participation.

Sustainable Operation Targets

	Short-Term Goals	Medium and Long-Term Goals
 <p>Corporate governance and economy-related phase</p>	<ul style="list-style-type: none"> Remain in the stability of business growth by following related corporate governance regulations Provide customers with innovation and overall product 	<ul style="list-style-type: none"> Ensure that the operation benefit remains a stable growth gain of the TFMI; create the most advantage for policyholders, colleagues, and shareholders for the sustainable operation of the enterprise Raising the competition through the continuous development of digital FinTech Uphold the Principle for Financial Service Industries to Treat Clients Fairly and provide comprehensive and quality insurance protection and outstanding customer service
 <p>Socially-related phase</p>	<ul style="list-style-type: none"> Establish a full development map of talents, to cultivate professional, financial, and insurance-specific talents Through the “Taiwan Fire & Marine Insurance Foundation,” we sponsor arts and culture as well as grass-roots sports competitions, to enhance cultural quality, nurture talents, care for the disadvantaged, and continue to focus on issues such as anti-drug youth, the elderly, and others 	<ul style="list-style-type: none"> Provide good working conditions and an environment to build a friendly workplace Actively participate in public welfare activities, promote and organize all kinds of educational activities, cultivate outstanding talents, deepen exchanges of production and academics, encourage forward-looking thinking, so as to convey a happy life to social value, create a joyful society, and make good use of corporate social responsibility
 <p>Environmental-related phase</p>	<ul style="list-style-type: none"> In response to the issue of climate change: join the TCFD initiative, propose energy conservation and carbon reduction plans, and implement energy management Proactively face and respond to environmental impact issues such as climate change 	<ul style="list-style-type: none"> To implement the carbon reduction programs with E-management and promote the establishment of efficient energy management operations to improve the environment for better and then implement the social responsibility of environment protection Execute and plan climate change management projects considering international development, business risk management, and sustainable development to lower the operating pressure from climate change according to national policies

Stakeholder Engagement

TFMI has collected and discussed economic, environmental, social, and corporate governance issues of concern to various stakeholders through different channels, and learned about the topic and focus on sustainable information, referring to international sustainability standards such as the GRI Standards, SDGs, PRI, Industry Reports, and others as the basis for stakeholder communication and feedback to understand and analyze needs and expectations. We also evaluated the impact and occurrence of ESG topics to prioritize twelve material issues and formulate the Company's sustainable business objectives as the basis for this report.

◆ Identification of Stakeholders

The Company expects to acquire valuable suggestions and guidance in the process of communication, learn about stakeholders' substantive needs and expectations, identify potential risk and management opportunities of the enterprise, and engage in continuous improvement with an open-minded attitude, building a bridge of close communication with each stakeholder to comply with corporate sustainable management.

This report based on the 5 major orientations: Influence, Tension, Responsibility, Dependency and Diverse of the AA1000 Stakeholder Engagement Standard (SES), we have identified 7 major categories of stakeholders. Our direct stakeholders include:



Compare with the report of 2021, there is no significant change for the stakeholders this year.

◆ Communication Pipeline and Effectiveness of Stakeholders

The Sustainable Development Group with stakeholders through the multiple channels, along with internal communication and coordination as well as management assessment integration, and disclose the responses and progress of different topics in ESG Report.

Stakeholders	Engagement Channels and Frequency		Material Issues	Key Point of Communication and Performance in 2022
Employees	Quarterly	Labor-Management Meeting	<ul style="list-style-type: none"> • Talent Cultivation and Development • Talent Attraction and Retention 	<ul style="list-style-type: none"> • Convene labor-management meetings and Labor Pension Supervision and Administration Commission meetings on a quarterly basis. • Transact annual performance evaluation, employee promotion and the process of increasing salary. • Employee retention rate at 87.90%. • Enhance the employees' communication channels, to listen the heart, and provide both named and anonymous appeal system with confidentiality of whistle-blowing information.
	Annually	Performance appraisal		
	Irregularly	Staff Welfare Committee, Occupational Safety and Health Commission, Labor Pension Supervision and Administration Commission		
		Diversified Education and Training Courses		
	Permanent	Employee Internal Email, E-Communication Channels, Sexual Harassment Complaints phone calls		
Customers	Normality	Company's Service Line, Customer Complaints Platform, TFMI Official Website, Social Media Community Platform Information Disclosure, Free Customer Service line, etc.	<ul style="list-style-type: none"> • Operating Performance • Sustainable Products and Services • Information Security • Treating Clients Fairly and Client Experience • Corporate Governance and Ethical Management • Social Participation and Public Welfare Attendance 	<ul style="list-style-type: none"> • 100% of satisfaction up to score of 9 is 100% about traffic accidents on-site (10 being the highest score) • The customer satisfaction rate is 86.6% while the claims satisfaction rate is 86.4% in the customer satisfaction survey.

Stakeholders	Engagement Channels and Frequency		Material Issues	Key Point of Communication and Performance in 2022
Shareholders / Investors	Quarterly	Board of Directors	<ul style="list-style-type: none"> Operating Performance Corporate Governance and Ethical Management Operation Risk Management Climate Change and Management Regulatory Compliance 	<ul style="list-style-type: none"> Holding Shareholders Meeting. Six Board meetings were held. Holding investor conference twice annually, to explain the business performance and the further development direction in strategy. Regularly announce financial and corporate governance information.
Government / Authorities	Irregularly	Special lines, email and meetings, official letters, seminars, forums, public hearing and Market Observation Post System are used to disclose company information	<ul style="list-style-type: none"> Corporate Governance and Ethical Management Operating Performance Treating clients fairly and client experience Digital FinTech and Innovation Information Security Climate Change and Management 	<ul style="list-style-type: none"> Regularly update the information disclosed on Market Observation Post System. Apply digital technology and develop new business. Implement the Principle of Treating Clients Fairly. TFMI was rated among the top-25 financial institutions with excellent performance in the property insurance industry based on the results of "Treating Clients Fairly" evaluation held by the Financial Supervisory Commission in 2022. TFMI obtained TCSA "Bronze Prize of ESG Report at Financial and Insurance Industry".
Communities / Non-Profit Organizations	Irregularly	Community activates and care, co-organizing public welfare activities, donations and sponsorships	<ul style="list-style-type: none"> Social Participation and Public Welfare Attendance 	<ul style="list-style-type: none"> Support the "Save Faust" program in the Teenager Education Theater Project of the Paper Windmill Arts and Educational Foundation. Taiwan Fire & Marine Insurance Co., Ltd. continues to support "Teenager Baseball National Cup of C. K. Championship". Cultural and Educational Foundation of C. K. Chen continues to support national baseball sport. Support the Renai Yiyang Social Welfare Foundation in the "Young 999 – Youth Action Plan". Establish Microinsurance Charity Programme to align with the government initiative to promote microinsurance.
Media	Irregularly	Special Lines, Email, Social Media Websites and Magazine Reports	<ul style="list-style-type: none"> Operating Performance Climate Change and Management Regulatory Compliance 	<ul style="list-style-type: none"> Actively interact and communicate with the mead to present ESG implementation results. Publish information related to brief introduction to insurance products, knowledge on insurance, etc.
Suppliers	Regularly	Supplier Evaluations and Contracts	<ul style="list-style-type: none"> Operating Performance Operation Risk Management Supplier Management Regulatory Compliance 	<ul style="list-style-type: none"> To include the ESG terms into the contract whenever signing a contract with a business entity. Signing for Letter of Commitment to Integrity and Probity with suppliers.

Material Issues

Identification of material issues

The Company summarized 17 sustainability topics in accordance with GRI 3 Material Topics 2021, with reference to international sustainability standards including GRI, SASB, and PRI, and based on the major topics concerned in the same trade. The degree and likelihood of positive and negative impacts on economy, environment, and people were evaluated in form of questionnaire, and a total of 215 questionnaires were recovered. The questionnaires were then analyzed and discussed by the Sustainable Development Group and external experts, and finally 12 material issues were established. Also, the Company regularly reviews these topics every year, guarantees full communication with stakeholders, and strives to keep path with the industrial trends. The materiality analysis process is as follows:

1	Identification	Material Issues Collections	The Company summarized 17 sustainability topics with reference to international sustainability standards including GRI, SASB, and PRI, and based on the sustainability topics concerned in the same trade	17 sustainability topics
2	Analysis	Evaluation of impact	The positive/negative impacts of the current management of each sustainability topic by the Company on the economy, environment, and society as well as the likelihood of such impacts were evaluated in form of questionnaire. A total of 215 questionnaires were recovered. The questionnaire results were summarized, and matrix of positive impact, matrix of negative impact, and sorting diagram of overall impact were drawn	215 materiality questionnaires
3	Confirmation	Determination of material issues	The questionnaire results were analyzed and discussed, and suggestions from external professional consultants were pursued. Also, sustainability topics with overall impact higher than the average value were adopted as material issues. As a result, 9 sustainability topics were concluded; “Talent Attraction and Retention” and “Social Participation and Public Welfare Attendance” are topics the Company has stressed for a long term. Besides, “Climate Change and Management” is a material issue determined by SASB, and a key topic in the financial insurance industry. Therefore, these three topics were also included in material issues. Finally, the Company determined a total of 12 material issues in 2022	12 material issues
4	Monitor	Regularly Review Annually	Annually review the sustainable management operation performance of the company; continue to enhance the communication frequency and channels with stakeholders to collect relevant opinions in the evaluation reference of the next stakeholder meeting, to lift gradually the disclosures of report as its correspondence	Review Annually

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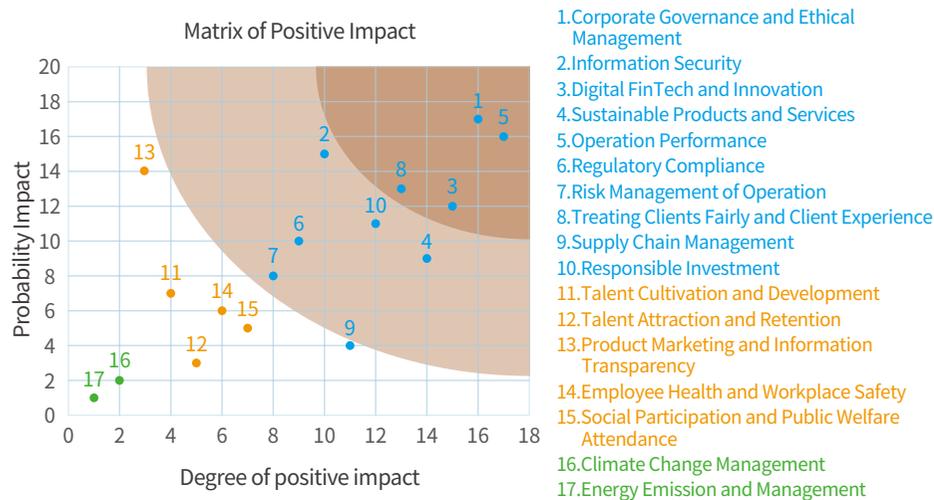
🔑 Matrices of Positive and Negative Impacts

The Company executed materiality analysis according to GRI 2021, and adopted 1-3 points to evaluate the degree and likelihood of positive and negative impacts of sustainability topics. To be specific, 1 point indicates no potential impact; 2 points indicate potential impact; 3 points indicate substantial impact. The results of this impact evaluation indicated that the Company didn't have a substantial or potential negative impact on economy, environment, and society (with average score below 1.67 points), but had a potential positive impact on the economy.

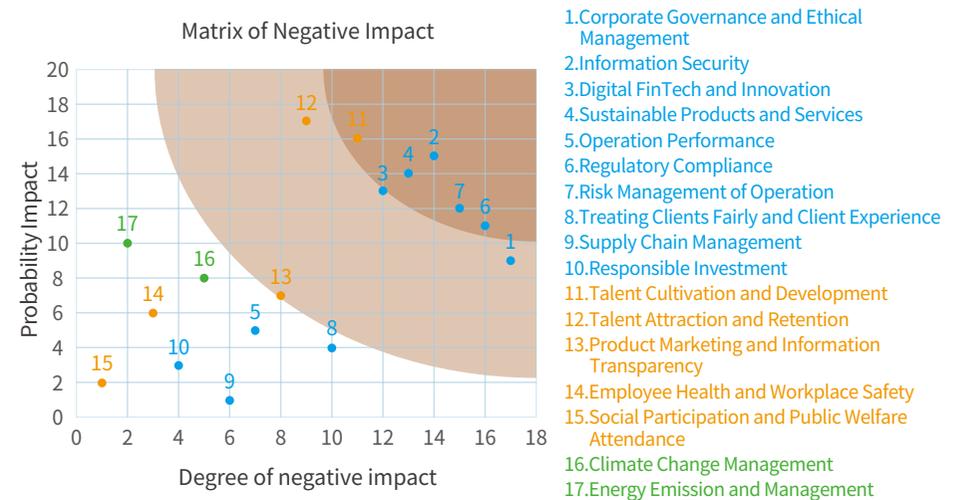
To improve the authentication of the impact of sustainability topics, the Company sorted the average scores of the degree and likelihood of impacts and drew matrix of positive impact and matrix of negative impact to identify sustainability topics with highly potential positive impact, as well as sustainability topics that might cause potential negative impact. By doing the foregoing, the Company aims to continually deepen its positive impact on economy, environment, and society, and actively manage topics with negative impact and of a relatively high order, to lower the impact and likelihood of negative impacts on short-, medium-, and long-term development.

The Company is committed to strengthening the functionality of the Board of Directors, and adhering to the value of ethical management. Also, the Company actively drives digital transformation and innovation of its products to improve client experience. Therefore, topics with highly potential positive impact included “Operating Performance”, “Corporate Governance and Ethical Management”, “Digital FinTech and Innovation”, “Treating Clients Fairly and Client Experience” which would bring positive impact on economy/governance. In the future, with the increase of the transactions in the digital platforms, the risk of network attack incidents will be increased. Compared with other topics, “Information Security” might bring a relatively high negative impact; providing sustainable products and services and promoting digital transformation have already become industrial trends. If the Company fails to follow up and implement innovation and transformation, it may lose the competitiveness in the same trade, and a negative impact will be imposed on its economy.

◆ Matrix of Positive Impact

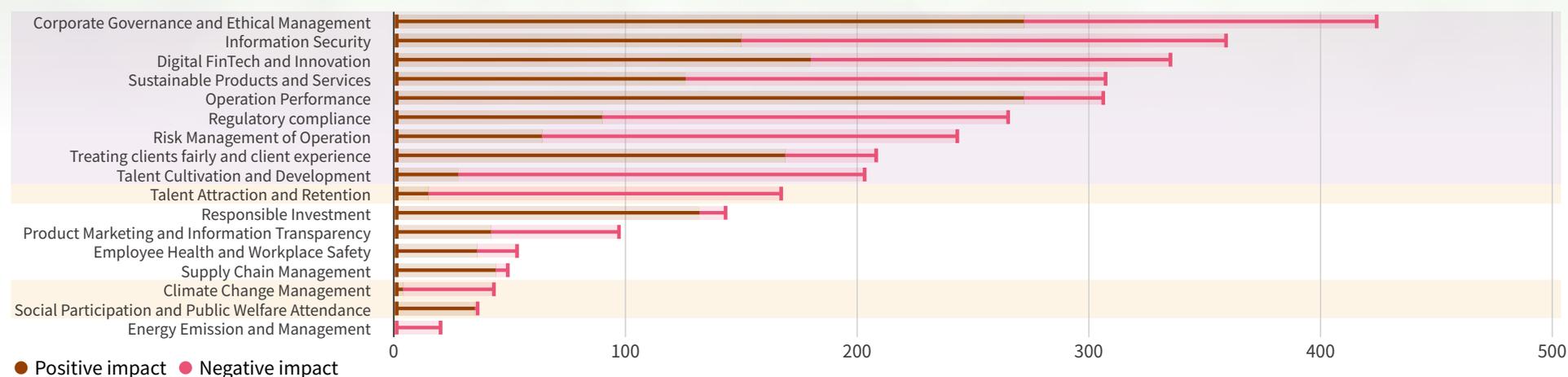


◆ Matrix of Negative Impact



◆ Sorting of Overall Degree of Impacts and graphs

The sorting scores of the degree and likelihood of impact were calculated to obtain the overall degree of impact. A total of nine topics were discovered with a calculation result higher than the average value. “Talent Attraction and Retention” and “Social Participation and Public Welfare Attendance” are topics the Company has stressed for the long-term. “Climate Change and Management” is a material issue determined by the SASB, and a key topic in the financial insurance industry. Therefore, after internal discussion of the Sustainable Development Group, a resolution was made to include these three topics in the material issues, totaling 12 material issues in 2022 for the Company.



◆ List of Material Issues

Item	Types	Material Issues
1	Corporate Governance	Corporate Governance and Ethical Management
2	Corporate Governance	Information Security
3	Corporate Governance	Digital FinTech and Innovation
4	Corporate Governance	Sustainable Products and Services
5	Corporate Governance	Operating Performance
6	Corporate Governance	Regulatory Compliance

Item	Types	Material Issues
7	Corporate Governance	Operation Risk Management
8	Corporate Governance	Treating Clients Fairly and Client Experience
9	Society	Talent Cultivation and Development
10	Society	Talent Attraction and Retention
11	Environment	Climate Change and Management
12	Society	Social Participation and Public Welfare Attendance

🔗 Description of the Substantive Impact of Material Issues on TFMI

The impact of material issues on internal operation, external stakeholders, and value chain is described below, and responds to the impact management guidelines and performance in relevant sections.

Material Issues	Description	Correspond of GRI	Response Section	Impact Boundaries and Degree						
				Internal	External					
				TFMI	Shareholders / Investors	Customer	Suppliers	Communities / Non-Profit Organizations	Government / Authorities	Media
Corporate Governance and Ethical Management	Maintain good business ethics, enhance the functions of the Board, enhance information disclosure and moral awareness among employees to avoid major losses or illegal incidents in the company's operations, shareholders/investors	Self-selection of Material Topics/ GRI 205 Anti-corruption2016	1. Corporate Governance	★	★		▲		●	
Information Security	Obtained ISO 27001 International Information Security Certification. Continue to improve the Personal Data and Information Security Management System to manage and maintain the security of customer information and avoid major losses or illegal incidents	GRI 418 Customer Privacy2016	2. Financial Inclusion and Treat Clients Fairly	★		★			●	
Digital FinTech and Innovation	Establish a convenient e-commerce platform, provide clients with efficient and diversified digital FinTech products and services, gather statistics on client needs through big data analysis, grasp business opportunities in the digital transformation, and improve the resilience of corporate operations and client preferences	Self-selection of Material Topics	2. Financial Inclusion and Treat Clients Fairly	★		★	▲		●	
Sustainable Products and Services	Observe current social issues, design corresponding financial insurance solutions, actively promote inclusive finance, develop sustainable products, and improve product competitiveness	Self-selection of Material Topics	2. Financial Inclusion and Treat Clients Fairly	★		★	▲			
Operating Performance	Sustaining stable operation and performance growth is the most important commitment of the Company to investors and policyholders. Create a driving force for corporate sustainable management and continual innovation with diversified and innovative products, steady and conservative investment policies, and risk management	GRI 201 Operation Performance 2016	1. Corporate Governance	★	★	●	●		★	▲

Material Issues	Description	Correspond of GRI	Response Section	Impact Boundaries and Degree						
				Internal	External					
				TFMI	Shareholders / Investors	Customer	Suppliers	Communities / Non-Profit Organizations	Government / Authorities	Media
Regulatory Compliance	Strengthen employees' awareness of the law, maintain a good corporate image, and lower operating risks and responsibilities of directors and managers	GRI 205 Anti-corruption2016	1. Corporate Governance	★	●				★	
Operation Risk Management	Establish a Risk Management Committee to standardize rigorous risk control flows and strengthen the monitoring of liquidity. The Committee will also be responsible for managing emerging risks such as climate change to prevent the occurrence of risks from causing major losses or illegal events	Self-selection of Material Topics	1. Corporate Governance	★	★	●	●		●	
Treating Clients Fairly and Client Experience	Establish a customer-oriented service policy, think from the standpoint of clients, optimize client experience, and protect clients' rights and interests from product design, sales, and after sales services, to appeals and claims settlement	Self-selection of Material Topics	2. Financial Inclusion and Treat Clients Fairly	★		★	▲		●	
Talent Cultivation and Development	Establish a complete training mechanism, provide a digital learning platform, encourage employees to obtain professional skills and licenses, strengthen their professional competency, improve service awareness and market competitiveness, and profoundly cultivate the overall capabilities of the organization	GRI 404 Education and Training 2016/GRI 405 Diversity and Equal Opportunity 2016	3. With Good Care to Create	★						
Talent Attraction and Retention	Build a high-quality work environment, provide competitive remuneration and welfare, strengthen internal communications, provide diversified and equal promotion channels, and holistic employee benefits, and create a happy workplace	GRI 401 Employment 2016	3. With Good Care to Create	★						



Material Issues	Description	Correspond of GRI	Response Section	Impact Boundaries and Degree						
				Internal	External					
				TFMI	Shareholders / Investors	Customer	Suppliers	Communities / Non-Profit Organizations	Government / Authorities	Media
Climate Change and Management	Include the risks and opportunities of climate change in operation decision-making, drive green operations and market transformation, promote green growth in corporate sustainability, and elevate the positive impact on the environment	GRI 302 Energy 2016/GRI 305 Emissions 2016	4. Climate Change and Management	★	●			★	★	●
Social Participation and Public Welfare Attendance	Integrate relevant resources of the Taiwan Fire & Marine Insurance Foundation and the Pioneer Cultural and Educational Foundation, and actively promote each public welfare activity and education and popularization of finance knowledge to improve people's financial understanding	Self-selection of Material Topics	6. Participation and Prosperity of Society	★				▲		▲

★ Direct Impact ● Indirect Impact ▲ Business relationship

Management Approach of Material Issues

Material Issues	Specific Management Approaches	Targets of 2022	Evaluation Mechanisms and Results of 2022	Achievement	Targets of Medium to Long-term	Communication Channels
Corporate Governance and Ethical Management	<ul style="list-style-type: none"> Benchmarks on corporate governance assessments conducted by the Stock Exchange, review the implementation of corporate governance Establish the culture of corporate integrity, implement the ESG Corporation Responsibility, to improve corporate sustainability governance for further 	<ul style="list-style-type: none"> Regularly convene the Ethical Management Committee to discuss the implementation of the Ethical Management for the enterprise and report in the Board of Directors Arrange diversified courses for directors' continuing education, including courses on issues like green finance 	<ul style="list-style-type: none"> Held the Ethical Management Committee twice every year The total number of board refresher course hours reached 77.99 hours 	Achieved	<ul style="list-style-type: none"> Sustainable Operation of the Enterprise Implement Corporate Social Responsibility 	<ul style="list-style-type: none"> Board of Directors Audit Committee Ethical Management Committee
Information Security	<ul style="list-style-type: none"> Introduce Information Security Management System (ISO 27001), with regularly carry out information security risk assessments and strengthen information. Security management Actively develop digital Fin Tech business, with "Information Security" as the priority factor, strengthen information security management, improve the quality of information and services, through systematic and institutionalized management, to ensure the service of customers and transaction process information in well risk control 	<ul style="list-style-type: none"> Obtain ISO 27001 validation work and comply with the requirements of the competent authorities Completed social walkthroughs 	<ul style="list-style-type: none"> Continuous verification operations of ISO 27001, verified by BSI International Certification Organization, without major deficiencies were found Completed the present year's Information Security Assessment Work No significant exceptions of performing social walkthrough results 	Achieved	<ul style="list-style-type: none"> Expand the scope of import jobs and improve the quality of information services, and maintain the rights of shareholders and customers 	<ul style="list-style-type: none"> Information Technology Service Department.
Digital FinTech and Innovation	<ul style="list-style-type: none"> Digital platform optimization: monitoring system stability, rich website digital information, to provide convenient insurance services E-service: provide more online. insurance products, simplify the application process of member OTP certification, and provide digital insurance policies Diversified marketing channels: establish digital marketing platforms such as TFMI Blog, Line@ Life Circle, FB Fans Group and others to maintain good interactive relationships among policyholders or consumers 	<ul style="list-style-type: none"> Continue to optimizes Ecommerce platform, to provide more experience of diversified digital marketing service Provide variety of community service platforms The ration of electronic automobile insurance is greater than 30% Establish any auto insurance electronic policy authentication, depository as well delivery mechanism, and optimize system in functionalities 	<ul style="list-style-type: none"> E-commerce performance optimization E-service and digital marketing Provide multiple types of online insurance on the E-platform, such as motor vehicle liability and arbitrary insurance, travel comprehensive insurance, and personal injury insurances and etc. The ratio of electronic insurance policies for car insurance achieved 81.38 % Develop LINE personalized services to make car insurance policyholders to apply for inquiries or receive personal insurance and other information as simple and quick as immediately 	Achieved	<ul style="list-style-type: none"> Continuously optimize the Ecommerce platform to provide one-stop insurance E-service Provide convenient and innovative digital products and services, to meet diversity and customized product needs of customers 	<ul style="list-style-type: none"> 0800 toll free customer service line On-line customer service platform E-Commerce department

01

02

03

04

05

06

App.

Material Issues	Specific Management Approaches	Targets of 2022	Evaluation Mechanisms and Results of 2022	Achievement	Targets of Medium to Long-term	Communication Channels
Sustainable Products and Services	<ul style="list-style-type: none"> Design sustainable financial insurance products to improve product competitiveness 	<ul style="list-style-type: none"> Provide green energy related insurance products 	<ul style="list-style-type: none"> The Home Green Energy Upgrading Rider of TFMI is designed to respond to environmental protection and create a better living environment. For solar power generation equipment, the Company provides erection all risks insurance and electronic equipment all risks insurance as well as other relevant insurance products 	Achieved	<ul style="list-style-type: none"> Continue to develop sustainability related insurance products 	<ul style="list-style-type: none"> Product Department
Operating Performance	<ul style="list-style-type: none"> Attach importance to shareholders' equity, remain a sound operation strategy, and emphasize the financial steadiness Diversify the investments to disperse the risk; adopt diversification investments to improve the assets return at the interest rates 	<ul style="list-style-type: none"> Stable operation with the overall growing business 	<ul style="list-style-type: none"> Assess the rate of achievement with the annual revenue budget for the funds Operate Taiwan Ratings rated twAA for a stable outlook; Standard & Poor's Rating A-, stable rating The Ratio of Risk-based capital is 1081.89% 	Achieved	<ul style="list-style-type: none"> Stabilize the financial for creating the most benefit of policyholders and shareholders 	<ul style="list-style-type: none"> Financial Department
Regulatory Compliance	<ul style="list-style-type: none"> Comply with the laws, regulations, and norms of the competent authorities, pay attention to the changes of relevant laws and regulations at any time, and amend relevant internal rules and operating processes as appropriate 	<ul style="list-style-type: none"> No major violations for the phase of environment, society, nor corporate governance 	<ul style="list-style-type: none"> Evaluate the legality of the Company in each aspect regularly No major corporate governance, environment, and labor-related violations have occurred 	Achieved	<ul style="list-style-type: none"> Improve compliance by the employees with laws and regulations to reduce the costs of breaking the law 	<ul style="list-style-type: none"> Legal Compliance Department
Operation Risk Management	<ul style="list-style-type: none"> With rigorous risk management mechanism, establish a Risk Management Committee to execute major risk management decisions, and regularly review the development, construction and implementation effectiveness of the company's overall risk management mechanism, and build a sound risk process 	<ul style="list-style-type: none"> Implementation of money laundering and anti-terrorist operations 	<ul style="list-style-type: none"> Based on stress test analysis reports in various scenarios, proves that TFMI has a strong financial position and solvency 	Achieved	<ul style="list-style-type: none"> For major operational risks, transfer of large premium expense risk, financial risk, policyholder personal data risk, natural disaster risk, and other risks to develop appropriate and effective control and monitoring in mechanism Continue to deepen the company's overall risk management awareness and incorporate climate change risks into risk management projects in accordance with TFD guidelines 	<ul style="list-style-type: none"> Risk Management Committee

Material Issues	Specific Management Approaches	Targets of 2022	Evaluation Mechanisms and Results of 2022	Achievement	Targets of Medium to Long-term	Communication Channels
Treating Clients Fairly and Client Experience	<ul style="list-style-type: none"> Implement the relevant norms of the “Principle for Financial Service Industries to Treat Clients Fairly” by the Financial Supervisory Commission Provide warm service actively to increase the trusts of policyholders 	<ul style="list-style-type: none"> None penalty imposed by the competent authority for violating the TCF Principles 	<ul style="list-style-type: none"> None penalty imposed by the competent authority for violating the TCF Principles The Company obtained an excellent performance award from “Treating Clients Fairly” evaluation held by the Financial Supervisory Commission (FSC) in 2022 	Achieved	<ul style="list-style-type: none"> Establish a corporate core culture with “Treat Clients Fairly”, and enhance the company’s enterprise image 	<ul style="list-style-type: none"> 0800 toll free customer service line Planning Department Product Department Claim Service Department Business Department
Talent Cultivation and Development Talent Attraction and Retention	<ul style="list-style-type: none"> Enhance the management of performance, implement the job coaching development plans, and speed up the human resource quality and working performance Provide incentive salary and welfare system to achieve the purpose of recruiting and retaining talents Care for the mental and physical health of employees, and strength at epidemic prevention along health management. Handle job rotation and revitalization to activate organizational human resource 	<ul style="list-style-type: none"> The total number of hours spent on employee education and training is more than 30,000 hours Provide appropriate and differentiated staff education and training Continuously obtain sports enterprise certification 	<ul style="list-style-type: none"> Total employee education and training hours for 42,644hours Establish a well-function remuneration policy, to ensure that the salary level of employee is competitive in the market, as well as to build a differentiated and fair incentive bonus system Import E-learning online digital learning system, which reduces administrative work time and training costs, grasp the progress of learning to improve learning effectiveness, achieve effective management, develop the performance and competitiveness of talent training Apply the Talent Nine Palace module to conduct a talent inventory, identify key positions and talents, and handle the Key Talent Individual Development Plan (IDP), the planned cultivation of talent Provide a wide range of learning channels and training resources and encourage employees to obtain professional licenses Conduct publicity on workplace health and epidemic prevention measures, and care for both mental and physical health of colleagues 	Achieved	<ul style="list-style-type: none"> Build a competitive e compensation strategy to ensure that key talent compensation is competitive in the market Strengthen performance-oriented compensation system, to establish performance and talent-oriented organization and culture In response to organizational development, actively cultivate key talents, develop and implement talent, retention, as well as education program Implementation of the Talent Individual Development Plan (IDP) and succession plan, by the use of job rotation and cross-departmental internships and other organizational learning system, planned to cultivate talent, improve the organization and individual career development, along training diverse talent 	<ul style="list-style-type: none"> Human Resources Department



Material Issues	Specific Management Approaches	Targets of 2022	Evaluation Mechanisms and Results of 2022	Achievement	Targets of Medium to Long-term	Communication Channels
Climate Change and Management	<ul style="list-style-type: none"> Analysis of the company's climate change risks and opportunities, based on the "Climate-related Financial Disclosure Proposal" issued by the Task Force on Climate-Related Financial Disclosures (TCFD) Continue to promote green service processes to reduce environmental impacts 	<ul style="list-style-type: none"> Analyze and expose the risks and opportunities the company faces in climate change based on TCFD 	<ul style="list-style-type: none"> Ongoing implementation of TCFD climate change risk and opportunity identification, to have climate change issues as the key operational priority consideration 	Achieved	<ul style="list-style-type: none"> Continuous cross-functional units in operations of the organization in accordance with the TCFD operating structure Response to climate change, created low-carbon product and services, along to develop green products 	<ul style="list-style-type: none"> Risk Management Committee Product Department
Social Participation and Public Welfare Attendance	<ul style="list-style-type: none"> Together with the Taiwan Fire & Marine Insurance Foundation and the Pioneer Cultural and Educational Foundation, work together to promote local development, care activities, cultivate talents, sports promotion and other public welfare activities in different fields, along to assist disadvantaged groups and encourage employees to join in the grand event to promote social prosperity 	<ul style="list-style-type: none"> Held more than 10 events in related sponsorships and community events 	<ul style="list-style-type: none"> Involves more than 10 events in related public welfare activities 	Achieved	<ul style="list-style-type: none"> Through the Taiwan Fire & Marine Insurance Foundation to transact public welfare activities, as well as care for the rural-related education sponsorship Assist in solving social and environmental problems and expanding the company's influence on society, along to work with colleagues to create a kind corporate culture, and strive to make more commitments and changes to this society and land with enhance the social value of enterprises 	<ul style="list-style-type: none"> Planning Department Human Resources Department



✎ Responding to the UN Sustainable Development Goals (SDGs)

In response to global sustainable development issues, TFMI actively focuses on the 17 Sustainable Development Goals of the United Nations; through analysis and discussion, an ESG framework and implementation tracking mechanism have been established. The risks and opportunities generated during relevant operating activities are evaluated according to the SDG Compass Guide, and the positive and negative impacts faced by the Company at present and in the future are listed in the scope of daily operation objectives. Furthermore, in pursuing good performance in the industry, we also respond to the expectations of stakeholders, implement corporate social responsibility, and become a high-quality corporate citizen.

Within identification of the SDGs' Sustainable Development Goals, to list the SDGs sustainable development that correspond to the major issues of TFMI, and set relevant objectives into the company's operations.

Section in the report	Corresponding major issues	Corresponding SDGs issues	Corresponding detailed SDGs items
Ch1 Corporate Governance	Corporate Governance and Ethical Management Operating Performance Regulatory Compliance Operation Risk Management	8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. 12. Ensure sustainable consumption and production patterns. 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.	8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries. 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services. 8.5 By 2030 achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle. 16.5 Substantially Reduce Corruption and Bribery. 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels. 16.b Promote and enforce non-discriminatory laws and policies for sustainable development.
Ch2 Financial Inclusion and Treat Clients Fairly	Information Security Digital FinTech and Innovation Sustainable Products and Services Treating Clients Fairly and Client Experience	8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	8.2 Achieve higher levels of productivity of economies through diversification, technological upgrading and innovation, including through a focus on high value added and labor-intensive sectors. 8.10 Strengthen the capacity of domestic financial institutions to encourage and to expand access to banking, insurance and financial services for all. 9.b Support domestic technology development, research and innovation in developing countries including by ensuring a conducive policy environment for inter alia industrial diversification and value addition to commodities.

Section in the report	Corresponding major issues	Corresponding SDGs issues	Corresponding detailed SDGs items
Ch3 With Good Care to Create	Talent Cultivation and Development Talent Attraction and Retention	10. Reduce inequality within and among countries. 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.	10.4 Adopt policies especially fiscal, wage, and social protection policies and progressively achieve greater equality. 16.6 Ensure enhanced representation and voice of developing countries in decision making in global international economic and financial institutions in order to deliver more effective, credible, accountable and legitimate institutions.
Ch4 Climate Change and Management	Climate Change and Management	12. Ensure sustainable consumption and production patterns. 13. Take urgent action to combat climate change and its impacts.	12.6 Encourage companies, especially large and trans-national companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle. 13.2 Integrate climate change measures into national policies, strategies, and planning. 13.3 Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.
Ch5 Environmental Sustainability	Climate Change and Management	11. Make cities and human settlements inclusive, safe, resilient and sustainable. 12. Ensure sustainable consumption and production patterns.	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality, municipal and other waste management. 12.6 Encourage companies, especially large and trans-national companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.
Ch6 Participation and Prosperity of Society	Social Participation and Public Welfare Attendance	1. End poverty in all its forms everywhere. 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture. 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	1.4 By 2030 ensure that all men and women, particularly the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership, and control over land and other forms of property, inheritance, natural resources, appropriate new technology, and financial services including microfinance. 1.5 By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters. 2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round. 4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples, and children in vulnerable situations. 8.6 By 2020 substantially reduce the proportion of youth not in employment, education or training. Proposed Indicators.

Chap 1. Corporate Governance



1-1 Market Outlook

In 2022, the overall market revenue from direct written premiums reached NT\$220,316,486,000, up by 6.60%. The Company is committed to improving client service quality, and researching and developing relevant management and service systems. It has acquired six patents. The Company also makes good use of channel advantages to continually promote diversified products and seize niche market opportunities. The revenue from direct written premiums for the whole year reached NT\$7,366,218,000, down by 15.33%; excluding the impact of epidemic prevention insurance, the growth rate is 9.17%. The market share of residential fire insurance ranked first place in the industry, and Standard & Poor's (S&P) and Taiwan Ratings maintained their credit ratings for the Company at "A-/stable" and "twAA" and "stable" respectively.

Looking to 2023, the food and energy crisis triggered by the Russia-Ukraine war, accompanied with the impact of climate change and the pandemic, resulted in high inflation rates and increasingly tightened financial conditions in most regions. The global economy has been seriously affected. In Taiwan, with epidemic prevention and control measures relaxed, cross-border tourism has begun to recover while private consumption is expanding, benefiting the business. The competent authorities are promoting policyholder passbooks, an electronic policy, and compulsory electronic insurance certificates to benefit the improvement of operating efficiency and the implementation of environmental sustainability policy; market rates and product supervision are disciplined to avoid market price competition and stabilize the market.

TFMI uphold our operation policy of "Stable Operations" and being "Customer-Oriented", as well the pursuit of sustainable development; we implement a "Treat Clients Fairly" initiative, financial friendly service, care for the local community and employees, and respond to environmental changes, strengthening our corporate governance, risk management, and compliance with the law. Our insurance products continue to expand good quality business and deep till alliance access, and we have optimized the digital portal, developed a variety of goods, and improved business operation management to maintain market competition and customer service quality. We are also committed to activating assets and adopting diversified investments to enrich profitability.

1-2 Operating Performance

In 2022, the operation income of TFMI amounted to NT\$6.056 billion and earnings per share after tax amounted to NT\$1.86; the direct written premium was NT\$7.366 billion, among which the market share of the residential fire insurance ranked the 1st place for nine consecutive years.

◆ The Concise Consolidated Income Statement of the Latest Three Years for TFMI

Unit: NT\$100 million

Year		2020	2021	2022
Capital		36.22		
Operation Capability	Operation Revenues	53.97	75.07	60.56
	Assets	195.8	206.4	208.9
	Shareholders' Equity	95.8	101.8	99.5
	Net Income	6.88	3.73	6.72
Profitability	Return on Assets (%)	3.57	1.86	3.24
	Return on Equity (%)	7.37	3.78	6.68
	Net Benefit Ratio (%)	12.74	4.97	11.10
	Earnings Per Share(NT\$)	1.90	1.03	1.86

◆ TFMI's 2022 Annual Premium Income from Written Policy and the Structure of Each Type of Insurance and Market Statistics

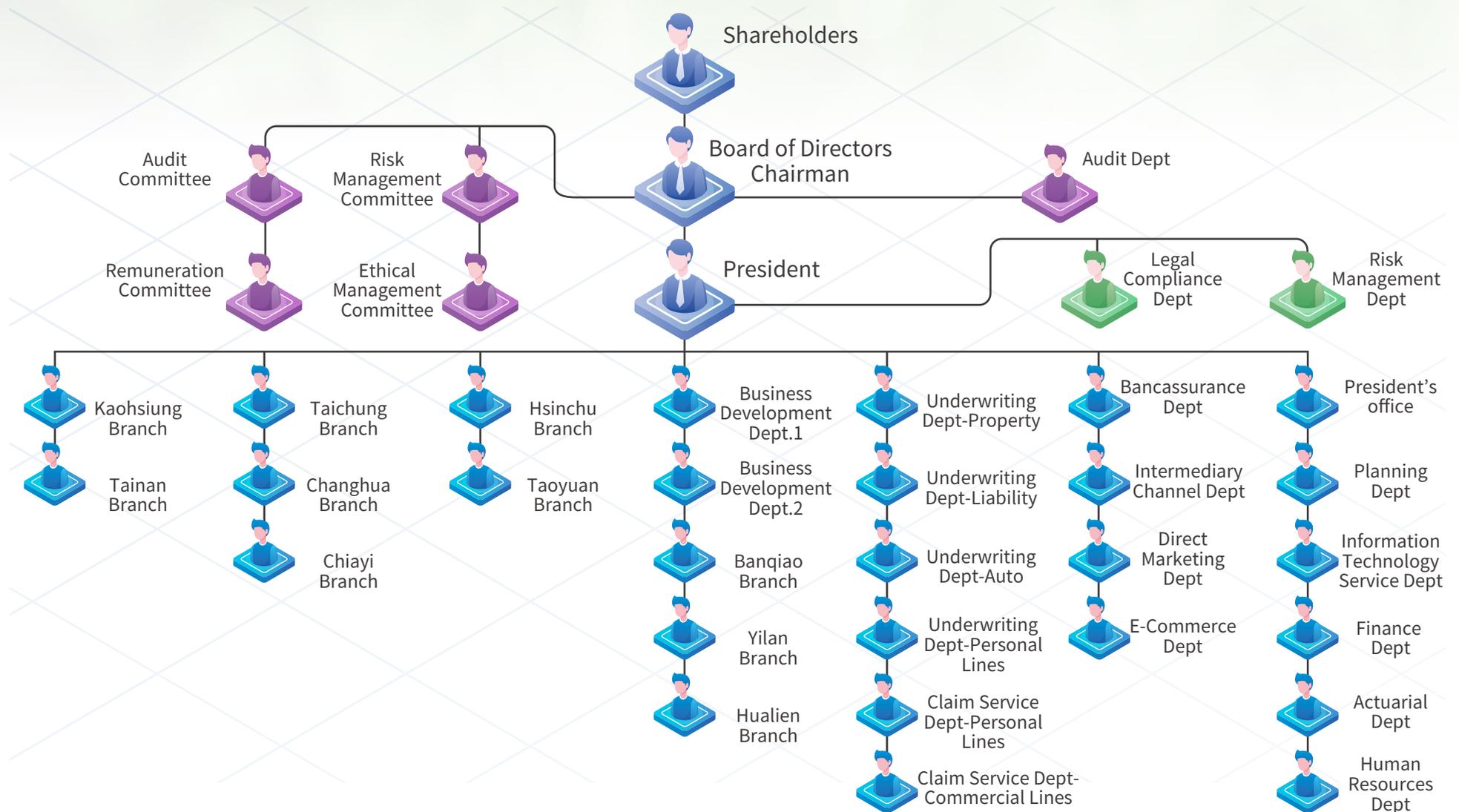
Unit: NT\$1,000

	Types of Insurance	Direct Written Premium	Ratio (%)	Market Rate
1	Automobile Insurance	3,147,051	42.72	3.27
2	Residential Fire Insurance	965,281	13.10	14.15
3	Commercial Fire Insurance	848,668	11.52	3.30
4	Compulsory Automobile Liability Insurance	800,060	10.86	4.16
5	Accident Insurance	511,306	6.94	2.55
6	Liability Insurance	324,136	4.40	2.19
7	Engineering Insurance	226,628	3.08	2.86
8	Marine Cargo Insurance	212,644	2.89	3.40
9	Others ^(Note)	330,444	4.49	-
Total		7,366,218	100.00	3.34

Note: Other insurance types that accounted less than 2% of signed premium income are accounted under "Others".

1-3 Corporate Governance

1-3-1 Organizational Chart



- 01
- 02
- 03
- 04
- 05
- 06
- App.

1-3-2 Operation of the Board of Directors

TFMI was established over 70 years ago, and still upholds integrity in the corporate culture and a strong corporate governance system with a professional management team and strict risk control management and internal audit and control mechanism. Members of Board of Directors have expertise and practical experience in various fields such as operation management, accounting and finance, law, insurance, and others, not only complying with the principles of director diversity and gender equality, but also have rich practical experience and professional competencies, which is conducive to improving the quality of board decision-making, and strengthening the internal supervision mechanism and performance of the company's corporate values to achieve sustainable development goals of the enterprise.

All directors of TFMI shall, on the premise of the long-term interests for the company and all shareholders, ensure the effective and smooth operation of the Board of Directors in accordance with the high standard of corporate governance, exercise their directorships in an objective and independent manner, and abide by the norms of the "Company Act". Recently, a number of internal regulations have been enacted, which include "Corporate Governance Best Practice Principles", "Policy of Policy of Principle of Treating Clients Fairly", "Strategy of Principle of Treating Clients Fairly", "Sales Personnel Remuneration System", "Sustainable Development Best Practice Principles", "Policy of Sustainable Development", "Ethical Corporate Management Best Practice Principles", and other internal control specifications to supervise organizational activities and improve the company's management system and corporate governance effectively.

1-3-3 The Composition and Independence for Board of Directors

Position	Name	Elected / Attended date	Major Education and Career Experience
Chairman	Steve Lee	2020.06.12	Ph.D. in Political Economy, Nankai University Chairman of the Board of Directors of Taiwan Insurance Asset Management Co., Ltd.
Vice-Chairman	YongXin Development Co., Ltd. Representor: Charles Sung	2020.06.12	Master of Science and Research, National Taiwan University; Director of the Corporate Residential Earthquake Insurance Fund of the Consortium; Vice Chairman, AON (Aon Ban Dow) Insurance broker; General Manager of China Central Product Insurance Co., Ltd.; General Manager of AIA Products Insurance Co., Ltd.; The General Manger of TFMI
Director	YongXin Development Co., Ltd. Representor: Chung-Chou Chang	2020.06.12	Institute of Computer Science, Northrop University
Director	YongXin Development Co., Ltd. Representor: Bin-Fu Chen	2020.06.12	EMBA Institute, National Taiwan University
Director	YongXin Development Co., Ltd. Representor: Carlos Lee	2020.11.11	Ph.D. in Economics, Shanghai University of Finance and Economics, Master of Financial Risk Management, St. John's University, USA.; Master of Business Administration, Johnson & Wales University, USA; Director of Guo Ticket Financial Holding Co., Ltd.
Director	Bank of Taiwan Co., Ltd. Representor: Hsiu-Shiang Liu	2022.08.12	Graduated from Department of Economics, Fu Jen Catholic University, Master of Management, National Chiayi University, deputy chief secretary of the Board of Directors of Bank of Taiwan Co., Ltd., deputy chief secretary of the Board of Directors of Bank of Taiwan Co., Ltd. & chief secretary of Taiwan Financial Holding Co., Ltd., and chief secretary of the Board of Directors of Bank of Taiwan Co., Ltd. & chief secretary of Taiwan Financial Holding Co., Ltd.
Director	Bank of Taiwan Co., Ltd. Representor: Mei-Ling Wu	2020.06.12	Master of International Business, National Dong Hwa University.; Manager of Dan Shui Branch, Bank of Taiwan, Inc.; Manger of Lu Zhou Branch, Bank of Taiwan, Inc.
Director	Bank of Taiwan Co., Ltd. Representor: Wei-Hsin Wang	2022.02.07	Master of Science in Finance, National Taiwan University; Deputy Manager, Corporate Finance Department, Bank of Taiwan Co., Ltd.; Manager, He Ping Branch, Bank of Taiwan Co., Ltd.; Manager of Precious Metals Department, Bank of Taiwan Co., Ltd.

Position	Name	Elected / Attended date	Major Education and Career Experience
Independent Director	Cheng-Ching Huang	2020.06.12	MBA University of Tennessee, Knoxville; Department of Business Administration, National Cheng Chi University; Deputy General Manager of Taiwan Land Bank, External Manager of Taiwan Lank Bank, Manager of Finance Department, Manager of Ho Ping Branch, Manager of International Finance Branch, Deputy Director of Credit Review Department of Taiwan Land Bank.; Inspector of TFMI; Director of Taiwan Union Bank; Director of Agricultural Credit Guarantee Fund; Director of the Trust Association; Director / Inspector of the Ticket Association
Independent Director	Jimmy Hsieh	2020.06.12	Bachelor of Economics, University of California, Berkeley; Director of Vanon Capital Partners Limited (Taiwan); Chairman of Securities of the Netherlands Asia Co., Ltd. / The Loyal Bank of Scotland Group PLC (Taiwan); Director & General Manager of Citigroup Global Markets Inc. (Taiwan); Vice- General Manager of ING Barings (Taiwan)
Independent Director	Nien-Tsu Chiang	2020.06.12	Ph.D., Faculty of Law, National Cheng Chi University; Ph.D., Department of Business Administration, Macau University of Science and Technology; Master of Business Administration, National Cheng Chi University; Bachelor of Graduate Department of Law, Fu Jen Catholic University; Bachelor of Political Science, Tung Hai University; Assistant Professor in the Department of Business Administration, Nan Hua University; Consultant on the Reform Bill of the Foundation for Civil Justice Reform, a Consortium Legal Person

Note: Director Bin-Fu Chen and independent director Jimmy Hsieh hold a concurrent post of independent director in other public companies.

Taiwan Fire & Marine Insurance Company, Ltd. (TFMI) has 11 directorships in accordance with the articles of association, and held six board meetings in 2022, with an average actual attendance rate over 96%. The Board of Directors has a transparent and adequate information disclosure process to understand the company's operational overall and determine the future direction. Decisions that have a significant impact on the company's growth, performance improvement, operational development objectives, and risk control management, etc. are discussed in-depth and communicated. The Board of Directors effectively supervises and guides the company's management class, and gives full play to the functions of the Board of Directors taking a two-way communication approach.

Director elections follow the candidate nomination system provided in Article 192-1 of the Company Act, and the composition of the board is determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. Unless the competent authority otherwise grants approval, a spousal relationship or familial relationship within the second degree of kinship may not exist among more than half of the directors. The Board of Directors considers adjustments to the composition of its members based on performance evaluations.

1-3-4 Diversity Policy for Board Members

TFMI, in accordance with the Measures for the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" of "Code of Practice on Corporate Governance" to formulate appropriate diversification policies for the Company's operations, operational patterns and development needs, which include two standard phases; I. Basic conditions and values: gender, age nationality, culture and others. II. Professional knowledge and skills: professional background (e.g., legal, accounting, industry, finance, marketing or technology), professional skills and industry experience. The Board of Directors consists of 11 directors (including 3 independent directors); the members focus on the elements of diversity and are composed of elites from law, finance and industry. Among them, there are 3 doctors and 6 masters, covering professional fields such as business management, information, law and business, which possess the knowledge, skills and qualities necessary to perform the duties. About the independent director, there are one independent director with a term of 3 year or less, and two with less than 3 years. About the age, the number of directors is one person under the age of 50, five persons aged 51 to 60 years old, and five directors aged 61 to 70 years old. About the gender equality, the Company also attaches great importance to the approach the members of the Board of Directors, and there are two women in this year's independent directors, and three female directors in total, accounting for 27%, which in addition to achieving the goal of the number of female independent directors in the year, professional independent directors with Juris Doctor backgrounds are also recruited to check and supervise the implementation of major polices of the company with a professional division of labor and independent detachment.

01

02

03

04

05

06

App.

◆ To achieve the ideal goal of corporate governance, the Board of Directors has the following capabilities:

Diversified Core Name	Gender	Operational Judgment	Accounting and Financial Analysis Skills	Operational Management Capabilities	Risk Control Management Knowledge and Competence	Crisis Management Capabilities	Financial and Insurance Expertise	International Market Observation Capabilities	Leadership	Decision-making Ability
Steve Lee	Male	V	V	V	V	V	V	*	V	V
Charles Sung	Male	V	*	V	V	V	V	V	V	V
Hsiu-Shiang Liu	Female	V	V	V	V	V	V	*	V	V
Mei-Ling Wu	Female	V	V	V	V	V	V	V	*	*
Wei-Hsin Wang	Male	V	V	V	V	*	V	V	V	*
Chung-Chou Chang	Male	V	V	V	V	V	*	*	V	V
Bing-Fu Chen	Male	V	V	V	V	V	*	*	V	V
Carlos Lee	Male	V	*	V	V	V	V	V	V	V
Cheng-Ching Huang	Female	V	V	V	V	V	V	V	V	V
Nien-Tsu Chiang	Female	V	V	V	V	*	V	V	V	V
Jimmy Hsieh	Male	*	V	V	*	V	V	V	V	V

Note: * means having partially capability

1-3-5 Professional Governance

The Board of Directors follows the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Companies, and conducts director refresher courses each year. In 2022, the average number of hours of regular training per director was 7.09 hours, and topics included: A case study of anti-money laundering in the insurance industry; competitiveness vs survivability; ESG trends and strategies; exploration of the issue of introduction of IFRS 17 to the property insurance industry and interpretation of financial statements; response to extreme climate and finance industry; new trends in the green energy investment, renewable energy market and trends in Taiwan, and sharing by renewable energy practitioners; challenges and opportunities of sustainable development pathways; and greenhouse gas inventory, etc. External courses are integrated with important international risk management indicators and knowledge to strengthen the functions of board risk governance and ESG social sustainability. Such courses also serve to enhance professionalism through continual development, fulfill the duty of care in faithful execution of the business and sound management, and improve business decision-making and leadership supervision to ensure the operational efficiency of the Board of Directors and keep in line with international trends.

1-3-6 Functional Committee

To effectively play the functions of the Board of Directors and improve the quality of the board's decision-making, for the achievement of "the Most Valuable and Trusted Insurance Company" as the company vision, TFMI invites professionals from different fields to serve as independent directors and members of various functional committees in responsible for the discussion of important bills and issues such as economy, environment, society and risks. With the expertise drilling in, it helps further strengthen corporate governance and increases the participation of independent directors in TFMI's important business.

◆ The Board of Directors and Each Functional Committees' Operation in Overall Description:

	Item	Description
Board of Directors	Overview of Composition and Functions	<ol style="list-style-type: none"> Among the 11 members comprising the board, there is the chairman, Mr. Steve Lee, and three independent directors. The functions and powers of the Board of Directors include the confirmation of enterprises business objectives, review of budget accounts, the formulation of surplus distribution, the formulation of capital increase and decrease, and validation of chapters, corporate governance, and others.
	Operation of 2022	<ol style="list-style-type: none"> Six meetings were held. Resolution of "Employee and Director's Compensation Case", "Amendment of the Articles of Association", "Annual Business Report", "Financial Report", "Earnings Distribution Case", and others. Resolutions on amendment of major regulations, and matters negotiated and determined according to regulatory requirements, etc. Resolution of the Company to donate to the Taiwan Fire & Marine Culture and Education Foundation.
Audit Committee	Overview of Composition and Functions	<ol style="list-style-type: none"> The Audit Committee comprises all independent directors, one of whom serves as the convener. At least one member has expertise in finance or accounting. TFMI's independent director Cheng-Ching Huang is the convener, and independent directors Nien-Tsu Chiang and Jimmy Hsieh are members. Supervise and ensure that the Company's financial statements are accurate, and the accountant is independent, internal controls are implemented effectively, compliance with relevant legal regulations and controls of the Company's existing or potential risks, and others. At least one director has financial and accounting expertise.
	Operation of 2022	<ol style="list-style-type: none"> Six meetings were held. The appointed accountant shall explain to the Audit Committee the financial report review in the semi-annual report and shall communicate with independent directors on the implementation of internal control testing, findings, and updates.
Remuneration Committee	Overview of Composition and Functions	<ol style="list-style-type: none"> The members of the Remuneration Committee are appointed following resolution of the Board of Directors. This committee shall comprise at least three members, and more than half of the members shall be independent directors. The professional qualifications and independence of committee members shall comply with the provisions of Article 5 and Article 6 of the Measures for the Functions and Powers of the Remuneration Committee. TFMI's independent director Cheng-Ching Huang is the convener, and independent directors Nien-Tsu Chiang and Jimmy Hsieh are members. Regularly review the organizational procedures of the Pay and Compensation Commission, as well as make recommendations for amendments. Establish and regularly review policies, systems, standards, and structures for performance evaluations and the remuneration of directors and managers. Regularly assess and determine the remuneration of directors and managers.
	Operation of 2022	<ol style="list-style-type: none"> Three meetings were held. The remuneration system is an important part of corporate governance and risk control management. Annual performance and remuneration of directors and senior managers is assessed and reviewed, annual director's remuneration and employee remuneration is reviewed, and productivity and business performance of the enterprise is improved to further promote the sustainable development of the business.

01

02

03

04

05

06

App.

	Item	Description
Remuneration Committee	Policy for Remuneration of Directors and Managers	<p>1. Directors' remuneration: The directors' salaries of the Company contain remuneration and compensation:</p> <p>(1) Directors' remuneration: In accordance with the provisions of Article 19 of the Articles of Association, "The remuneration of chairman, vice-chairman, and directors (independent directors) of the Company are authorized to the Board of Directors for negotiation and determination in accordance with the participation of directors in corporate operations and contributed value, and with reference to the normal payment level in the same trade."</p> <p>(2) Directors' compensation: In accordance with the provisions of Article 35-1 of the Articles of Association, "If the Company makes a profit in the current year, it shall set aside no more than five percent of the profit as directors' compensation, while independent directors do not participate in the distribution of compensation."</p> <p>2. Managers' remuneration Managers' remuneration includes a salary paid on a monthly basis, festival bonuses, year-end performance bonuses, managers' benefits, as well as special bonuses granted based on manager's professional qualifications, special contributions, or outstanding achievements. The remuneration of each manager shall be handled according to Measures for the Administration of Managers' Remuneration, and is deliberated by the Remuneration Committee and approved by the Board of Directors following resolution.</p> <p>3. Relevancy of remuneration to operating performance and future risks The Company conducts director and manager performance evaluations every year. The performance evaluation of directors includes directors' participation in the Company's operations, improvement in the Board of Directors' decision-making quality, understanding of the Company's goals and missions, understanding of the directors' responsibilities, management and communication of internal relations, and strengthening of expertise and continuing education, etc. The evaluation results are submitted and reported to the Board of Directors as reference for review and improvement. The performance evaluation of managers includes targeted standard-reaching rate, profit rate, project performance, and management performance, etc. Relevant performance assessments and the reasonableness of remuneration is reviewed by the Remuneration Committee and the Board of Directors. The remuneration system is reviewed as appropriate based on the actual operating condition and in accordance with relevant laws and regulations to pursue a balance between corporate sustainable management and risk control.</p>
Risk Management Committee	Overview of Composition and Functions	<p>1. 8-10 members are appointed to the Risk Management Committee, and one serves as the convener. The chairman invites one independent director with a professional background in financial insurance, accounting, or finance to serve as the convener. In addition to the president and head of the Risk Management Department who are ex-officio members, other members are designated by the convener.</p> <p>2. Elected director Cheng-Ching Huang, an independent director with a financial insurance and finance background, is the convener; remaining members are then appointment as commissioners, except for the president and the head of the Risk Management Office as ex-officio members.</p> <p>3. Develop risk management policies, structures, organizational functions, and establish management standards for qualification and quantification.</p> <p>4. Submit an overall risk management report to the Board of Directors at least once every half year to ensure the effective execution of risk management.</p>
	Operation of 2022	Four meetings were held, and may be convened at any time as needed.
Ethical Management Committee	Overview of Composition and Functions	<p>1. The Board of Directors elects at least three directors to form the committee. The convener is served by an independent director elected by each member.</p> <p>2. TFMI's independent director Cheng-Ching Huang is the convener, and independent directors Nien-Tsu Chiang and Jimmy Hsieh are members.</p> <p>3. To assist in good faith in the integrity and ethical values of the Company's business strategy, and in conjunction with the statutory system ensure the ethical management of relevant measures.</p> <p>4. Formulate a plan to prevent dishonesty, and draft business-related standard operation procedures and behavior guidelines in each program.</p> <p>5. Plan internal organization and functions, and mutual supervision and checks and balances in business activities with a higher risk of dishonesty within the scope of the business.</p> <p>6. Integrity policy advocates the promotion and coordination of training.</p> <p>7. Plan the whistleblowing system to ensure effectiveness.</p> <p>8. Assist the Board of Directors and management to review and evaluate the effective operations of preventive measures established under ethical management policy, and regularly assess and report compliance with relevant business processes.</p>
	Operation of 2022	<p>1. Two meetings held, and may be convened at any time as needed.</p> <p>2. Regularly report the implementation status of ethical corporate management and responsive measures to cope with unethical conducts or incidents to the Board of Directors, and regularly complete education, training, and advocacy for directors, managers, employees, appointed persons, and substantial controllers with an implementation rate of 100%.</p>

1-4 Ethical Management

TFMI considers honest management extremely important, from the establishment of a corporate ethical culture to corporate ethics and social responsibility. The Company has set up an Ethical Management Committee under the Board of Directors as a special unit responsible for promoting honest management, and has formulated the Ethical Corporate Management Best Practice Principles, the Procedures for Ethical Management and Guidelines for Conduct, a Whistleblowing Illegal Case Handling System, and Code of Ethical Conduct. Members of the committee are all independent directors, responsible for the formulation and amendment of the company's integrity management policy, and to ensure the implementation of the integrity management policy and report to the Board of Directors at least once a year on the implementation of the annual integrity management policy and improvement measures.

Through the ethical culture and related control system established within the company, employees, supervisors at all levels, and board members are better aware of ethical standards in the performance of their duties and can fulfill their duties with the highest level of integrity.

■ Main responsibilities of Ethical Management Committee

<p>1 To assist in the good faith of integrity and ethical values into the company's business strategy, and in conjunction with the statutory system to ensure that integrity management of the relevant anti-harm measures.</p>	<p>2 To formulate a plan to prevent dishonesty, and in each program to set the work business-related standard operating procedures and behavior guidelines.</p>	<p>3 To create internal organization, preparation and function, by setting up mutual supervision and checking and balancing mechanism for business activities that have the risk of dishonest behavior within the scope of business.</p>	<p>4 Promotion and coordination of training in specific at integrity policy advocate.</p>	<p>5 Plan the whistleblowing system to ensure the effectiveness of implementation.</p>	<p>6 To assist the Board of Directors and management in verifying and evaluating the effectiveness of the preventive measures established by the implementation of the integrity management; as well as regularly report on the assessment of relevant business processes and compliance.</p>
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At the same time, the Company has set up a whistleblowing email mailbox (EthicalManagement@tfmi.com.tw) in accordance with the whistleblowing case handling system which provide internal or external personnel of the company to contact the special unit for handling the discovery matters through the whistleblowing channel, and implement the whistleblower protection mechanism to protect the identity of whistleblower and make the company's operation more transparent.

Not only employees are required to abide by ethical values and professional practices internally, but also strictly prohibited for conflicts of interest arising or likely to arise or may arise between suppliers and related parties. In addition to requiring the supplier not to provide improper benefits to the related party, the company may terminate or terminate the contract if there is a breach of good faith or corruption incident.

The management level of TFMI strictly adheres to the Principle of Ethics, for each department leaders are also responsible for anti-corruption advocacy with departments to instill the correct thought to employees. The company did not have any illegal acts during the report period, and all personnel complied with 100% of the ethical regulations, and specifically implemented the business philosophy of corporate integrity.

■ Summary of the Key Points for the Code of Ethical Conduct

<p>Prevent Conflict of Interest</p>	<p>To state proactively for what may exist a potential conflict of interest with TFMI.</p>	<p>Avoid Opportunities for Self-Interest</p>	<p>When the company has a chance to make a profit, it is responsible for increasing the legitimate benefits that the company can obtain.</p>	<p>Responsibility for Confidentiality</p>	<p>The Company itself or its upstream and downstream suppliers shall have an obligation to keep confidential, except for the disclosure of the information authorized or required by law.</p>	<p>Fair Trade</p>	<p>Company suppliers, customers, competitors and employees should be treated fairly. Information that is based on information available to them on the basis of their position may not be manipulated, concealed or misused.</p>	<p>Protect and Use Company Assets Appropriately</p>	<p>All employees and stakeholders are responsible for protecting the company's assets and ensuring that they are used effectively and legally on official business.</p>
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- 01
- 02
- 03
- 04
- 05
- 06
- App.

1-5 Responsible Investment

Article 4 of the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies published by the Stock Exchange guides the financial and insurance industry to strengthen the disclosure of specific policies on environmental and social aspects of corporate financial products or services. According to the above policy, companies should also encourage and focus on customers or other clients within the scope of an agreement or transaction, follow the operating procedures required by financial and insurance providers in environmental and social aspects, and achieve reasonable performance indicators. The aforementioned corporate financial commodities should include at least lending, project financing, mutual funds, and insurance and investments by the enterprise itself and others.

Facing increasingly serious environmental pollution, climate change, energy crisis, and other ecological-related and social and industrial economical issues, TFMI builds on the Regulations Governing Investment by the Stock Exchange and the Principles for Responsible Investment (PRI) by the United Nations in developing the Investment Management Process Practices, including social responsibility as a consideration for corporate investment. While selecting investment targets, TFMI also complies with relevant financial norms, which considers whether an investment target protects the environment, upholds corporate integrity, and social responsibility and ensures that the Company's investments have positive economic benefits for society, and create sustainable social value for the capital market and the public.

As of the end of 2022, the face value of sustainable development bonds invested by the Company in the TPEX reached NT\$ 50,000,000. The bond interest revenue receivable annually reached approximately NT\$ 200,000, and the face value of international green bonds invested by the Company reached USD 3 million. The bond interest revenue receivable annually reached approximately USD 74,000.

1-6 Risk Management

To mitigate customer risks, protect customer rights and interests, enable individuals and organizations to develop in a robust and safe environment, and provide adequate coverage, TFMI remains key. To protect the rights and interests of the majority of policyholders, TFMI fully analyzes and identifies the risk factors that may be faced in operations, and has a Risk Management Committee under the Board of Directors to effectively control risks. Once a potential risk has been identified, including market risk, credit risk, operational risk, insurance risk, liquidity risk, asset-liability matching risk, and others, TFMI develops risk management policies and related management guidelines for compliance by all units to follow.

Through independent directors as conveners, who implement risk management decisions assigned by the Board of Directors, the effectiveness of the establishment, development, and implementation of corporations' overall risk management mechanism across functions can be assessed and reviewed. The Risk Management Department is responsible for the assessment, measurement, and monitoring of risks, and regularly provides risk management reports, conducts stress tests, and assigns a risk manager to assist the unit supervisor in real-time control of possible risks for each business unit.

For the "Acts of God" insurance business that may cause significant losses, natural disaster risk analysis is also carried out by citing risk simulations of well-known foreign natural disaster models, Risk Management Solutions® (RMS) and AIR Worldwide® (AIR). The results show that our robust financial structure is sufficiently solvent to bear the risk of natural disasters faced by our clients.

◆ Dedicated Unit for Risk Control Operations

TFMI has set up a dedicated Risk Management Department to play the core function of the Company's operational risk management competency, and work within each business area to extend the needs and effectiveness of risk management mutual communication and distribution of responsibilities.

The Risk Management Department is dedicated to the development of risk measurement models, planning and implementation of risk monitoring systems, and providing risk information to facilitate management's decision-making in response to risks, such as risk aversion, risk transfer, risk control, risk taking, capital requirements, and others. The Risk Control Management Office engages in two-way communication on a regular basis with all business executives to assist and cooperate in the implementation of risk identification and control planning operations to ensure front-line risk management responsibilities and capabilities, and effectiveness of pre-prevention and early warning for a holistic approach to risk management.

◆ Extreme Weather Risk Assessment

Due to gradually increasing frequency of extreme weather caused by climate change, which falls under the natural disaster insurance business and may cause significant losses in the company's operations, the "Acts of God" insurance business of TFMI also cites risk simulations from risk models such as Risk Management Solutions® (RMS) and AIR Worldwide® (AIR), well-known foreign natural disaster models, to perform natural disaster risk simulations, and then transfer some risks by arranging appropriate reinsurance. In recent years, analysis has shown that the financial structure of TFMI is sound, and it has sufficient and steady liquidity to bear the risk of natural disasters faced by customers.

◆ Identification and Response to Major Risks

During operations, TFMI considers internal and external operation process management requirements through structural and systematic means, and refers to the Insurance Risk Management Practice Code established by The Life Insurance Association of Republic of China and The Non-Life Insurance Business Association of Republic of China, and adopted by the competent authorities. By identifying all potential causes and consequences of potential risk events, we can establish a holistic risk management strategy, and assess the effectiveness of internal controls as the basis for indicators creating and quantifying risks to ensure operational objectives are met. After identification, the company's operations may be at risk, such as market risk, credit risk, operational risk, insurance risk, liquidity risk, asset-liability matching risk, and others, so risk management policies and related management mechanisms are formulated through the Risk Management Committee under strict requirements for all units to follow.

■ The Operational Risk Projects and Response Management Methods of TFMI

	Nature of Risk	Response Management Methods
1	Market Risk	Through appropriate market risk control management procedures, the risks associated with the identification, measurement and control of investment plans are controlled to a reasonable and affordable extent from changes in interest rates, equity securities, exchange rates and real estate prices.
2	Credit Risk	Through appropriate credit risk management mechanism, the credit rating of counterparties, issuers, guarantee institutions, and others, which is carefully assessed, and the risks that may arise are kept within reasonable and bearable limits and continuous tracking of counterparty credit status.
3	Liquidity Risk	Reduce the risk of non-performance by taking appropriate liquidity risk management measures to avoid excessive concentration of funds, establish emergency fund contingency mechanisms, hold appropriate amounts of cash or immediately realizable marketable securities, and others.
4	Progress Risk	In the course of the execution of each business, risk reduction or control will be reduced or controlled to a reasonable and affordable extent through the risk loss that may result from operational negligence and through the system of collection, discussion, notification and early warning of risk information.
5	Insurance Risk	Through appropriate commodity design procedures, underwriting policies, claims policy, rate review, reinsurance risk management plans, stress testing and various reserve assessment procedures and other management mechanism, commodity design and pricing risk, underwriting risk, reinsurance risk, catastrophe risk, claim risk and reserve risk, such as loss due to unexpected changes, within a reasonable and bearable degree.
6	Assets and Liabilities Matching Risk	To form, execute, monitor and revise asset and liability related strategies to achieve the intended financial objectives to the extent that they are affordable through appropriate asset-liability and risk management mechanism.
7	Climate Chang Risk	Rely on an appropriate climate change risk management and control mechanism to control potential risks within a reasonable level after evaluation of the physical risks of direct or indirect losses resulting from specific natural disasters caused by climate change or long-term climate model changes, as well as transition risks in the low-carbon economy transformation.

◆ Emerging Risks

TFMI has recently listed emerging risks as part of the risk assessment program, as well as the potential increase in emerging risks (e.g., risks of personal information security, global infectious diseases, and others). To regularly assess emerging risks that could potentially affect TFMI's future business, relevant credit measures should be developed to construct a response to risk and management mechanisms in compliance with the requirements of the competent authorities and changes in the economic environment in a timely manner.

■ Facing Emerging Risk of TFMI

	Possible Cause Impacts for TFMI	Responses or Approaches
Information Security	<ol style="list-style-type: none"> Along a significant increase in transactions on digital platforms, as well a large number of cyberattacks, information security issues have become the core project item for the operation. The accidental disclosure of personal data was caused economic losses. 	<p>Strengthen the hardware and software control scheme of information security management, along strengthen internal and external control norms, and carry out regular simulation exercises and internal education and training to reduce the risk of financial security.</p> 

01

02

03

04

05

06

App

◆ Highly Standard of Capital Adequacy Rate, with Fully adapted to the Stress Test

According to the “Regulations Governing Capital Adequacy of Insurance Companies” published by Financial Supervisory Commission, the insurance industry needs to test and assess the financial position of insurance companies by using factors under the assumption of extreme event scenarios to simulate the financial pressures that may arise from the company as an assessment of the effectiveness of the company’s solvency.

The result of TFMI’s past stress tests show that under the influence of various extreme events, the capital adequacy ratio can still be maintained at more than 600%, which is much higher than the statutory standard, and it also shows that even in the face of major risks, the solvency of TFMI will not have a significant impact.

◆ Implementation of Anti-Money Laundry and Anti-Terrorist Operations, with the establishment of Relevant Measures and Customer Scoring System

TFMI has established a name verification system to connect the core system, which includes insured parties from quotation to the issuance of a policy, whom to pay in the event of a claim, and investment targets of the Finance Department, if the insured is a company that hires people; all clients with whom we do business, and can scan the list and confirm the identity of a customer. Moreover, to cooperate with laws and regulations related to the prevention of money laundering and the fight against terrorism financing formulated by the competent authorities, Deloitte Commercial Law Firm was especially engaged to assist with checking the relevant internal rules of the Company. An absolute list of prohibited transactions has been drafted, and if anyone is found on the list, the investigation bureau of the Legal Affairs Department will be notified in accordance with the regulations after completing internal operating procedures; if not in the list, the risk level of the customer will be assessed according to the nature of the business and their background. Customers above medium risk level will have their release policy reviewed by dedicated personnel. Ten transaction status reports have been established to monitor suspicious transactions at all times.

◆ Formulate Standard Crisis Control Management Procedures to Prevent Significant Operational Impact Risks

In response to major operational crisis, TFMI has formulated the “Operational Key Points of the Operational Crisis Control Management Group” to ensure that in the event of a major operational crisis, the situation is quickly, accurately, and properly disposed of to certain the safety of employees, property and the company losses reduction.

In the main operating points, the following items are included in the relevant business crisis accidents:

- 1 Natural and Human-Caused: Earthquake, Flood, Wildfires, windstorm, etc.
- 2 Frauds resulting from bad internal control or material weakness in the work.
- 3 Security maintenance (e.g., robbery, major theft, damages to office premises or equipment, or intimidation, etc.)
- 4 Business (e.g., major claims settlement cases, false policies, embezzlement of premium, etc.), or major financial deficiencies (or capital use) or major financial losses.
- 5 Media reporting that adequately affects the Company’s reputation.
- 6 Mass contract terminations.
- 7 Occurrence of cybersecurity incidents.
- 8 Occurrence of systematic risk crisis: It refers to a potential risk of a chain liquidity crisis in other insurance companies caused by the spreading and contagion effect of the operating crisis of the Company, which seriously affects the development of the insurance business and endangers the financial stability.
- 9 The insurance-related business of foreign investments in the insurance industry has violated regulations on anti-money laundering and combatting of terrorism financing.
- 10 Other major incidents.

1-7 Regulatory Compliance

TFMI has established decrees, follows a risk assessment mechanism, and handles compliance risk assessments annually to effectively improve law compliance risk monitoring and rigorous financial supervision. With long-term concerns about the requirements of and updates to regulations that impact relevant company operations, and the financial insurance and legal environment internally and externally, TFMI has established a compliance system to promote the implementation of requirements of all units and to instill a law-abiding corporate culture. The organization has a compliance office responsible for cooperating changes to and implementation of laws and regulations of the FSC and other relevant units, as well as for reviewing and amending the compliance system in line with the Company Act in a timely manner. The head of the Compliance Office reports to the president semi-annually on the implementation of the Company's compliance, periodically implements risk assessments of compliance with Company policy, and reports to the Board of Directors. No violations of the law occurred in the Company in 2021 and 2022.

Each unit shall follow internal and external laws and regulations and, if necessary, establish rules for internal operations. In the event of a violation of the law, the compliance unit also urges the relevant unit to carry out a root-cause analysis of the violation, then make suggestions for improvement. If shortcomings are significant, the Board of Directors shall immediately report to directors so decisions and appropriate action can be taken in a timely manner.

TFMI regularly organizes education and training on relevant laws and regulations as business guidance, and continuously enhances employees' knowledge and ability so everyone executes operating procedures that are 100% in line with the relevant regulatory requirements.

The Main Duties of the Act Follow the Legal Compliance Department:

- 1 Communication, coordination and implementation of internal decrees.
- 2 Continuously strengthen TFMI's good compliance with the laws and regulations of the culture, strengthen the management system.
- 3 Formulate internal management practices.
- 4 To assist in the organization of laws and regulations to follow the advocacy and education training, enhance TFMI's internal regulations culture and awareness.
- 5 Evaluation and Promotion tracking of relevant laws and regulation.

01

02

03

04

05

06

App.

1-8 Participation in Associations and Memberships

In order to promote the development of the domestic insurance finance industry, TFMI actively participates in relevant unions, associations, institutions and other organizational activities with actively participate in various matters, conduct intensive communication and exchanges with industry members frequently; we look forward to contributing to the market in the property and casualty finance industry, as well to reply the exchange results to the community and customers, and continue to introduce closer to customer needs of all kinds of insurance products and services; in the future, we will gradually participate in organizations or initiatives in sustainable areas such as externally initiated ESGs in addition to existing fields, in order to promote the sound and sustainable development of TFMI and the insurance industry.

◆ List of Participating Associations

As of May 2023

No	Name of the Organization	Member Representative	Position Held
1	Taiwan Chamber of Commerce & Industry	Chairman Steve Lee	Director
2	Taiwan Enterprise Reconstruction Association	Chairman Steve Lee Vice Chairman Charles Sung	Member Representative Member Representative
3	Taoyuan Enterprise Chamber	Chairman Steve Lee	Member Representative
4	Taiwan Listed Companies Association	Chairman Steve Lee President John Chen	Member Representative Member Representative
5	Insurance Society of the Republic of China	President John Chen Executive Vice President Chia-Lin Hsu	Member Representative Member Representative
6	The Non-Life Insurance Association of the Republic of China	President John Chen Executive Vice President Chia-Lin Sheu Senior Vice President Allen Cheng	Member Representative/ Director Member Representative Member Representative/ Supervisor
7	Chinese Insurance Service Association	Vice Chairman Charles Sung	Member Representative

No	Name of the Organization	Member Representative	Position Held
8	Risk Management Society of Taiwan	Vice Chairman Charles Sung	Member Representative
9	Taiwan Financial Services Roundtable	Vice Chairman Charles Sung	Member Representative
10	Nuclear Insurance Association	Vice Chairman Charles Sung	Member Representative
11	Cr Classification Society	Vice Chairman Charles Sung	Director
12	Taiwan Residential Earthquake Insurance Fund	Vice President Hong-Hsing Chuang	Member of Co-insurance
13	Engineering Insurance Association (EIA)	Vice Chairman Charles Sung Senior Vice President Andrew Hsieh	Member Representative Director
14	Taiwan Financial Governance and Law Compliance Association	Senior Vice President Patricia Chen Manager Eric Hsu	Member of Representative Member Representative
15	IAFI Institute of Financial Law and Crime Prevention	Senior Vice President Allen Cheng	Member Representative

Chap 2. Financial Inclusion and Treat Clients Fairly Experience



Consistent with our operation strategies of “Stable Operations” and “Customer Orientation”, we uphold the spirit of the insurance industry, understand the needs of all sectors of society, and engage in innovative development of insurance products that meet the needs of the public and other companies. TFMI provides customers with high-quality services, such as complete protection, reasonable service rates, and proactive and claims. Recently, we have also focused on emerging market risks, sustainable development, and the principle of fair hospitality, as well as strengthened the development of innovative products, with the goal of increasing market share and providing comprehensive protection.

TFMI has developed and designed insurance products in response to COVID-19, extreme weather, for vulnerable groups, agriculture and fishery industries, environmental protection, green energy, and other related fields, which allow more vulnerable groups to afford premiums, enjoy basic security, and avoid major accidents that have a serious impact on their economies. We expect to make greater contributions to Taiwanese society, fulfill our corporate social responsibility, and be a core strength in social economic stability.

TFMI responds to government policies by setting up a fintech digital platform resulting from over 70 years’ experience in the industry. We have continuously innovated and designed insurance products and customized business models that meet the needs of the public, and created a comprehensive property and casualty insurance service platform to provide efficient and safe services. We also optimize the advantages of internal talent education and training to demonstrate the determination of TFMI to transform and reform the new generation, create industry benchmarks, meet customer expectations, and provide all-round protection.

TFMI has implemented the Principles of Customer Fairness Hospitality in the Financial Services Industry promulgated by the FSC, conducts internal training, enhances colleagues’ awareness of financial consumer protection and compliance with relevant laws and regulations, and regularly reviews implementation to ensure sufficiency, regularly reporting to the Board of Directors on the execution of relevant business. We also strengthen the public’s understanding and education of insurance products, gain the trust of consumers, and help the sustainable development of the industry.

2-1 Customer-oriented Caring Service

◆ Operation of Customer Care and Specification of Work

For different customer groups, TFMI assist for the designing and programing of the well-function proposal and risk control plan according to the vary characteristic of insurance products and clients. The execute management is the determination to fulfill the priority spirit of “Customers Come First”, from customer self-insured, security, till the final claim service processes that TFMI provides the most professional service team with well management in work division to upgrade service quality for better and lower the possible risky for customers to face with actual process. As well as to build a progress management with monitor mechanism, and then act in concert with our new style digital insurance technology streaming services which manages the process in digitalize, specialize, and lean; assist within continuous internal education training, specific orientation, department follow-up and investigate the related process and performance regularly; in the future, we will also cooperate with the use of artificial intelligence (AI) and automation technology to create high quality online and offline service processes and experiences step by step, provide differentiated insurance products, develop automatic claims, personalized rates, active planning and other upgraded services, as well as enhance customer loyalty and satisfaction.

◆ Listen Attentively for Voice of Policyholders

We have conducted a market survey to understand the satisfaction of the insured with our services. The purchase satisfaction rate and claim satisfaction rate is 86.6% and 86.4% respectively. TFMI regularly presents information on customer feedback for the month in business meetings, develops improvement plans and tracks progress, and continuously optimizes customer relationships via digital technology, approaching the goal of intelligent operations and offering a proactive and intimate customized service platform to become the preferred quality property and casualty insurance company in the minds of consumers.



Every year, the Poll Center of Shih Hsin University is commissioned by the Magazine of Excellence to conduct an online survey by experts and scholars. TFMI has been awarded the “Best Service Quality Award for Insurance Excellence” for three consecutive years; through professional education and training, TFMI develops front-end sales staff’s attention to detail and listening skills so they understand the needs of customers, explaining policy terms and claim scope in detail, and encouraging fair hospitality. By using digital technology and social media to maintain interactive contact with customers, we have strengthened our brand image, actively developed more online insured products, and strengthened claim processing efficiency and care.

◆ Diversified Service Platform and Communication Channels

TFMI has set up a customer service center which includes a 0800 special-purpose phone line, e-mail, fax, online messenger, and other various channels to provide customers with an intimate and convenient one-stop service. We offer product consulting satisfaction, approval of guarantees, inquiries such as those related to the claims process, case progress, complaint feedback, and others, saving valuable time and increasing our communication opportunities with customers directly to help solve problems. Our systems also enable responses to ideas in related departments and ongoing review and process improvements, further improving quality and efficiency in customer service.

Communication Channels	Communication Item
Official website	<ol style="list-style-type: none"> 1. Provide complete product information 2. Insurance service consultation 3. Professional customer service, by understand customer needs and insurance products matching, to save customer time 4. Digital platform to meet the needs of fast insurance demand
Free Service Line, EMAIL, Network Insurance Platform	<ol style="list-style-type: none"> 1. Set up 0800 specific service line, with quickly respond to customer needs and information providing 2. To provide the most complete product information and fast insurance channels from network insurance platform
Official FB / BLOG	<ol style="list-style-type: none"> 1. Provide people’s insurance-related knowledge, to understand insurance commodities, establish people’s insurance and disaster prevention as well as loss awareness 2. Provide the latest information to protect the rights and interests of the policyholders and social news sharing
Official Line Account	<ol style="list-style-type: none"> 1. Car insurance policies can be queried, and compulsory electronic certificates can be downloaded by using the convenient personal car insurance service 2. Online insurance services for each personal insurance product 3. Connect with online car insurance case reporting through LINE as well as cloud document addition services
Official Press Releases from Time to Time	<ol style="list-style-type: none"> 1. Provide important information for such as investors, policyholders, and others 2. Describe general condition of corporate governance and operations 3. Caution to social issues
Hold Lecture Forums	From time to time, hold financial lectures to enhance the policyholder’s awareness of financial management and insurance, and to provide the latest news and market development

◆ Thoughtful Customer Service

TFMI strengthens the promotion of claim service department; our officers really listen to the actual needs of the customers and complaint have greatly reduced due to internal training and development. We pay close attention to each promise guarantee of policyholders and the Financial Consumer Protection Act for the further innovation to improve the efficiency of financial insurance services, passing on this added-value to customers. By using fintech technology, the Company provides online car insurance claims settlement case reporting and cloud document addition services, allowing insured parties to handles claims through the platform in a more simplified and convenient way.

We offer a higher insurance product rate for automobile insurance; if a policyholder is involved in a traffic accident, TFMI sends professionals to the scene quickly to assist in processing, effectively alleviating the stress of the policyholder and offering support. We ask policyholders who have applied for assistance in handling a traffic accident to respond to a customer satisfaction survey after we have offered assistance. We will continue to provide active care and assistance and the most efficient and professional intimate service to satisfy customer needs.



2-2 Implement the Principle for Financial Service Industries to Treat Clients Fairly

TFMI implements the Principles for Financial Service Industries to Treat Clients Fairly promulgated by the Financial Supervisory Commission, Executive Yuan, to enhance the awareness of the Company's employees of financial consumer protection and compliance with relevant laws and regulations, reducing the cost of breaking the law and enhancing the confidence of financial consumers in the financial services industry in line with our customer-centric business philosophy.

To further extend the implementation of "Principle of Treat Clients Fairly", the Company specifically established "Principle of Treat Clients Fairly Implementation Group" with president serving as the group leader. Vice president was designated to serve as the executive secretary, while vice-chairman personally participated in the work related to the planning and promotion of "Principle of Treat Clients Fairly" as a director to supervise the implementation of "Principle of Treat Clients Fairly", propose specific solutions, and report to the Board of Directors regularly, to benefit the Board of Directors to supervise the implementation status.

◆ Ten Principles of Treat Clients Fairly

	Principle	Specific Basic Content and Implementation Key Points
1	The principle of fair and honest contracting	Establish contracts of financial products or services with finance consumers in principles of fairness, reasonableness, equality, mutual benefit, and good faith.
2	The principle of due care and fidelity	To do the best to be kind managers when providing insurance commodity services.
3	The principle of true advertisement and solicitation	All advertisements or contents produced and published must be true and correct without being exaggerated or falsely advertised.
4	The principle of suitability of products or services	Before entering into a contract with a consumer, shall be in a good understanding of the consumer's related data to ensure that the products or services are appropriate for the customer.
5	The principle of disclosure and transparency	Duly perform the obligations of clarification and disclosure, and fully disclose the risks by text or other means that can be fully comprehended by the finance consumers.
6	The principle of remuneration and performance balance	While calculating and issuing commissions, non-financial indicators such as service quality and compliance with laws and regulations should be fully considered, and performance should not be used as the only criterion for remuneration.
7	The principle of complaints protection	Establish unimpeded and barrier-free appeal channels so that the appeal cases can be fairly, impartially, and swiftly handled in a real-time way.
8	The principle of professionalism for salesperson.	Business personnel are required to comply with statutory qualifications such as insurance clerk management rules to ensure the necessary expertise.
9	The principle of friendly service	The needs of the elderly, people with physical and mental disabilities, and disadvantaged groups are considered from product design to sales, and fair, reasonable, friendly, and convenient services are provided.
10	The principle of implement integrity management	Promote a culture of ethical corporate management from top to bottom, and establish an effective internal control system to prevent the risk of unethical acts and ensure the finance consumers' interests.

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04

05

06

App.

◆ TFMI's Participation in the "Treat Clients Fairly" Evaluation in 2022

The Insurance Bureau of the Financial Supervisory Commission held the "2022 Business Contact and Commendation Meeting of the Evaluation Mechanism of the Principle of Treating Clients Fairly in the Insurance Industry" on September 28, 2022. Due to excellent results in the implementation of the principle of treating clients fairly and the strengthening of the protection of finance consumers' interests, the Company was rated by the Financial Supervisory Commission as a financial institution with excellent performance in 2022. GM Chen, Chao-Feng received a commendation and shared the implementation experience of treating clients fairly on behalf of the Company.

When engaging in business solicitation, underwriting, claims settlement, and other relevant work, the Company provides insurance products and services following the principles of fairness, reasonableness, equality, mutual benefit, and good faith. When a dispute regarding the interpretation of an insurance contract arises, the Legal Compliance Department is assigned to handle the matter following the principle of interpretation that is most favorable for the insured. The development and design of products starts from the assurance of the clients' maximum interests. In addition, to safeguard the rights and interests of consumers with physical and mental disabilities, the Company provides them service channels for communication, consulting, and appeal (e.g., a customer service hotline, and a dedicated webpage for online messaging and a friendly service) so that they can express their opinions. Furthermore, the Company provides relevant business services with an initiative and friendly service attitude, responding to the different individual demands of consumers with physical and mental health issues, and provides them with appropriate service measures. The Company implements face-to-face direct communication from a fair, objective, and considerate standpoint, and clarifies and responds to their queries.

2-3 Fintech and Information Security Enhancement

Digital transformation of insurance is a future trend in response to the swift changes of the digital era. The Company has been dedicated to the promotion and development of an e-commerce platform in recent years. The Company has developed an online insurance and each digital platform service in accordance with the Directions for Insurance Enterprises Conducting Electronic Commerce issued by the Financial Supervisory Commission, and provides diversified, individualized, and accurate services and insurance products to bring clients a convenient and quick e-commerce platform with complete information transparency so that more consumers' needs can be satisfied.

2-3-1 Digital Fintech

◆ Optimize the Digital Platform

TFMI has established a complete and diverse e-commercial platform based the needs of consumers' everyday lives, tourism, and other aspects of insurance protection; currently accepted product items have been included: compulsory automobile insurance, supplementary automobile insurance, comprehensive travel insurance, personal injury insurance, comprehensive home contents insurance, comprehensive residential gas insurance, and ticket cost loss insurance. In 2022, TFMI launched new products including residential fire insurance (A-Class) and housing lease expense compensation insurance (Home Insurance Products for Tenant-Tenant Version). When overseas travel commenced again after pandemic restrictions were eased, the Company also synchronously launched travel insurance and overseas emergency illness insurance to provide complete protection for consumers during overseas travel. We are committed to the goal of developing more online insurance products to enable consumers to purchase the insurance they need on one platform.

Due to the pandemic, the e-commerce network insurance platform is a safer choice for policyholders to apply for insurance and complete insurance operations without physical contact with others. In addition to different insurance products to choose from, we are also actively launching online services and personalized message notification services, which is more convenient for policyholders to inquire about personal insurance related information, is more efficient, and encourages customers to go paperless and protect the environment.

The official website combines virtual and real channels of online and offline customer services, providing a more comprehensive, effective, and complete service, enabling insurance operations to be completed quickly, and more adequate and complete protection to be obtained. We are gradually implementing personalized services for the convenience of policyholders who can instantly inquire about personal insurance related information. TFMI also strives to provide product information in a clear and complete way to align with the principle of fair hospitality.

The "iIN-Site Search" feature has also been added to the digital platform to assist users to quickly find the information they need effectively and resolve customers questions. While consumers have an insurance need, the "Premium Free Trial" section can be accessed through the web page for an immediate insurance quote and further information to complete an insurance application. TFMI hopes the convenience and benefits of this platform encourages policyholders to procure insurance products from our company.

Up to 2022, the total number of members of the Company's network increased by 37,013, totaling 243,821 people, growing 17.9% compared with 2021. The change in consumer behavior and the preferential rate policy of online insurance have greatly increased customers' willingness to apply for insurance on our official website; the number of car insurance policies applied for online reached 45,263 in 2022 with the insured amount totaling NT\$139 million. During the pandemic, consumption behavior of policyholders changed, impacting the online insurance rate significantly and showing that this is now customers' preferred method of applying for insurance.

After the launch of the online platform, consumers have gradually become accustomed to electronic policies, saving paper and reducing the environmental impact and carbon dioxide emissions. In 2022, the proportion of electronic car insurance policies reached 81.38%, an annual growth rate of 46.2%, which shows that when guided correctly, consumers embrace the transformations brought about by the digital age.

◆ E-commerce Platform Operation and New Service Items in 2022

Theme	Optimization Item
Platform instant monitoring and optimization	Daily monitoring of the stability for the website platform services, strict control of information security and privacy protection, for effectively reduce the error rate and avoid hacking.
Insurance Life Blog	<p>Based on the principle of notification and disclosure in the principle of fair hospitality, the insured should be provided with clear and correct information, and the user should be educated about the correct insurance service information; therefore, to content of the website has been particularly enriched, and the service area web page as well the insurance life blog post have been added to share insurance knowledge through daily information, that topics include car insurance, travel, housing, and others; the article title contents show below:</p> <ul style="list-style-type: none"> • The road is like a tiger's mouth. Besides full-face helmets, what other types of helmets can be used for safety? How to choose a helmet? Are there any other ways to ensure safety while riding a bike? • Is a gas stove used at home? Fire risks of the kitchen housewives must know! How to prevent gas leaks and oil fires? What precautions can be taken in daily life?" • "Check here, parents! The universities are soon to begin, and students need to rent rooms. How do they find a room? What should they pay attention to? How can they ensure their safety when living outside?" • Are first-time home buyers ready to sign a contract for pre-sale houses? Things you need to pay attention to after signing the contract! • Recommended scenic sports for local tourism and photo-taking in the FUN summer vacation! Is travel accident insurance needed for local tourism? What other tips can make your trips easier? • Renting a house for the first time? Do not worry about it! What are the tips for saving money when renting houses and precautions for signing a rental contract? • What should house tenants when facing the annoying rental disputes? 3 tips to teach you how to protect yourself! • How should you handle and repair a flood-damaged car? Is claims settlement assured when typhoon and flood insurance is purchased? Protection is only provided when the right car insurance is selected! • Is only credit card available for online payment of motor vehicle insurance? Check the comic to learn when current account and supermarket payment can be used! • Have you purchased additional disability insurance if you are injured in a car accident? Rely on this insurance if the third-party liability insurance is not enough and never need to pay the expenses on your own! • Here is a guide to getting your passport without having to wait in line upon lift of the epidemic ban! This guide applies to first-time passport application, passport renewal, and replacement. • How to purchase travel insurance when before traveling abroad? Are both travel accident insurance and travel inconvenience insurance needed?

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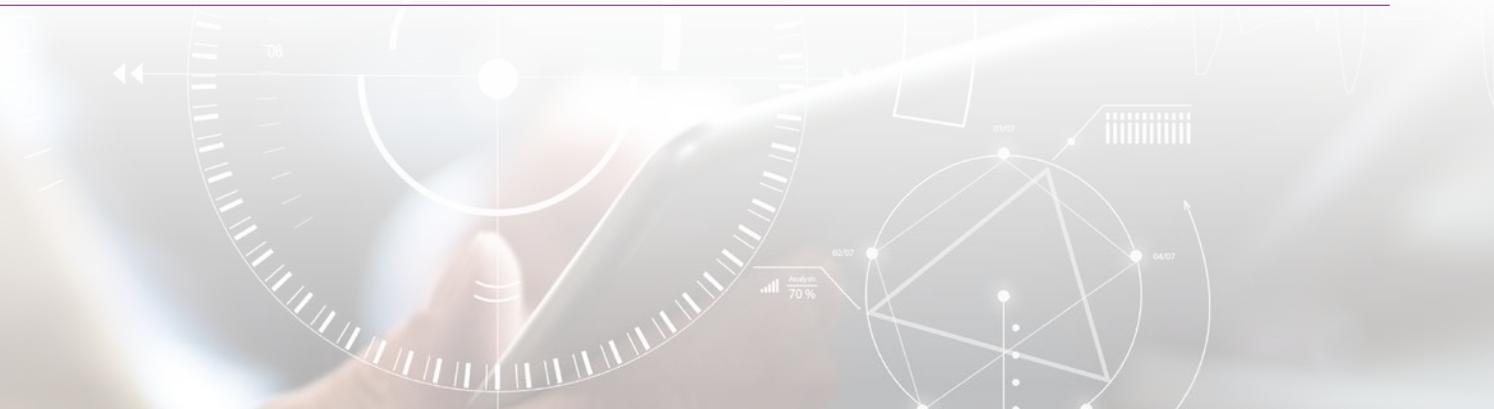
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App.

Theme	Optimization Item
E-Service	<ul style="list-style-type: none"> Based on the principle of friendly service, also to improve service efficiency and customer service experience, as well at the same time, a number of online services are provided during the epidemic period, so that consumers can use them at any time. Motor vehicle insurance policy query service: This service enables the members to query the motor vehicle records at the Company in the recent three years. In addition, if an electronic policy has already been selected and used for a recorded insurance policy, either the electronic policy or the compulsory electronic certificate can be downloaded. This function has combined policy query and electronic policy downloading service, which further benefits policyholders' query and use. Residential insurance online insurance renewal service: Policyholders who purchase home movable property comprehensive insurance, residential gas comprehensive insurance, and residential fire insurance (A-class) through the e-commerce platform may query data regarding insurance renewal two months before expiry of the insurance, and quickly complete payment and insurance renewal, which is convenient. Accident insurance and health insurance claims settlement notification service: In addition to car insurance, the Company also provides an online accident insurance and health insurance claims settlement notification service; the insured aged above 20 may use this service after registering to become a member of the e-commerce platform on the website. The notification work is done after relevant claims settlement documents are uploaded. However, if a member fails to upload relevant appendixes when filling out notification data, he/she may still query the details using the notification record later, and the notification work can be done after he/she uploads the supplementary documents within 5 days. Epidemic prevention insurance appeal progress query service: After provision of query services of acceptance progress and claims settlement progress of epidemic prevention policies in 2021, the Company added an epidemic prevention insurance appeal progress query service in 2022.
LINE Personalization Service	<ul style="list-style-type: none"> Taking advantage of LINE' s immediacy and personal media features, line personalized services are developed and positioned as "LINE Insurance Butler", so that the needs of policyholders can be met at any time, such as car insurance claim assistance, policy inquiry, online insurance, and other various applications, which shorten the distance with the insured and integrated the insurance into the daily life of the insured. Online car insurance case reporting and document addition service: The convenience of LINE is fully utilized, and a quick and convenient method is provided to link with the case reporting and cloud document addition system so that policyholders can easily complete the use of relevant service. Provide "Little Helper for Essential Documents of Car Insurance Claims settlement", and remind the policyholders of specific data and documents to prepare when using claims settlement service. If a policyholder takes site photos as evidence when a traffic accident occurs, his/her rights and interests will also be guaranteed, and then the evidence can be subsequently provided to the claims adjuster or policy for reference. Therefore, "Precautions for Site Photo-taking and Exemplary Icons" in LINE service project, so that policyholders can accurately learn how to take photos as evidence in a more convenient way. More insurance services: Including online insurance, road rescue service, information of insurance products, etc. Policyholders who purchase car insurance through the e-commerce platform can also receive a reminder of insurance renewal from LINE 30 days before expiry of the car insurance, to keep the insurance services unimpeded. <p>Till the end of 2022, the number of line official account friends reached 69,748 heads, adding 11,128 new members in this year, a significant annual growth of 19%.</p>
FB (official Facebook page)	<p>The number of FB (https://www.facebook.com/tfmi.bewithyou) has exceeded 11,000 people. Through the continuous posting of articles in the official fans group of FB throughout all the year, TFMI will strengthen community services and connections, narrow the distance between consumers and TFMI, and provide correct insurance concepts and information.</p>



2-3-2 Information Security

Recently, TFMI puts the efforts for the further development in enhanced information security system and strengthen the protection capability, which through an independent and dedicated information security team, we plan and execute the Company's information security operation. With the establishment of a large number from digital information platform and master a large number of digital information along personal data volume, all the company's operating procedures not only to compliance with strict norms of Taiwan's law and regulations, we also adopt strict confidentiality measures and management system which imports ISO 27001 Information Security Management System Verification. Therefore, there has no major astute data leakage or major verification deficiencies occurred in recent years. TFMI will continue to strengthen information security and implement it in the execution of our daily business.

In the face of the rapid development of digital financial technology, the proportion of online digital transactions and high-tech applications will increase rapidly, as well as the risk of aggravating cybersecurity threats, we will continue to optimize the Company's e-commerce platform, fully implement personal data protection, demonstrate our commitment and persistence in attaching great importance to the security of personal data of our customers, and then further establish an e-commerce platform with the highest standards, security and efficiency.

◆ TFMI Information Security and Personal Asset Protection Practices

◆ Performance of Responsibilities for Protecting Clients' Personal Information with BS10012 Personal Information Management Certification

TFMI completed the addition and revision of regulations related to personal data management on January 28, 2022, and obtained BS10012 Personal Information Management certification on April 18, 2022, with scope of certification covering E-commerce Department, Underwriting Department-Auto, Underwriting Department-Personal Lines, Claim Service Department-Personal Lines, and relevant information supporting activities; the Company executed a personal information leakage drill on December 20. The notification flow and relevant handling measures were actually practiced, and the operating flow and responsive method for exercising of rights of the parties concerned were advocated; Personal Information Management Group held a personal information management review meeting on December 20 to review the implementation status of relevant work, and discuss internal and external issues. The Company provided digital online courses to colleague so that they could know the scope of responsibility for personal information protection, mechanism, procedures, and measures, and then perform the responsibilities for protecting clients' personal information.

Data security is comprehensively protected through the following safety management measures:

- 📌 Implement and promote "Personal Information Management" and "Information Security Management System", regularly and comprehensively check the current processes and safety control as well as equipment safety, and conduct risk evaluation and analysis.
- 📌 Establish an email automatic filtering system to actively intercept and scan personal information related work, and strengthen the network information security.
- 📌 Regularly update the firewall system, build an IP defense control system to prevent the invasion of malware, and import a whitelist management system, etc. to substantially strengthen the personal information protection work of the system.
- 📌 Classify information, install programs to control personal computers, establish facilities for network connection isolation and obstruction of network attacks, and continually monitor external threats.
- 📌 Attach great importance to clients' privacy preservation, protection of sensitive data, respect for intellectual property rights, and application of electronic communication. Also, properly assume responsibilities for management and protection, and comprehensively implement work related to the protection of clients' privacy and personal information in a systematic and organizational manner.
- 📌 Regularly implement emergency simulation training to strengthen the capability to respond to information security incidents.



◆ Strict Implementation of Management, with Continuous Verification through ISO 27001 Certification

TFMI has established an information security management system and continuously passes the ISO 27001 information security management system external verification, reducing information security weaknesses of the organization's processes through the risk identification. As well as cooperating with the management system for risk prevention and contingency preparedness, from security management, security defense, monitoring, and response, to information gathering, personal data protection, and other strategies, we have a holistic control process to ensure information security, provide customers utmost security protection, and have shown that the Company is ready to meet the era of insurance technology.

◆ Deepen the Culture of Information Security Awareness

TFMI continues to organize relevant training to make personal data education compulsory for all employees, and continuing to cultivate our colleagues' awareness and resilience of personal data protection and management. Advocating the strengthening of the relevant laws and regulations related to information protection, as well as the implementation of personal data protection awareness and concepts, are deeply rooted in the daily operations of colleagues.

◆ Regular Social Engineering Drills

With the threat of malicious mail and phishing becoming more and more serious, a seemingly trivial situation such as the disclosure of a personal account password and computer virus can led to a much more serious situation such as fraud and damage to the Company, or an attack that comprises confidential information. Besides the use of mail security filtering and detection, the Company actively strengthens its cybersecurity defenses; in 2022, TFMI conducted four internal social engineering drills to encourage employees to be more alert to information risks such as phishing emails and others.

■ The Exercise Project Content is Included



Through the exercise, it can improve the alertness of colleagues to unexplained / unknown EMAIL, arise the risk management of mail in various units, strengthen the training and advocacy of less alert employees, avoid the risk of leakage of sensitive confidential information of the Company, and enhance the effectiveness of the operation of the internal information security protection system.

2-4 Featured Products

TFMI Home Insurance Products for Tenant: Landlords and Tenants Both Protected

There are a million households in Taiwan for rent, and rental disputes are constantly emerging. The Company launched the only rental insurance product of Home Insurance Products for Tenant in the industry, to provide customized risk planning for the two major groups of renters and landlords as well as more comprehensive guarantee.

《Home Insurance Products for Tenant-Tenant Version》

For Home Insurance Products for Tenant-Tenant Version, when tenants encounter with common rental disputes and troubles such as the landlord's unnotified entry into the house, dispute regarding termination of contract, and the apartment next door becoming a haunted house, they may acquire compensation for agency fees, relocation fees, counsel fee, and extra folk ceremony fees, so that they can make risk planning in advance; in order to more comprehensive residential environment risk protection, residential movable property insurance of TFMI can be selected and purchased, to effectively transfer the risk of compensation for the losses of tenants' self-owned movable property due to accident, and the losses of property demanded by the landlords.

《Home Insurance Products for Tenant-Landlord Version》

For Home Insurance Products for Tenant-Landlord Version, compensation is provided for six common disputed items including rent arrearage, decoration fees, counsel fee, agency fees, cleaning fees, and decline in price of haunted house so that all-around rental guarantee can be provided for the landlords, and their possible rental risks can be dispersed; in order to offer more comprehensive guarantee for residential safety, an annual subsidy up to NT\$ 3,500 can be applied as long as residential fire insurance and earthquake basic insurance of TFMI are purchased together with the government's social residential chartered management plan.



01

02

03

04

05

06

App.

Financial Inclusion and Treat Clients Fairly Experience

2-5 Products Designed to Create Social Benefits

2-5-1 Micro-Insurance

TFMI actively responds to the government policies to promote micro-insurance, expand the protection umbrella of insurance, so that economically disadvantaged and specific identities can enjoy basic life insurance protection under the framework of social safety net, so as to make up for the lack of social assistance mechanism. Till December 31st, 2022, there were the total of 2,869 insured persons in the micro-insurance active policy.

2-5-2 Agricultural Insurance

In response to the government's promotion of agricultural insurance policy, the Company has developed 2 agricultural insurance products, i.e., precipitation-based aquaculture insurance and typhoon wind speed and precipitation-based wax apple insurance. The precipitation-based aquaculture insurance covers the risk of precipitation. Currently, the agricultural insurance has already been included in the Taiwan Agricultural Insurance Fund. Then, the risks are spread according to the hazard spreading and management mechanism of agricultural insurance. Also, the designated meteorological stations are used as basis for claims settlement; externally, in addition to the provisions of insurance protection for the damages suffered by farmers and fishermen due to the extreme weather conditions, when the precipitation reaches the deductible point specified in the insurance contract, they can receive claims settlement without on-site investigation. The main coverage of the typhoon wind speed and precipitation-based wax apply insurance includes typhoon wind speed index-based insurance and precipitation index-based insurance. Farmers may also choose to add three protections including temperature index-based additional insurance.

By purchasing agricultural insurance, farmers and fishermen can obtain protection. Also, the agricultural insurance helps them strengthen the daily disaster and damage prevention measures and cultivate a concept of independent risk management so that they can accelerate the restoration work, recover the production capacity, conduct safe production, and ensure stable income in case of a disaster to realize the sustainable management and development of the industries. In addition to responding to the government's promotion of agricultural insurance, this also reduces the government's expenditure on disaster relief subsidies.



2-6 Reinsurance

The insurance company can use an international peer reinsurance company to jointly bear and transfer risk. Especially in an environment where the risk of natural disasters has increased dramatically due to climate change, risk factors have increased significantly, and it is even more necessary to share the extreme risks faced by the company with other reputable reinsurance providers who value risk management and can operate sustainably. With the support of such reinsurance companies, TFMI's risks can be spread, and underwriting related to energy, stable losses, and technical exchanges can be expanded to achieve sustainable operation goals.

The Reinsurance Providers of TFMI include insurance companies and reinsurance companies that operate reinsurance businesses. TFMI follows the Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms, and has established the Reinsurance Risk Management Practice Guidelines and Operation Main Point of Reinsurance Exchanges Maintenance and Control Management for the selection and regulation of reinsurers and reinsurance brokers.

We understand the operation direction of reinsurance companies, underwriting policies, risk management, credit ratings, and compensation amortization efficiency and profitability. We stay up-to-date with reinsurance companies and maintain good, long-lasting interactions within them. Regular quarterly reinsurance review meetings are held with the Ministry of Commodities to understand the use of reinsurance contracts, new reinsurance needs, changes in the Company's business, changes in the international reinsurance market, changes in the domestic insurance industry market, and compensation development, etc. TFMI's reinsurance business unit colleagues regularly participate in internal (external) reinsurance education and training courses, enhancing the professional ability of reinsurance personnel, and selecting suitable reinsurance conditions and resources to provide strong and stable support to the Company's operations.

TFMI's choice of reinsurance providers is subject to the following stringent standards:

- ✓ The insurance company that within approval of the competent authority, specializes in or concurrently engage in operation of reinsurance business in Taiwan.
- ✓ The foreign insurance company that with the permission of the competent authority, specializing in or concurrently engage in operation of reinsurance business in Taiwan.
- ✓ The foreign reinsurance or insurance organization with an international credit rating of a certain level or above.
 - BBB rating for Standard & Poor's Corporation
 - B++ rating for A.M. Best Company.
 - Baa2 rating for Moody's Investors Service.
 - BBB rating for Fitch Rating Ltd.
 - twA+ rating for Taiwan Rating Company.
 - Other credit rating agencies accredited by the competent authorities are rated as equivalent.
- ✓ Reinsurance organizations, insurance organizations or risk dispersion mechanisms that may operate reinsurance business in accordance with the laws of our nation.
- ✓ Other reinsurance organizations, insurance organizations or risk dispersion mechanisms approved by the competent authorities.



Besides, in the case of reinsurance broker selection specifications, the reinsurance brokers selected by TFMI for reinsurance division business must be approved by the competent authorities in Taiwan and have a practicing certificate.

In 2022, credit rating of TFMI's reinsurance providers which achieved 99.81% for Standard & Poor's credit rating of reinsurers above A level, with the credit status in good condition. We also keep abreast of reinsurers' movements, track the progress of reinsurance payment amortization on a monthly basis, and review reinsurers' credit rating information semi-annually.



In addition to carefully selecting reinsurance providers, it is also extremely important for the Company to maintain a good working relationship with them. Through interactive communication and mutual information sharing, we gain an in-depth understanding of perpetual operations, financial status, underwriting policies, risk management, and efficiency of claims amortization of reinsurance companies, and can understand the changes around the world in real time as the basis for assessing long-term transactions.

Reinsurance providers that work with TFMI engage in dispersing risk liability, expanding underwriting energy, and stabilizing loss experience. We also work with them to enhance the professional competency of our colleagues through training and skills analyses, which is an important step in mutual assistance in the industry. We offer domestic and foreign educational training courses and occasional seminars on underwriting, claims, and reinsurance. It also provides incisive analysis and experience sharing for catastrophe risk, emerging risk, and international reinsurance market development trends. With experience in underwriting, actuarial specialties, and the insurance market in other countries, we can actively assist corporations in the development of new commodities. Reinsurance providers not only spread the Company's risks, but offer a range of professional abilities and support for our business development.



2-7 Utility Model Patents

Human life can be more convenient through continuous technology R&D and innovation. In accordance with the provisions of the patent act of Taiwan, patents are classified into inventions, utility model patents, and design patents. A utility model patent refers to an article of use value and actual usage manufactured based on the creation of shape, structure, or combinations. The Company continues to encourage colleagues to create utility model patents and provide clients with better services. In 2022, the Company acquired a total of 6 utility model patents.

Name of Patent	Description
Legal compliance risk evaluation management system	Various penalties and audit deficiencies are classified based on risk management methodology and the penalties and audit deficiencies in the same trade. After classification, risks are compared based on the Company's operating status, and relevant risk values are given to calculate a set of risk evaluation results customized for the Company, and then monitor the capacity of bearing legal risks and the status quo of risk tolerance. Such information can be then provided to the management for decision-making reference.
Digital underwriting survey auxiliary system	Necessary information and photos needed to be evaluated upon underwriting are listed one by one, and made to forms that are filled out in a standardized way. For targets with simple purposes, the information acquired from the on-site surveys can be entered to the standardized forms via a mobile APP, and then sorted and transmitted back to the underwriting mailbox through the network. Then, reports needed for underwriting assessment can be output, thus substantially lowering the time required to make the reports. In addition, the standardized data transmitted back can be inserted in a default scoring module, and consistent quantitative risk indicators can be obtained, to reduce errors in data judgment caused by the insufficient experience of underwriters or surveyors.
Claims settlement progress query system	When reporting a car insurance claim, a policyholder will receive a text message notification from which the claim number and claims adjuster can be known. After entering relevant data in the online insurance platform system, the policyholder can query the current progress and status of the claim, and enjoy 24h query service. Therefore, the policyholder can know the progress and status of the claim at any time without having to wait for a reply from the claims adjuster.
Claims settlement online automatic project distribution system	After a client enters relevant data for claims settlement in the online case reporting system, this system will automatically arrange a claim number to the claims adjuster, and simultaneously and automatically send a message of acceptance notice to the policyholder and driver, as well as print the data entered by the client on the application for claims settlement. Then, the client can directly print the application and sign or seal on it.
Digital cross-sales insurance service platform	To expand the cross-sale opportunities of the channels so that employees of enterprises can access the network and query relevant information independently. Therefore, insurance requirements of clients can be met, and cross-sales services for all insurance types can be conducted.
Car insurance auxiliary underwriting system	For massive car insurance data, an automatic and programmatic system is utilized to query relevant information in relevant query platforms. Then, the query results and insurance data are compared to execute underwriting work flow to correctly and quickly complete policy issuance work.

Chap 3. With Good Care to Create a Happy Workplace

TFMI actively creates a happy and friendly workplace environment, cares for the physical and mental health of employees, and is committed to creating a work-life balance, promoting stable and harmonious labor-manager relations through practical action. Employees are the keystone of growth for the enterprise. The Company regards colleagues as its most valued assets, and through multi-level talent training and induction policies, including attracting, cultivating, and retaining talent, we fully understand the diversified needs of employees, and give them the space to reach their full potential. Through diversified training and development courses, we also develop the financial and insurance professional skills of employees and cultivate the transformation ability of digital finance in the future, and look forward to growing together with our colleagues and becoming the most friendly working environment in the property and accident insurance industry. In the context of the epidemic, we are paying closer attention to smooth communication channels between employees and management, and health and safety, by listening to the voices of our employees and helping everyone achieve a good balance between work and family life.

In the face of future digital transformation market changes, to achieve the goal of sustainable operations, enterprises must strengthen the reserve of more diversified and professional talent. We therefore encourage employees to continue learning and striving to develop their skills while strengthening the management ability of supervisors at all levels. We also aim to foster a culture of respect for one another and teamwork, creativity, and employee welfare, leading employees to pursue excellence, and creating a high-quality workplace.

3-1 Employee Diversity Appointment and Implementation of Human Rights Protection

Employees are the driving force for the continuous progress of TFMI and our strongest supporters for sustainable development. In response to digitalization and the post-epidemic era, we have implemented digital and flexible recruitment policies, built a diverse and inclusive workplace with coprosperity, provide employees with sustainable development goals, highly competitive remuneration, and diversified and equal working conditions, and have fostered close employee relations. In 2022, the total number of employees was 909, including 196 supervisors and 713 general staff members; supervisors account for 21.56%, of which female supervisors account for 36.22%. At senior management level of the Company are vice president or above, 100% of whom are Taiwanese. Among the total employees, we have 395 male employees, accounting for 43.45%, and 514 female employees, accounting for 56.55%. Based on age, 14.41% of employees are under the age of 30, 62.16% of employees are aged 31-50, and 23.43% of employees are over the age 50. 10.34% of employees have a master's degree or higher qualification. In addition, the head office employs four cleaning personnel.

■ Table of Composition of Employees in 2022

Primary classification	Secondary classification	Male		Female		Sub-total	
		Number	Rate	Number	Rate	Number	Rate
Statutory working hours	Permanent Employee	395	43.45%	514	56.55%	909	100.00%
	Temporary Employees,	0	0.00%	0	0.00%	0	0.00%
Labor relations	Full Time	395	43.45%	514	56.55%	909	100.00%
	Part Time	0	0.00%	0	0.00%	0	0.00%
Distinguished by position	Supervisory Position	31	93.94%	2	6.06%	33	100.00%
	General Staff	364	41.55%	512	58.45%	876	100.00%
Age	Under 30	39	29.77%	92	70.23%	131	100.00%
	31~50	211	37.35%	354	62.65%	565	100.00%
	51 or above	145	68.08%	68	31.92%	213	100.00%
Education	PhD	1	100.00%	0	0.00%	1	100.00%
	Master	55	59.14%	38	40.86%	93	100.00%
	College/ University	304	40.48%	447	59.52%	751	100.00%
	Senior High School or below	35	54.69%	29	45.31%	64	100.00%

The statistical data is as of December 31, 2022.

Note: The Company didn't have any non-guaranteed hours employees.

All employees of TFMI have formal employment contracts and are entitled to full employment and collective labor security. TFMI is committed to strictly complying with the International Labor Human Rights Convention (ILO), and has formulated commitments for social responsibility in TFMI, aligning with social responsibility policies such as freedom of association, no forced labor, prohibition of child labor, and others, demonstrating the Company's emphasis on human rights covering all employees, business partners, suppliers, and contractors. Basic standard specifications shall be adhered to by all colleagues in their work and business activities, and systems such as the standards for reporting and appeals, and management measures for illegal infringement in the workplace are in place. In addition, in terms of talent recruitment policies, which are based on the principles of equality, anti-discrimination, diversity, and inclusion, there are no differences in the recruitment, screening, salary and benefits, promotion, education and training, and retirement plans of employees based on race, class, religion, party, gender, age, marital status, appearance, physical and mental disability, or other protected characteristics.

Moreover, we are fully committed to ensuring the fair and pluralistic employment rights of people with disabilities and complying with the requirements of laws and regulations; under the principle of appropriate talents, TFMI employ the total of 10 disability persons, with provide good recruitment channels and job opportunities, offer appropriate positions and necessary assessments and assistance for the individual needs of each single colleague with physical and mental disabilities, as well to create friendliness and equality in working hardware and environment, so that vulnerable groups can also be suitable for talents, and create a fair and mutually respectful workplace environment.

3-2 Talent Attraction and Retention

TFMI has a sound talent management system through the provision of good workplace welfare measures and a compensation system, and short-, medium-, and long-term career development plans according to the various professions and skills of each employee. We further promote the Company's internal transparent and perfect performance management system with a combined differentiated bonus system, and uphold the principle of equal opportunity as the basis for promotion and performance appraisals so all employees have a fair and transparent future in the Company.

The rate of employee turnover in 2022 was 12.1%, or 127 people; 41 male and 86 female. 112 new employees joined the Company in 2022, with the new entry rate of 12.3%, of which 32 were male and 80 were female.

Category of employee	Per age	Male		Female		Subtotal	
		Number	Rate	Number	Rate	Number	Rate
New employees	Under 30	18	33.96%	35	66.04%	53	100.00%
	31-50	14	23.73%	45	76.27%	59	100.00%
	51 or above	0	0.00%	0	0.00%	0	0.00%
Total		32	28.57%	80	71.43%	112	100.00%
Resigned employees	Under 30	13	26.00%	37	74.00%	50	100.00%
	31-50	19	29.69%	45	70.31%	64	100.00%
	51 or above	9	69.23%	4	30.77%	13	100.00%
Total		41	32.28%	86	67.72%	127	100.00%

Remarks:

1. New Recruits Rate: Average New Recruits Rate = (Headcount of New Recruits / (Full Time Employee Amount at the Beginning of the Period + Full Time Employee at the End of the Period) / 2) * 100%
2. Turnover Rate: Average Turnover Rate = (Resigned Amount / (Full Time Employee Amount at the Beginning of the Period + Full Time Employee at the End of the Period) / 2) * 100%

TFMI expects to establish a work-life balance working environment, create a planned talent development program, cultivate professional management skills and provide employee career development opportunities to promote the retention rate of employees; meanwhile, we are also encouraging colleagues to rotate across departments and expand their work capacity in other areas. Every year, we also select colleagues with outstanding contributions to the year-end banquet to present public awards for affirm their performance and attract outstanding employees to stay in, maintaining the high competitiveness and endurance of the Company's resources and operations.



3-3 Talent Cultivation and Development

3-3-1 Complete Incubation System

TFMI believes that talents are the most important asset of the Company and the key foundation for sustainable operation; with continue to identify and cultivate the key and dedicated talents, and strengthen the ability of the organization in response to the development and cultivation of diversified talents during digital transformation, in term of talent cultivation, we actively recruit elites and outstanding talents in the industry through diversified recruitment channels and industry-academia cooperation; as well as according to the Company's operating policy direction and objectives, plan various types of employee training blueprints; in 2022, the internal and external training per person for annual training hours is 47.01hours. Once employees report for duty, they engage in a robust education and training plan to develop the core knowledge required for their roles, from basic systems to further professional skills training, to meet the work needs of various departments and levels. Employee development plans are differentiated so that colleagues can continuously enrich their skillset, gain new knowledge, and improve their professional abilities.

TFMI has put in place an “Internal Self-Organized Training, External Institution Training, Department Internal Training, and Overseas Professional Training” program as the core foundation of skills development, and conducts an annual review of employee career development and growth, encourages employees to actively participate in internal and external training courses and obtain professional licenses, and enhance innovative professional capabilities in work and management. Through a planned approach, we can cultivate the professional and management capabilities of employees, have established a talent development training program, improved the efficiency and effectiveness of talent utilization, and help navigate employees toward suitable career options, greatly improving the productivity and efficiency of the Company.

Refresher training programs can be divided into two categories : OJT (On Job Training) and Off-JT (Off Job Training); according to the function and position for the training, combined with new entrant training, individual training, self-enlightenment, and others, to strengthen the depth of talents, enhance professional skills, implement the appropriate talent and diversification of employees, enhance the professional ability of colleagues in core business, and cultivate digital financial professional knowledge and technology application ability.

TFMI also complies with the relevant statutory education and training hours standard formulated by the Financial Supervisory Commission (FSC). Those with property insurance salesman qualifications and registration shall receive relevant education and training for more than 12 hours per year. In addition, in accordance with the provisions of the law, the completion rate of the Company's employees in training courses in 2022 reached 100%, including two hours of training covering the Money Laundering Control Act, two hours for the Personal Data Protection Act, two hours for Ethical Corporation Management, and other course covering compliance with laws and regulations, and self-learning.

For management at each level, the Company designs various training courses according to personnel functions, and provides appropriate management skills and knowledge, strengthens the management mindset of leadership and team communication and cohesion, deepens understanding of market dynamics, stimulates department and team momentum, and improves department work efficiency and management performance. The Company also encourages all colleagues to learn spontaneously to improve their skills and strengthen professional knowledge, and has established clubs such as a book club and underwriting claim examination classes to strengthen the exchange of relevant professional knowledge. Moreover, the Company has established the Professional License Examination Incentive Scheme to subsidize application fees, textbook costs, book leave, bonuses, and other preferential benefits for colleagues.

3-3-2 Education and Training in 2022

◆ Overview of Education and Training in 2022

Primary classification	Secondary classification	Internal Training (Hours)	External Training (Hours)	Total Time (Hours)	Average Time (Hours)
Category of employee	Supervisor Position	10704.56	2312.60	13017.16	67.80
	Non-Supervisory Position	27065.29	2561.66	29626.95	41.44
Gender	Male	17234.18	2826.17	20060.35	51.04
	Female	20533.67	2048.09	22581.76	43.93
Total Time (Hours)		37769.85	4874.26	42644.11	47.01
Average Time (Hours)		41.64	5.37	47.01	

◆ Top 10 Courses with Most Participants in 2022

Classification		Course Name	Person-times	Hours
Internal Training	1	Principle for Financial Service Industries to Treat Clients Fairly	907	27221.0
	2	Education and Training on Standards for Financial Friendly Services in the Insurance Industry	907	453.5
	3	Education and Training on the Prevention & Control of Sexual Harassment in Workplace	906	453.0
	4	Education and Training on Information Security Advocacy	906	2718.0
	5	Education and Training on Occupational Safety and Health	906	906.0
	6	Education and Training on the Prevention of Money Laundering and Combatting of Terrorism Financing	906	1812.0
	7	Education and Training on Personal Data Protection Act	905	1810.0
	8	Education and Training on Ethical Corporate Management	905	1810.0
	9	Rules for Management of Insurance Agents	905	452.5
	10	Education and Training on Procedures for Handling of Internal Major Information	905	452.5

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Classification		Course Name	Person-times	Hours
External Training	1	Education and Training on Car Insurance Underwriters and Claims Adjusters in 2022-Underwriters	76	76.0
	2	Development and Marketing Changes of Property Insurance Products	30	60.0
	3	On-the-job Classes of Money Laundry Prevention Supervisor: "Case Study of Anti-money Laundering and Combatting of Terrorism Financing"	28	84.0
	4	On-the-job Classes of Money Laundry Prevention Supervisor: "Transaction Monitoring, Risk Identification, and Declaration of Suspected Money Laundering and Terrorism Financing Transactions"	28	84.0
	5	On-the-job Classes of Money Laundry Prevention Supervisor: "Identification of Anti-money Laundering Risks and Response under New Technology"	28	84.0
	6	On-the-job Classes of Money Laundry Prevention Supervisor: "Client Review and Identity Authentication"	28	84.0
	7	On-the-job Classes of Compliance Officers on the Law: "Latest Revised Regulations in the Insurance Industry"	28	84.0
	8	On-the-job Classes of Compliance Officers on the Law: "Practice for International Anti-corruption and Whistleblower Protection"	28	84.0
	9	On-the-job Classes of Compliance Officers on the Law: "How to Treat Aged Clients Fairly"	28	84.0
	10	On-the-job Classes of Compliance Officers on the Law: "Knowing Information Security Threats Faced by Enterprises from Information Security Cases"	25	75.0

In 2022, the total training for all employees reached 42,644 hours, and the average number of training hours was 47.01 per head; based on job category, the average number of training hours for employees in management positions is 67.80 per head, and 41.44 per head for non-management employees.

Looking to the future, we will continue to strengthen investment in talent cultivation and education and training resources, dynamically adjusting the training plan every year, accelerating the development of talent, and strengthen the training and promotion system. We also aim to increase the functions of employees in work and ensure they enjoy education channels at all levels and vocational training resources. We wish for our employees to exert maximum effectiveness and performance and their skills be best-placed within the business to strengthen the capability and competitiveness of the enterprise.



3-4 Healthy and Friendly Happy Workplace

3-4-1 Healthy and Friendly Happy Workplace

To create a sound working environment, TFMI regards all colleagues as family members of the Company. The Company offers a welfare system organized by the Employee Welfare Committee, and provides diversified welfare measures and employee health management mechanisms to maintain the physical and mental health of employees and increase morale. Our goal is to create a “Happy Enterprise”, and we work hard to ensure a friendly working environment that provides a work-life balance and a sense of corporate belonging among our colleagues.

Through regular employee performance appraisals every year, we design a differentiated compensation and reward mechanism that rewards employees with outstanding performance with promotions, performance-based salary adjustments, annual commendation meetings, and year-end bonuses.

We also regularly hold internal and external sports and cultural and entertainment activities, such as birthday celebrations, corporate club activities, employee travel activities, and others with the goal of building friendships among colleagues and creating a healthy and motivated workforce. We have a solid employee welfare plan, which included three festival bonuses, year-end bonuses, and various welfare subsidies, including insurance, subsidies, leisure, and others, and a number of welfare policies such as for marriage, childbirth, birthdays, travel subsidies, annual health examinations, labor health insurance, group insurance pensions, and emergency assistance and care.

◆ Main Employee Welfare Items



Employee Health Management

- Besides to labor insurance and universal health insurance, there are also comprehensive staff group insurance have been planned, including occupational disaster insurance, life insurance, cancer insurance, accident insurance, and others.
- Every year, a health check-up is held for all colleagues to care about their physical and mental health.



Staff Welfare Committee Establishment

The Welfare Committee is responsible for the planning and implementation of welfare projects that close to the needs of colleagues, including the Mid-Autumn Festival, Dragon Boat Festival, weeding and funeral cash gifts / condolence money and travel subsidies, department stores / shopping malls voucher, dinner and fellowship and other diversified welfare options.



Fair and Reasonable and Competitive Pay Policy

- The Company adheres to the fairness concept of “Internal Fairness and External Competitiveness” to formulates a performance management system, with indicator such as job title, annual performance and work ability as the link, we will give high recognition and rewards to colleagues with excellent performance, ensure that the salary level is competitive in the market, and establish a fair and reasonable salary structure to remain internal fairness.
- Salary of TFMI is mainly considered for personal experience, job responsibilities and performance, which does not vary depending on gender, race, religion, marriage, and others; the proportion of women and men paid is essentially the same in order to fully implement the concept of gender equality.



Well-Developed of the Full Functional Retirement System

In accordance with the “Labor Standards Act” and the “Regulations for Labor Pension under the Labor Pension Act”, a pension of 6% of the monthly wage is allocated to the employee’s personal pension account with the Labor Insurance Bureau, and a complete employee retirement system is in place to provide absolute protection for the retirement life of colleagues.



Specific Urgent Assistance and Care for the Youth and Elder

We take the initiative to visit and show our care and understanding for colleagues whose families are in financial difficulties or whose property has been damaged by natural disasters, and provide substantive assistance on the case-by-case basis to assist colleagues in overcoming difficulties.



Diversified Cultural and Entertainment Activities

Hold Birthday Celebration for colleagues, staff travel activities, year-end party and luck draw activities, so that colleagues can also take into account the balance in between physical and mentally after work.



Community Support

At present, a total of 12 employees have established clubs to connect with each other and cultivate their physical and mental health.



Each Benefits Supports

Encourage colleagues to continue their studies and provide further education grants for obtaining professional certificates.

Note: At present, the Company does not provide benefits related to employee shareholding.

3-4-2 Expenses of Average Salary and Welfare of Full-time Employees Who are not in a Supervisory Position

◆ Average Salary of a Full-time Employee who is not in a Supervisory position

Unit : NT\$10,000

Item	2020	2021	2022
Total number of a full-time employee who is not in a supervisory position	Disclosure not required	845	842
“Average Salary” of full-time employees who are not in a supervisory position	Disclosure not required	96	100
“Middle Range of Salary” of full-time employees who are not in a supervisory position	Disclosure not required	72	78

◆ Average Benefit Expenses for Employees who are not in Supervisory Positions

Unit: NT\$1,000

Item	2020	2021	2022
Total Employee Benefit Expense for Non-Supervisory Position	Disclosure not required	940,589	946,843
The Number of Employees in a Non-Supervisory Position	Disclosure not required	882	874
Average Employee Benefit Expenses for Non-Supervisory Position	Disclosure not required	1,066	1,083

3-4-3 The Importance of Gender Equality

TFMI promotes a work-life balance, pays close attention to the needs of employees with young children, and lets employees take care of their families in addition to developing in their careers. To show our support for colleagues who have to take care of young children, we provide corporation family care leave, paternity leave, childcare leave without pay, and other benefits. Female employees can benefit from with physiological and neo-natal leave. If employees have childcare needs, they can apply for childcare leave without pay and return to the same role in the same department when the leave is over.

◆ Statistics Form for Employees Applying for Childcare Retention of 2022

Item	Male	Female	Subtotal
Headcounts of Childcare Leave without Pay in using of 2022	17	34	51
Headcounts of Childcare Leave without Pay in applying of 2022	0	3	3
Headcounts of Employee who Should be Reinstated of 2022(A)	0	10	10
Headcounts of Employee who is Actual Reinstated of 2022 (B)	0	6	6
Reinstatement Rate % (B/A)	0%	60%	60%
Headcounts of Reinstated Employee of 2020. (C)	0	6	6
Headcounts of Reinstated Employee After Childcare Leave Without Pay, and Continue to Work over 12 Months. (D)	0	4	4
Retention Rate % (D/C)	0%	66.67%	66.67%

Notes

1. Reinstatement Rate = (Actual reinstate heads of 2022 / Should be reinstated heads of 2022) * 100%
2. Retention Rate = (Headcounts of actual reinstated employees who are still in the position over 12 months in 2021 / Actual reinstated heads in 2021) * 100%
3. According to Gender Equality in Work Act, TFMI agrees the employee to apply for the childcare leave without pay till the participants' children in age of three, only when they have on duty for 6 months and the children aren't over 3-year-old; but not to be leave over two years.

3-5 Labor-Management Communication Channels

TFMI attaches great importance to the participation and communication of each employee, through the establishment of diversified communication platform, promote effective communication between labor and management, structure a smooth and implement the principle of confidentiality of the communication channel, directly and effectively understand the voice of each employee.

During the reporting period, there were no significant operation changes that materially affected the rights of employees. The Company strictly follows the standards of the Labor Standard Act, and the Company has not had any employee complaint and disputes. TFMI will listen to the opinions of each colleague with respect, equality and open mind and smooth communication channels, learn from each other, enhance the sense of identity and centripetal force of employees to the company, and work together to promote the company to the next milestone.

Discussion Issues of Communication in between Labor and Management	Description of Conclusion
 <p>Labor and Management Council</p>	<ul style="list-style-type: none"> • According to the Regulations for Implementing Labor-Management Meeting, the Company holds at least quarterly labor-management meetings, which with the company’s business development, employee health, safety, welfare, salary, rewards, and punishments and other major operational decision-making to explain to the representative of the labor side; every four years, labor representatives are formally voted by all employees and are composed together with representative appointed by management, to establish and improve smooth channels for employee consultation. After the completion of the meeting, the meeting record will be announced to all employees. • In accordance with the “Rules Governing Organization of Supervisory Committee of Business Entities’ Labor Retirement Reserve”, TFMI holds quarterly “Labor Retirement Reserve Supervisory Board” • In the face of major labor welfare issues, TFMI will provide close communication with the management and the labor side, through full communication and discussion with employees, to promote good labor-management relations, which will help to provide a well working environment and reduce the turnover rate of employees, in order to maintain employee satisfaction and enthusiasm.
 <p>Prevention of Sexual Harassment</p>	<ul style="list-style-type: none"> • Provide a working environment in which employees are free from sexual harassment, comprehensively publicize sexual harassment in the workplace, avoid sexual harassment incidents in the workplace, and establish a friendly workplace. • Cooperate with the competent authorities to revise the “Regulations for Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace”, and set up a specific telephone line for staff complaints with acceptance of all employees’ sexual harassment complaints, fulfill business implementation, create an equal employment environment along to protect the rights and interests of employees.
 <p>Notice Period of Major Operation Changes</p>	<ul style="list-style-type: none"> • TFMI informs employees of changes in advance and gives the most notice possible of the job change, whether the role is being eliminated, transferred, is no longer needed or due to market changes, or whether the employee is incompetent for the job. In accordance with the provisions of the Act, depending on the employee’s seniority before 10 to 30 days to announce the termination of the labor contract, the competent authorities and labor representatives shall be notified under the dismissal plan as well.



With Good Care to Create a Happy Workplace

3-6 Implementation of Human Rights Protection and a Gender Friendly Workplace

Following labor-related laws and regulations, we protect all the legal rights of employees, are committed to gender equality, and support and identify with the United Nations Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and all human rights related conventions worldwide. TFMI fulfills all its human rights responsibilities and guarantees and protects all employees from physical or mental abuse in the performance of their duties. There is also a labor complaint channel for employees to submit grievances, and we do not tolerate any workplace bullying or violence. We consider ourselves responsible for both internal and external members to be treated equally and respectfully as a reflection of our values and human rights commitments.

In response to the United Nations Gender Equality as the Company’s sustainable development goal, TFMI is committed to equality from recruitment through to performance evaluations and promotions, education and training, and all kinds of management methods. According to statistics as of the end of 2022, full-time female employees account for 56.6% of staff, females at management level for 36.2%, and senior female supervisors for 9.7%, demonstrating that the corporation promotes gender equality.

We actively promote the Act of Gender Equality in Employment and Sexual Harassment Prevention and related policies. TFMI is a voice for non-discrimination and fairness in the workplace, and asks all employees to respect and cooperate with each other. TFMI will further continue to encourage employees to eliminate sexual discrimination from the workplace, ensure gender equality, and create a friendly workplace.

TFMI has established a Staff Code and Conduct, which incorporate relevant equality and behavior laws and regulations to protect everyone’s human rights, and promotes the code in new recruit orientation and on-the-job employee training courses to raise awareness of human rights among colleagues. TFMI achieved 100% attendance rate in annual training in 2022. In the future, TFMI will continue to conduct risk evaluations on human rights and make continuous improvements to enhance evaluation results and achieve zero human rights violations in the workplace.

TFMI received no discrimination, sexual harassment, or other related violations of employee rights during the reporting period.

■ Fulfill of Specific Implementation Guidelines and Practices for Personnel and Gender Equality

Implementation Guideline	Specific Practice
Provide a Safe and Health Working Environment	<ul style="list-style-type: none"> With the goal of creating a “friendly workplace”, TFMI sets up a lactation room so that colleagues who return to the workplace after childbirth can take care of both family and work. TFMI has a “Code of Practice on Safety and Health” to raise a high level of safety awareness through ongoing labor safety and health education and training courses. As well as in accordance with the provisions of the “Occupational Safety and Health Act”, set up occupational safety and health supervisors and priority emergency responders. In order to effectively detect indoor air quality and prevent the concentration of carbon dioxide in the air at the office environment becomes too high, by following to the “Implementation Measures for the Monitoring of Labor Operation Environment”, providing the annual regular detection of environmental carbon dioxide to maintain the health of the respiratory system for employees. Regularly carry out water quality within bacteria content testing, to provide colleagues with high-quality and clean drinking water.
Equal Payment Among Men and Women	<ul style="list-style-type: none"> There’s same payment condition among TFMI’s male and female employees, regardless of gender or other factors.
Eliminate Illegal Discrimination and Ensure Equal Opportunities for Work	<ul style="list-style-type: none"> TFMI upholds the principle of equal opportunity, attach importance to the diversity of employee backgrounds and does not discriminate on the basis of race, class, language, ideology, religion, party, place of origin, place of birth, gender, sexual orientation, marriage, appearance, facial features, age, physical or mental disabilities nor others.
Prohibited of Child Labor	<ul style="list-style-type: none"> According to the Labor Standards Act, employee under the age of 16 shall not be employed.
Prohibited of Forced Labor	<ul style="list-style-type: none"> When the employment relationship with the employee is established, a written labor contract is signed in accordance with the law, which states that the employment relationship is based on the basis of an agreement between the parties without forced or compulsory labor.
Remain the Independent Complaints Mechanism Open	<ul style="list-style-type: none"> Establish a “Staff Complaint Handling Method”, and provide a good communication channel for employee advice and complaints. Holds quarterly Labor-Management meetings and meetings of the Labor Pension Supervision and Administration Commission. Set up the personnel assessment committees to handle the right and interests of employees in a fair and impartial manner, and further to implement relevant provisions on errands management, recruitment operations, childcare leave without pay, sexual harassment prevention and other related rules as well as in accordance with the norms of the Gender Equality Act.

3-7 Employee Evaluation of Working Performance

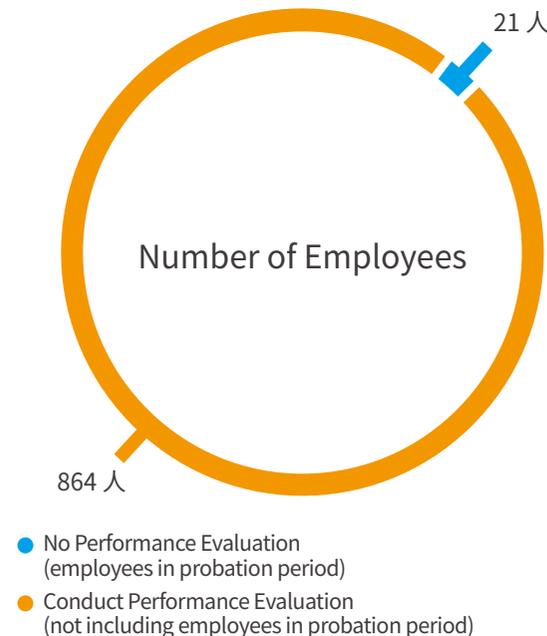
The performance management system is the core of the Company’s talent development, management, salary, and bonus design and planning; through the talent development-oriented performance management plan and two-way communication, supervisors and colleagues jointly review annual work performance, set appropriate work goals, explore potential development, and find the most suitable talent for each role, helping employees have a fulfilling career and aid colleagues who do not meet expectations so they may grow in their roles and receive coaching.

To start from multi-phase evaluation structure, the department managers and staffs would implement the mission along the working performance evaluation institutions and systems; this is not only focusing the annual key mission target to achieve, but also value the daily working behavior in results within instant feedback. By the cycle of annual working performance management to assist the corporation for further well-function training plan establishing, to provide all kinds of professional knowledge and skills according to the job position for the individual working efficacy motivation, mutual communication in between managers and staffs advances, inspire the potential talents in between team and individual, and further to upgrade the overall operating performance organizationally.

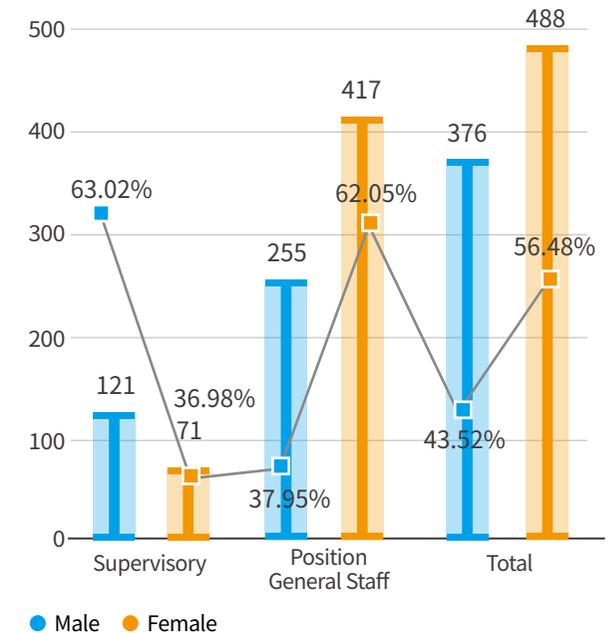
All employees undergo performance evaluations and appraisals annually as the foundation for promotions and bonuses. To ensure the objectivity of performance evaluations, TFMI provides an annual summary of related issues for each manager as a reference at year-end. Managers assist employees with specific project training to ensure they meet their performance goals and improve in their roles. When employees perform well, TFMI provides opportunities for promotion, salary increases, and year-end bonuses based on the annual performance review and individual working performance. Managers connect both corporate-wide and individual targets to measure the skills development of their employees and create a win-win situation for both the Company and the individual.



■ Number of Employees Receiving Target Performance Assessment



■ Work performance assessment is distinguished per gender and category



With Good Care to Create a Happy Workplace

3-8 Safe Working Environment

TFMI is committed to creating a safe, comfortable, happy, and harmonious working environment, and continuously improve the healthcare of employees and workplace safety measures, placing great importance on occupational health and safety, and reducing the likelihood of dangerous incidents.

In accordance with the Occupational Health and Safety Act and the Occupational Health and Safety Management Measures, the Company has established an Occupational Health and Safety Committee. TFMI has a total of 11 occupational health and safety business executives and six emergency priority responders, has formulated the Occupational Health and Safety Code of Conduct, and implemented education and training on workplace health and safety promotion, and communication and training on various internal health and safety issues so all employees are aware of emergency accident handling, fire response, occupational health and safety, and other safety matters. All offices in the province also have public accident insurance coverage.

Besides, in accordance with the “Fire Services Act”, each office is rehearsal the “Staff Education and Self-Defense Fire Marshalling Training” as fires is carried out in office buildings throughout Taiwan semi-annually; each office insurances public accident insurance to effectively reduce the possible harm caused to the working environment and provide employees with a sense of safety and self-protection in the working environment. Also, regular inspections of the working environment are carried out with special specialists, and relevant improvement measures are continuously invested to ensure that the number of work injuries during working hours can be effectively reduced. So as that we also dedicate at female health protection issues to assist female staffs for the reasonable workplace and content arrangement. All above, by strengthening our efforts, we expect to provide the safest working environment for our colleagues. safety and self-protection in the working environment. Also, regular inspections of the working environment are carried out with special specialists, and relevant improvement measures are continuously invested to ensure that the number of work injuries during working hours can be effectively reduced. So as that we also dedicate at female health protection issues to assist female staffs for the reasonable workplace and content arrangement. All above, by strengthening our efforts, we expect to provide the safest working environment for our colleagues.



1 Establishment of AED Equipment and Personnel

AED emergency rescue equipment is installed in the building of the head office, and excessively allocated first-aid personnel shall be coordinated to strengthen the employees' health protection.

2



Implementation of Safety and Health Education and Training

According to the regulations and norms, every two years, the occupational safety and health business supervisors of each unit are arranged to participate in the on-the-job training and education from external certification organizations for six hours; priority emergency responders undergo three hours of on-the-job training from an external accreditation organization every three years; in addition, the new employees are arranged with three hours of pre-service general safety education and training, and in-service employees are arranged with three years of three-hour occupational safety training courses to improve personnel safety awareness.

3



Office Air Quality Testing

According to the “Implementation Measures for the Monitoring of Labor Operation Environment”, the headquarter regularly tests the environmental carbon dioxide to monitor office environment every year, in order to prevent the over concentration of carbon dioxide exists in the office air from being too high, resulting in the employee's work spirit is not easy to concentrate and endanger the health, as well as to maintain the respiratory health of the employees; the annual test results are better than the statutory permissible standards.

■ Number of Work Injuries for Men and Women in Cases and Hours of 2022

	Male	Female
Amount of Incident	1	0
Amount of Time (Hour)	520	0

Note: Above statistics are all caused by traffic accidents which happened on the way home or from work for the employees; the number and ratio of deaths from occupational injuries is ZERO, as well as there are no work injuries caused by non-employees at work or in the Company's workplace.

■ Disability Injury Statistics of 2022

Category of Work Injury	Gender	Statistic Data
Disability Injury Frequency Rate (FR)	Male	0%
	Female	0%
	Total	0%
Disability Injury Severity Rate (SR)	Male	0%
	Female	0%
	Total	0%
Frequency-Severity Indicator (FSI)	Male	0%
	Female	0%
	Total	0%
Absence Rate (AR)	Male	0.29%
	Female	0.44%
	Total	0.38.%

Notes

1. In 2022, the number of personal leave hours was 3068.5 hours, sick leave was 17336 hours, and work injury leave was 520 hours.
2. Disability Injury Frequency Rate (FR) = The total number of inactivity injuries per million work hours. The total number of injuries caused by incompetence is calculated as: includes the total number of people who died, permanent totally deactivation, permanent partially deactivation, and temporary totally deactivation.
3. Disability Injury Severity Rate (SR) = The total number of days lost per million hours of work as disability injury.
4. Frequency-Severity Indicator (FSI) = F.R. Times S.R. and then divided by the square root of 1000.
5. Absence Rate (AR) = (Total absence days / Total working days) * 100%

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With Good Care to Create a Happy Workplace

3-9 Healthy Sports Workplace

To provide a comfortable, safe, and healthy working environment and protect the rights and interests of employees, all employees of TFMI enjoy group insurance, including life insurance, accident insurance, medical insurance, and cancer insurance, TFMI also provides annual employee health examinations by engaging a specific unit for employee healthcare-related issues; we hire a wellbeing group to visit Company sites to provide our employees with health checks as required by the government, and offer additional abdominal ultrasounds, ovarian cancer index checks, prostate checks, colorectal cancer checks, liver cancer checks, and other tests. All the above are designed offer employees more comprehensive and convenient health examinations to reduce the commute time traveling to and from clinics. Holistic health reports and a professional explanation from medical personnel are provided following health checks so employees have better a understanding of their health. We also assign our contract doctors for further individual investigations and regular management if any test results show abnormalities, and rearrange work where reasonably possible to support colleagues. We aim to improve our internal employee's health effectively by analysis of health management statistics.

Internally, in accordance with the regulations, TFMI hire nursing staffs and professional contract doctors to provide health education with related forums and consults to benefit our colleagues' health further; the service contains health related instruction, the prevention and treatment of work-related injuries and disease, first aid and emergency treatment, and others. As well by the demand of safety and health to propaganda all related concepts and knowledge in the internal website irregularly, in order to ensure the balance condition among work, physical, and mental of employees. Meanwhile, TFMI also publishes "Weekly Health e-News" to assist and direct all employees in health management with professional information from medical specialist experts, which contains the latest health related news and issues internal and external of the Company.

TFMI actively encourages employees to establish regular exercise habits, supports employee sports and sports-related employee benefits, effectively encourage employee morale, enhances corporate image, and strengthens the management effectiveness of economic advantages. Recently, we have continued to pass the "Certification of Sports Companies", and so well as the year of 2020; in addition, we have also passed the "Smoke-Free Workplace Health Start-Up Certification" of the National Health Department of the Ministry of Health and Welfare to establish a smoke-free and healthy working environment.

TFMI is full of young people who enjoy sports so the Company budgets to support a range of associations and clubs after work to improve everyone's physical and mental health. The Company currently has 12 clubs established by employees, including the table tennis club, aerobic dance club, mountain climbing club (Changhua, Tainan), hiking club, bowling club, swimming club, slow base club, archery club, table pool club, badminton club, golf club (Kaohsiung), and others, to encourage colleagues to participate in various sports and enjoy competitions together.

We want our colleagues to work in an environment that promotes good exercise habits and physical and mental health, improves work efficiency, strengthens team spirit, and creates vitality. In the future, we will continue to encourage employees to establish good exercise habits, and embed such habits in the corporate culture, fulfilling our corporate social responsibility of caring for our employees and enjoy sports as a corporation. The Company has long been committed to promoting grassroots sports activities, such as sponsoring the grassroots Junior Baseball Championship, and the Women's Softball League of the University of Taipei to promote domestic women's softball. TFMI recently cooperated with the Taoyuan Municipal Government to form the Taoyuan TFMI Men's Volleyball Team (TFMI FALCON Volleyball Team) to participate in the Top Volleyball League. In the future, we will continue to support the development of domestic sports, contribute to the sports industry, and look forward to cultivating outstanding athletes for the country on the world stage.

Chap 4. Climate Change Management

Climate change and related environmental risks are important issues that require global attention. For insurance companies, they are core risks facing operation. To address the operational risks caused by climate change to insurance companies, and continually strengthen the response and governance related to climate change, the Company has listed climate change as a key topic at present.

Members of the Sustainable Development Group of the Company are responsible for discussing with each department, disclosing relevant information across four major areas, i.e., governance, policy, risk management, and metrics and targets, in accordance with the framework of the Proposal for Climate-Related Financial Disclosures released by Task Force on Climate-Related Financial Disclosures (TCFD), identifying and checking potential climate change risks and opportunities in corporate operations and their financial impacts, drawing a materiality matrix of risks and opportunities, and establishing risk management strategies to address major risks as actions responding to climate change.

In the future, the Company will assign senior supervisors of each unit to assist in establishing implementation plans and short-, medium-, and long-term objectives based on major climate change risks and opportunities, and regularly present the results to the Board of Directors for climate governance and management.



4-1 Governance Framework for Climate Change Issues

TFMI aims to understand the risks and opportunities that climate change poses to operations, financials, and services, with the Environmental Group of the Sustainable Development Committee as the core responsible unit for identifying and managing risks and opportunities related to climate change in accordance with the relevant mechanisms of the Company's risk management. Climate and environmental risks are further submitted to the Risk Management Committee, which then evaluates and plans relevant actions. The Risk Management Committee regularly submits the Company's risk items (including general risks and climate change risks, and others) to the Board of Directors to enable board members to understand and supervise the various types of risk issues faced by the Company.

◆ Disclose of TFMI Index with Structure and Actions

Core Factors	Description	Actual Actions of TFMI
 Governance	Disclose of TFMI governance of climate related risks and opportunities	<ul style="list-style-type: none"> The issue of climate change is integrated into the overall risk management of the Company, and the Board of Directors appoints a Risk Management Committee to report to the Board of Directors on climate change-related issues on a regular basis. TFMI developed procession of service and reshaped company product structure according to the ESG related environmental issues. Board of Directors remain monitor at the movement of climate change to form the related operation target and plan with execution discussion improvement regularly.
 Strategy	Climate change related impact countermeasures at business, strategy along financial plan, for the current reality and potential situation	<ul style="list-style-type: none"> Identified the facing climate change related risk and opportunity in among short, middle, and long-term condition, to analysis the industry risk for the reason, and enhance the company bear capability with financial structure improvement. Plan the climate change related consideration into TCFD according to the government regulation requirements. While facing product plan and innovation, put climate change factors as the evaluation and actuarial terms, to respond for the further serious environmental condition and perform the social value and tenacity of insurance industry. Pre-calculate the impact of different carbon reduction scenarios and various time points on business operations, and set long-term carbon reduction goal.
 Risk Management	Disclose the identify, analysis, and management methods due to related risk of climate change	<ul style="list-style-type: none"> Set the related regulations with restriction methods for identification, adjustment, monitor, and well in control due to climate change. Emphasis the identification ability in between climate change risk and opportunity in each company department to upper internal notification awareness. Establish risk assessment procedures for identifying, measuring, monitoring and reporting, as well as manage high-risk climate issues.
 Index and Target	Disclose the index and target of climate change related issues specific at the important information	<ul style="list-style-type: none"> Risk Committee continues to follow up the results of company environmental strategy and risk management procession, to form the related risk and opportunity index and plan. Disclose the main greenhouse gas emissions data of TFMI from the ESG report, and devote at the emission density decreasing for the further low-carbon service goal. The Company began greenhouse gas inventory since 2022.

4-2 Climate Change Related Risks and Opportunities

In identifying climate change risks and opportunities, TFMI uses the IPCC's RCP 4.5 and 8.5 scenarios to analyze and assess the Company's potential climate-related impacts on its business, operational strategy, and financial and investment position in different climate scenarios.

Through the Risk Management Committee, all units are convened to discuss and assess the impact of climate change on operations according to the scope of the business, and actively identify their risks and opportunities to determine the impact and probability of occurrence to obtain the Company's overall significant climate-related risks and opportunities. The Risk Management Committee is then tasked with developing long-term policy and action plans to track implementation on a regular basis to ensure that climate-related risks and opportunities are effectively controlled and improved.



Climate Change Related Risk				
Type	Item	Impact of TFMI	Response Steps due to Risk Impact	
Exist Risk	Immediacy	Extreme Weather	<ul style="list-style-type: none"> Possible damage of company internal construction facility, equipment, information security, transportation and employee safety matters due to higher in extreme weather frequency for the climate change. Causing the increase of claim amount and possibility due to higher disaster loss risk for policyholders from climate change, and that also affect company operation cost to be larger. Damage of investment target cause assets lost. 	<ul style="list-style-type: none"> Put accurate risk due to climate change into TFMI Risk Management Committee as the key discussion issues with regularly carry out environmental risk assessment operations for each operating base and major customers, and set it into the risk management mechanism to execute it firmly. Due to the extreme weather, require the headquarter and the sub-companies in the country to develop an emergency responding plan for the possibly happening. To manage it earlier to lower the possibility for the actual lost and employee harm risk. When the subject is highly vigilant and dangerous, the relevant disaster insurance will be assessed to pass on the risk and strengthen the protection creditor's rights. In the future, TFMI will be more active to take extreme weather factors as the consideration for new location selection. At the same time, we will inspect all over the exist operation sites or assets for the actual condition. And then to improve or enhance employee for the related concept, such as physical waterproof gate, uninterruptible power system, and other necessary facilities to ensure our operation won't be blocked.
	Immediacy	Storm or Typhoon	<ul style="list-style-type: none"> Business operation shut down and assets lost due to damage of company equipment. Company faces the risk of compensation due to huge lost occurred to policyholders. 	
	Immediacy	Extreme High or Low Temperature	<ul style="list-style-type: none"> Increasing energy consumption of offices and operation environment due to increasing days of extreme high and low temperature each year, so as causing the operation shut down or assets damage loss. Causing higher employee illness rate which danger the employee health and affect the company operation continually. 	
	Chronicity	Sea-Level Rise	<ul style="list-style-type: none"> Causing part of operation sites or equipment to be flooded. Causing the rise of losses to policyholders in coastal areas due to disasters, which leads to the increase of claims settlement amount and probability and the rise of operating cost of the Company. 	
Transformation Risk	Policies and Regulations	International Convention or Proposal Norms	<ul style="list-style-type: none"> According to the requirement of International Convention or Proposal Norms, company should formulate the coping methods due to the climate change. 	<ul style="list-style-type: none"> According to TCFD guideline in specification for the climate change, TFMI responds the related risk information and coping method plan. So as to make it in our performance target for the further discuss and improve regularly. Planning and promotion of green-related insurance products and services. To build E-Commerce platform to communicate with convenience and completely information along to assist policyholders and public to be familiar at E-Commerce platform as well as rely on it, which is the method to achieve the low-carbon service goal. Design and exploit the green energy related insurance product to relevant to the environmental management issues, to respond the expectation of policyholders and public. In the future, carbon reduction measures with lowest use cost can be adopted to lower operating cost, or new solutions can be used to meet the requirements for climate adaption to improve revenue (e.g., insurance risk transfer products and services).
	Policies and Regulations	Latest National Laws and Regulations Update	<ul style="list-style-type: none"> Environmental related regulations and policies according to Taiwan Intended Nationally Determined Contribution, INDC, which plan to achieve 20% of renewable energy using. 	
	Technology	Service in Low-Carbon Product	<ul style="list-style-type: none"> To serve with low-carbon product, TFMI have to put more effort and cost for its development and investment, as well to reform the exist operation process which is possible cause the time to adapt the transformation. 	
	Marketing / Reputation	Customer Behavior Changing/ Bise of Environmental Awareness	<ul style="list-style-type: none"> Due to the rise of environmental awareness from policyholders or public, the service and product in sustainable / environment-friendly / low-carbon consumption is required. 	

Opportunities of Climate Change			
Type	Item	Impact of TFMI	
Opportunity	Product and Service	Demand and Service Requires of Green Product	<ul style="list-style-type: none"> To follow public demand in the market, respond to environmental protection issue nationally or globally, seeking for a new market model or new market as the opportunity to create a new research and development to green product and low-carbon service in electronic way which could not only lower the operation occurred to environment impact, but also rise the company operation affection and the insured clients' satisfaction. Execution of energy saving management policy all over the operation sites national-wide to decrease the electricity using and greenhouse gas reduction according to the government policy.



4-3 Climate Disaster Management in the Context of RCP Warming Condition

TFMI uses a systematic risk assessment process, along with climate scenario analysis, to strengthen the company's strategic planning and response, such as through regular review of natural disaster retention quota and assessment of damage model simulation results. The risk of typhoon flood exposure in various districts in Taiwan was analyzed; as well as assess possible loss changes in conjunction with the RCP climate change scenario to identify when the environment will shift to a specific scenario so that the relevant operational strategies and financial plans can be improved and re-evaluated and adjusted in a timely manner.

TFMI evaluates climate change risks considering two main scenarios,

1. Effects of changes in physical climatic parameters (RCP4.5, 8.5): Physical climate risks will affect the economic performance and productivity of customers and investment target or suppliers over time;
2. Transformational Impact of Regulations and Reduction Targets (1.5oC & NDC): The vulnerability of investment and financing portfolios to climate risks varies, and transformation risks can easily lead to an increase in the actual operating costs of enterprises, changes in product sales and market demand, resulting in changes in business structure, and even loss of commodity competitiveness in some markets.

4-4 Indicators and Targets

In the future, TFMI will actively create a low-carbon operating environment with a digital and low-carbon business strategy, respond to carbon reduction initiatives that are in line with international and social standards, so as to plan to introduce and implement certifications such as ISO 14001 environmental management system, ISO 14064-1 greenhouse gas inventory system, and others. Guide the industry toward low-carbon transformation, strengthen social sustainable investment, increase the proportion of digital green products and services, assist the development of energy resource industry, develop environmentally resilient insurance products, and etc., as well as accelerate the green transformation of the overall insurance industry chain, so as to achieve the common ultimate goal of slowing down global warming and become an important promoter of sustainable social development.

Chap 5. Environmental Sustainability



In response to severe extreme climate and major disasters in the world as a result of climate change in recent years, the Company is determined to protect the earth and reduce energy use during operations. Relying on regular reporting and review by the internal Sustainable Development Group and Administration Center, the Company continually plans for greener operation models with the aim of reducing the environmental impact and carbon emissions from operations. The Company has also established internal environmental energy-saving policies, promotes an internal culture regarding awareness of green protection, responds to global and governmental green energy policies, created new green operating models, and aims to fulfill its due social responsibility to help achieve global sustainable development goals.

5-1 Green Operation Plan

5-1-1 Green Operation Plan

◆ Digital E-Services and Brand-new Digital Experience

With the development of financial technology, and the continuous improvement of various electronic information technologies, TFMI constantly thinks about how to actively promote carbon reduction and help society transform towards a low-carbon economy in order to comply with the new trend of financial technology. In recent years, we have continued to promote the electronic E-operation of internal operation processes and external policyholder services; under the premise of a high degree of information security, we actively electronically integrate administrative operations, business operations and other processes, greatly reduce the consumption of paper and logistics resources generated by the round-trip of internal documents, and reduce environmental impacts.

Besides, with the promotion of the FSC Insurance Bureau, invest in the launch and planning of various electronic insurance policies, which is expected the goal of electronic policy implementation will be achieved in the coming two to three years. So as that, because of the realization of electronic processes, the operation time process of insurance and the consumption of energy resources and the protection of logistics along transportation carbon emissions generated by mailing are completely reduced, as well as a low-carbon financial service model is established.

◆ Paper Free Policy Document to Save Paper Using and Low-Carbon

In August 2014, the FSC approved the “Precautions for The Insurance Industry to Handle E-Commerce”, which opened the insurance industry operation network for the first time to apply for insurance, and encouraged the nation’s financial enterprises to cooperate with the Financial Technology (Fin Tech) policy. TFMI responded quickly to the FSC policy and has gradually launched various online insurance products since February 2015 to meet needs of consumers for insurance services.

Furthermore, in the category of property and casualty insurance services, the auto insurance part, which accounts for the highest proportion, and the online insurance products such as, compulsory car insurance and arbitrary car accepted every year, have shown a gradual and steady upward growth trend; in 2022, the number of online insurance cases has reached 45,263, the auto insurance electronic policy rate has achieved 81.38%. It shows that the public’s acceptance of the electrification of insurance policies is getting higher and higher. Based on the number of electronic insurance policies during the estimation period, the greenhouse gas emissions and resource consumption benefits generated by more than 180,000 insurance paper documents can be saved, which is the improving the efficiency of operations, but also demonstrates the performance of protecting and caring for the earth, greatly promoting the realization of green value chains and coexisting with the natural environment.

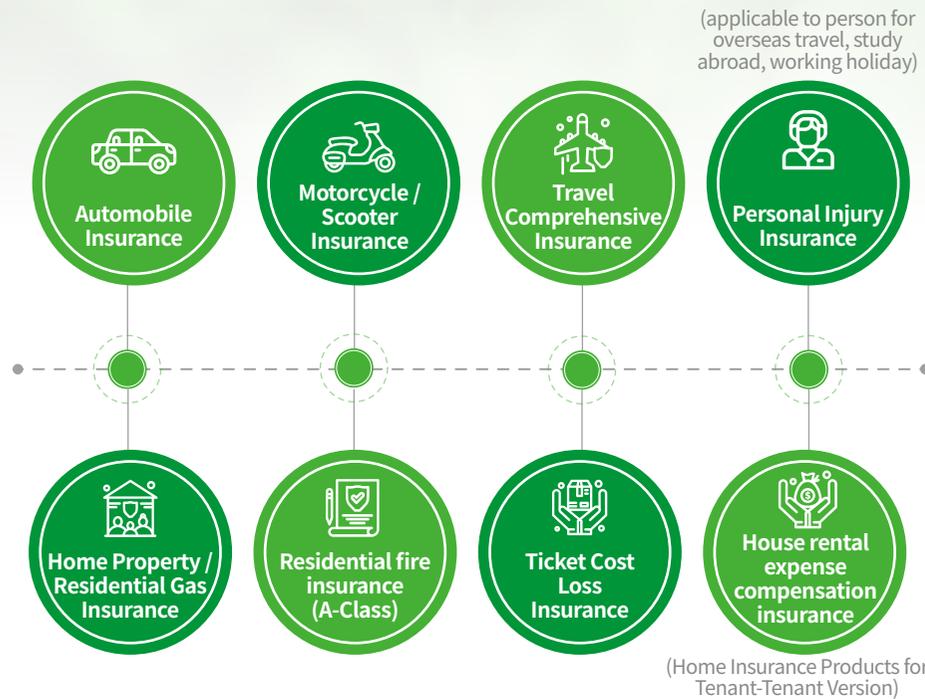
In the future, the Company will continue to improve the construction of E-Commerce platforms, along to providing consumers with different types of insurance product choices, and actively launch online and personalized message notification services, which is more convenient and immediate for policyholders to inquire about personal insurance related information, in line with the high efficiency and paperless environmental protection trend of modern society. And further to lead and promote the use of online insurance and electronic insurance policies by policyholders, so that customers can feel the instant and convenient service while work together to care for the environment and move toward the goal of paperless at the same time.



Note: The size of a physical receipt is approximately four pieces of A4 paper.

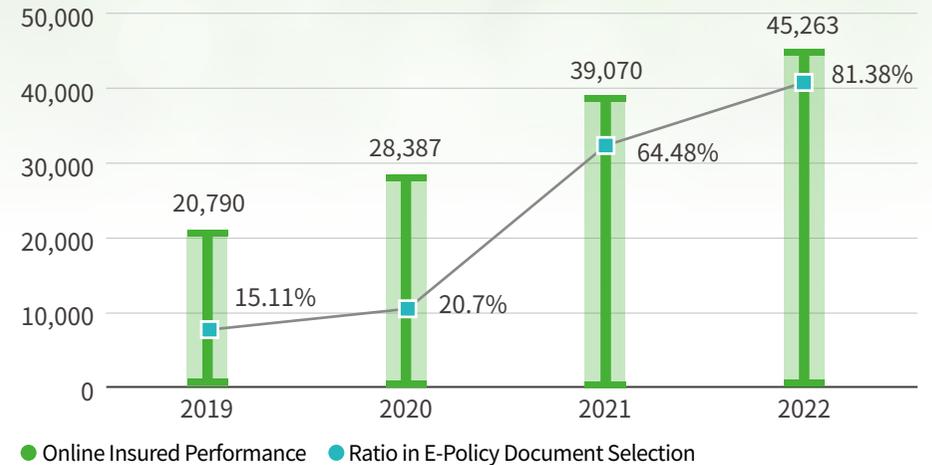
5-1-2 Multiplied Online Insurance Products with Convenience and Eco-friendly Service Platform

The current available online process insurance items at TFMI E-Commerce Online Insurance Platform “Online Zone” include:



Through the well establishment of online E-Commerce platform in various option to instant policy calculation and 7/24 non-stop convenience insured service, the insured can easily and simply complete the application process only with the network platform and online payment function, which is not only benefit the convenience matter but also reduce the cost of transportation time and paper printing waste and all other related process. E-Commerce platform ensure insured clients enjoy the advantages of technology as the wonderful experience, so as decrease the greenhouse gas emission in huge amount, and then further to build the innovate service process in low-carbon at the better consummately way. Moreover, it also provides an online claim zone to provide online reporting for policyholders, inquiries on the progress of epidemic prevention insurance claims, and etc., which reduces the carbon emission caused by the round-trip of personnel and also meets the needs of customers for rapid service.

■ Number and Ratio of Electronic Car Insurance Policies



◆ E-Process of Office Work Progress

TFMI built the “Cloud E-Process Platform” system for the service as the leader in the industry to implement both official document and working process totally in paper free, which can save energy with low-carbon by reducing official paper using and shorten the round-way transportation as the strength, but also have the strict management in controlling of confidential document to lower the information leaking possibility and risk, as the Double Advantage.

TFMI has already implemented a paper-free policy in specific internal meetings, general official matters, training and lectures, and administration processes, such as requesting leave, signing official documents, applying for asset changes, fee requests, and all kinds of general and financial affairs via an electronic signature mechanism. Through the internal E-Process platform and official document system bulletin board, the Company’s internal and external announcements and meeting records are all electronic to minimize environmental impact. In 2022, 57 announcements were posted on the internal website and 965 records on the bulletin board of the electronic official document system. If hard copies of any documents are required, double-sided printing or multi-page printing is encouraged, and non-important documents are printed on the back of recycled paper to minimize the use of paper and printing toner. Through the systematic implementation of the E-Process platform, paper waste has been greatly reduced in recent years, helping the Company achieve energy-saving and carbon-reduction goals.



5-2 Green Products

The Additional Clause for The Green Energy Upgrade of TFMI is for policyholders of households insured by the TFMI Residential Fire & Earthquake Basic Insurance or the Comprehensive Insurance of the Residential Fire Insurance, which is mainly designed for wanting to be environmentally friendly so as create a better living environment, providing policyholders with green energy building materials and equipment to repair or rebuild the insured subject when the insured material is damaged in the event of an insured accident, as well as to achieve energy saving, carbon reduction and environmental protection of green life.

For green energy solar power generation equipment, the Company provides insurance products such as comprehensive insurance for installation projects and comprehensive insurance for electronic equipment. The Installation Construction Comprehensive Insurance mainly covers damage or loss caused by sudden and unpredictable accidents of the contractor during the construction of solar energy equipment, and can also cover third party accident liability insurance; Electronic Equipment Insurance covers the finished products of solar equipment after completion (including solar panels, inverters...and etc. depending on the equipment details), damage or loss of the subject matter due to sudden and unpredictable accidents during the insurance period.

5-3 Energy Resource Management

5-3-1 Energy Resource Management

To enhance the sustainable image of the enterprise, ensuring the sustainable and stable development of environmental ecology, effectively implementing the climate change management mechanism, strengthening environmental management, and establishing a green and low-carbon corporate environment are important to TFMI.

We cooperate with all units to fully implement low-carbon operations and advocate the concept of environmental protection, enhance environmental sustainability action plans, such as greenhouse gas management, energy consumption reduction, and water and waste management, and continue to actively set environmental improvement goals through the cyclical process of planning, implementation, inspection, and improvement. All of such actions demonstrate our responsibility as a citizen of the earth to reduce the impact on the environment and achieve sustainable green operational goals.

The Company continues to promote and plan various energy resource improvements, green services, and related integration plants. Through the improvement and promotion of both hardware development and software standard planning, we conform to international trends of green energy conservation by implementing improvement programs such as replacing office equipment with energy-saving facilities, implementing various energy-saving measures in the office, and reducing waste. We also engage in energy conservation, carbon reduction, environmental protection and paper reduction, transportation and other actions by promoting e-commerce platforms and internal operation processes. As an environmentally-friendly company, we contribute to the global environment and internalize the concept of ESG into our daily operations.

TFMI implements the three main axes of energy efficiency action of green life, saving water, saving electricity, and green procurement, to build environmental awareness among colleagues through continuous improvement of energy efficiency and internal advocacy. In recent years, the Company has practiced green procurement, built a cloud-based e-office system, and generated long-term statistics on water and electricity consumption to introduce various innovative energy-saving and carbon-reducing methods. With the use of statistical analysis technology to control data on the use of resources and gradually improve, we can strive to become a leader in best practices for environmental responsibility by continuously achieving energy conservation and carbon reduction benefits in operations.

Related Measures of TFMI in Action :

Energy Saving Item	Description
Electricity Distribution System	For the excellent result of TFMI electricity and power saving management, the headquarter dropped the “Contract Capacity” of total electricity using effectively, which used to be 900KW to the present 750KW, so as lower the power grid burden of Taiwan Power Company.
Air-Conditioning Equipment	<ul style="list-style-type: none"> • TFMI sets “Upper the Air Conditioning Efficiency”, and “Lower the Air Conditioning Electricity Using” as two main directions to further develop the engine room management; recently, the air-conditioning equipment of the entire building has been updated, with the strict advocacy requires that the summer air-conditioning temperature must be set higher than 26 degrees, so as the less doors and window in open. • Specific measure at cooling water tower cleansing and maintenance every semi-year, which may vary in adjust due to water quality of water tower for more or less. • With flexible adjustment of A/C operation by seasons, which is to delay its starting time at 7:30am with early its shutting time at 5:30pm from May to September; as well to delay its starting time at 8:30am with early its shutting time at 5:00pm from October to April.
Lighting Devices	<ul style="list-style-type: none"> • To respond for “Earth Hour” of Worldwide Fund for Nature, TFMI shuts the office lights for an hour in our lunch break time, and then to turn off non-using lighting devices after office hour. This is also the way to decrease the electricity consumption and lower the temperature for Earth. • Replace the LED lighting devices in the latest model among headquarter and sub-company offices.
Recycle	<ul style="list-style-type: none"> • Upper the paper utilization, and having the double sides using at the non-confidential documents. • Emphasize recycle idea to lower the waste. • For regenerate items, to be unified by certificated company to destroy and recycle.
Water Resource Management	Adding water saving devices on water tap and restroom to adjust the water output in order to well manage the water source.
Cloud Office	<ul style="list-style-type: none"> • Implement cloud E-offices, establish various cloud operating systems, and adopt electronic sign-off for important administrative operations to achieve energy conservation and carbon reduction. • No paper document printing for meeting.
Green Supplies Purchasing	In the selection of printer consumable, the purchase of environmentally friendly toner cartridges is an important environmental protection policy of the Company; TFMI continues to purchase non-toxic toner raw materials and environmentally friendly toner cartridges, implement green procurement, and reduce environmental impact so as waste generation.
Reduction of Business Trip Expense	Utilize the video system to implement teleconferences and internal training courses, so as to reduce personnel’ s travel time and expenses, and lower the carbon emissions caused in round trips.
Drinking Water Safety	Provide well quality and safety drinking water to lower the waste for employee purchasing in bottle water and drink.



5-3-2 Management of Greenhouse Gas Emissions

TFMI has statistically analyzed the greenhouse gas emissions produced within the year during the output period of this ESG report. The Company's greenhouse gas emissions are mainly based on electricity consumption for office use so in terms of greenhouse gas emissions, the carbon dioxide equivalent generated by the use of electricity is calculated and disclosed as monthly electricity energy consumption.

Recently, in response to the upgrade of electronic digital process operations, the updated and expansion of the IT system server and addition of the e-commerce departments and equipment to meet the requirements of the competent authorities have been carried out so overall emissions have increased gradually compared to previous years. However, in the future, the direction of energy management in the computer room will be implemented by improving air conditioning efficiency and reducing air conditioning electricity consumption by optimizing system operation management and reducing internal operation carbon in line with ISO 14064-1 external greenhouse gas verification operations to achieve greenhouse gas emission reductions goals.

	Total Electricity Amount	Total Joules	Source Density (Total Joules per Person)	Total Carbon Dioxide Emission (ton)	CO ₂ Emission per Person (kg)
2020	1,789,138	6,440,896.8	7,148.61	910.617	1010.7
2021	1,743,950	6,278,220.0	6,839.02	887.671	967
2022	1,625,335	5,851,206.0	6,436.97	827.296	910.1

Note: The emission data was determined based on the power consumption of the Company, with reference to ISO 14064-1 Organizational Greenhouse Gas Inventory Standard, and pursuant to the statistics of power emission coefficient released by the Bureau of Energy, the Ministry of Economic Affairs in 2021. To be specific, 1kWh would generate 0.509kg CO₂e.

◆ Total Greenhouse Gas Emissions of Taipei Head Office and Information Technology Service Department in 2022

Category of emission source	Emission equivalent (tCO ₂ e/year)	Category total (tCO ₂ e/year)
Category 1		
Fixed fuel combustion source	0.0988	28.9358
Mobile combustion source	25.0335	
Volatile emission source	3.8035	
Category 2		
Purchased electric power	356.0627	356.0627
Total	384.9985	384.9985

5-3-3 Water Resource Management

TFMI, includes headquarter and all related sub-companies, are using water from the supplement of Taiwan Water Corporation in 100% without any usage of groundwater neither other water sources. Each building only provided for employee daily using, which includes drinking, washing, A/C, and environment cleansing. All the waste water will be emission into the drainage system without obvious impact to both of the environment and water source area.

The whole company is maintained by the administrative management center and strengthen the equipment management to avoid water leakage, with measures such as regularly cleansing the water tower of office building, along installing water saving facility in the office bathroom, and through slogans and employees, we continue to advocate measures such as water conservation for colleagues to improve resource utilization.

5-3-4 Procurement Localize

TFMI continues to adhere to the policy of local procurement, and all procurement cases are based on Taiwanese local manufacturers as priority. We have also incorporated green environmental protection in the procurement process so we can improve and promote environmental protection efforts and sustainable supply chain opportunities through green building materials, recyclable, reusable and energy-saving products, and reducing the procurement of energy-intensive machinery and equipment with high pollution rates.

In 2022, local procurement accounted for 100% of the annual procurement.

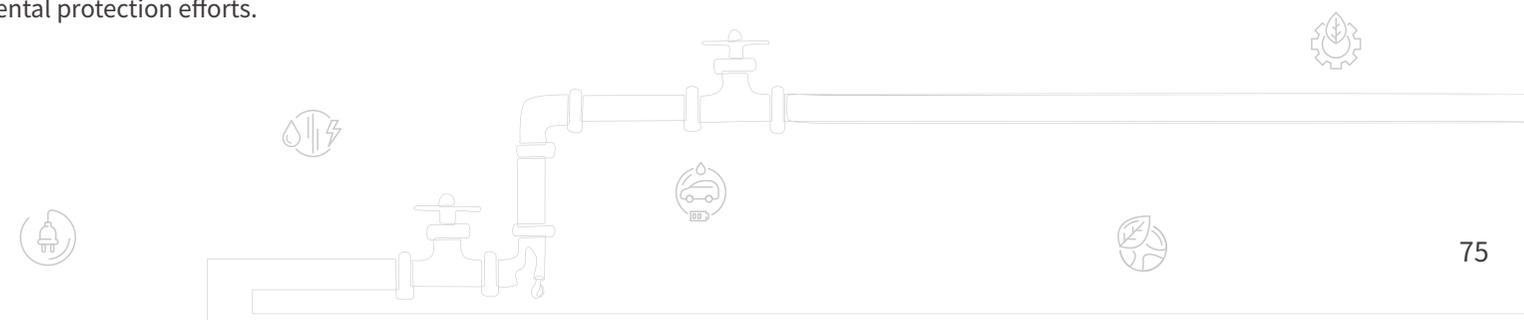
5-3-5 Management of Waste Reduction

TFMI’s main waste is mainly general domestic waste, and we encourage employees to recycle in their daily work. Actual volumes of daily waste in the administration department is decreasing thanks to the resource recovery mechanism of “reduce, reuse, recycle”. The local government of Taipei requests companies to separate office waste into recyclables, food waste, and other waste to increase recycling rates. Once waste has been separated, the cleaning management company takes it to a centralized certificated waste disposal company for further processing.

TFMI offices use environmental toners for our printing equipment, and return the cartridges to a company to recycle to lower waste rates. To decrease our internal waste, we implement smoking-free areas, and separate drinks packaging. We also encourage our employees to use reusable cups, straws, bags, and eco-friendly tableware, not just to decrease waste but add to our environmental protection efforts.

Information on Water Consumption and Unit Density

Year	Total Water Amount (1,000,000L)	Water usage amount per person (1,000,000L)
2020	12.845	0.01426
2021	11.444	0.01247
2022	11.549	0.01271





Chap 6. Participation and Prosperity of Society



To continue our sustainable development efforts, Taiwan Fire & Marine Insurance Co., Ltd. keeps social care and wellbeing as one of its core values. Taiwan Fire & Marine Insurance Foundation which was founded in September 2015, upholds the philosophy of “Value the moment, and guard the future”, to express its love and care for local communities and cultures, local talent, and disadvantaged groups. As well as focusing on offering support to vulnerable and disadvantaged groups, we are also committed to reducing the social gaps, expanding community education, and offer our services as volunteers. Through realistic actions and integration of resources to benefit disadvantaged groups, we have helped improve medication environment, develop talent, support education of delay children development, and sponsored anti-drug activities for teenagers, and arts, cultural, and sport activities to help improve Taiwanese society.

Through cooperation with leading parents' company, we determine and embrace care for local disadvantaged groups, and continue to engage in education, charity, sports, arts and cultural activities to exert a positive influence. We aim to inspire with our care for society, and see our impact rippling further as more people engage in volunteer work in the local community. We hope our Company demonstrate its social responsibility.

6-1 Charity Donation List of 2022, Taiwan Fire & Marine Insurance Foundation

◆ Arts and Cultural Activities

Sponsored target	Content of activity
New Taipei City Culture Foundation	Support the New Taipei City Cultural Travel Brand Forum to raise awareness of the highlights of regional culture and benefits from films. This forum is also intended to build a uniquely charming cultural travel brand in the region by asking professionals to share their stories so that there are more reasons for people to choose cultural travel, encouraging more cultural tourists to the region to boost the local tourism industry.
The Paper Windmill Arts and Educational Foundation	In view of the increasingly serious phenomenon of drug abuse among young people in Taiwan, the Paper Windmill Youth Education Theater Project hopes to continue to promote the Taiwan Save Faust Project, guide children to face this problem in different ways through theatre, and accompany teenagers to say no to drugs. We supported and promoted the performance of Taiwan's "Save Faust" program across Taiwan.
Lu Chiu Kan Culture and Arts Foundation	This foundation aims to create a favorable environment for cultural and artistic activities, support and subsidize the culture and arts industry, and enhance the level of arts and culture. Donations mainly support the association in organizing various activities, such as cultural and artistic activities, exhibitions of cultural relics and arts, music and dance performance, culture and arts education, training courses, and exchange activities, and rewarding and cultivating relevant academic institutions and special talent in the fields of culture, arts, design, and digital technology, etc.
Diabolo Dance Theatre-Light of Life	In the Diabolo Dance Theatre, diabolo is the center, and traditional oriental techniques are combined with Western contemporary performance arts integrated with music, dance, new circus, multimedia, lighting, and visual arts technology. It is one of the few professional large-scale cross-disciplinary entertainment performance groups in Taiwan that is actively on an international stage. On November 20, 2022, a performance titled "Light of Life" was held at Taipei Municipal Minquan Junior High School.

◆ Sports Promotion

Sponsored target	Content of activity
Cultural and Educational Foundation of C. K. Chen	To promote the development of baseball for students in elementary schools, this foundation has held "Teenager Baseball National Cup of C. K. Chen Championship" for a long term. To support the local basement sports and promote the development of baseball for students in elementary schools, TFMI donated the "14th Teenager Baseball National Cup of C. K. Chen Championship" held by this foundation.
TAIWAN LADIES PROFESSIONAL GOLF ASSOCIATION	TFMI donated "2022 Da Da Digital Ladies Open" held by "Taiwan Ladies Professional Golf Association".



◆ Care for the Disadvantaged Groups

Sponsored target	Content of activity
The Affiliated Special Education School in Taipei of The First Social Welfare Foundation	The Affiliated Special Education School in Taipei of The First Social Welfare Foundation established in 1980 provides young children with learning difficulties or mental disabilities from birth until the age of six. The institution provides early intervention, assists with Individual Service Plans (ISP) with teams of social workers, rehabilitation therapists, paramedics, and others, to design a variety of curriculum activities with rigorous structure to enrich the lives of young children and aid their development. It also provides life training, work skills, employment consultations, security housing and other services for groups of 15 year olds or over with special physical and mental needs. Twelve direct service centers have been set up to help about 10,000 people with physical or mental disabilities in the communities of Taipei and New Taipei with life skills and personal care services. The Taiwan Fire & Marine Insurance Foundation believes the golden period of early intervention is essential. Thus, we started to support the development center in their activities, offering tuition subsidies, and assistance in the procurement of relevant specific assistive devices with teaching aids with the aim of providing better early intervention opportunities for children.
Eden Social Welfare Foundation	Support this foundation to continually execute “Rural Elders Caring Project”, and assist economically disadvantaged, disabled, and sub-healthy elderly with diversified day care and supportive therapy activities, who not only reduces the burden of family care, but also enhances the physical functions of the elderly, allowing them to continue to live in the communities they are familiar with. This service plan was specifically intended for providing the rural elders in Taitung with day care, diversified supportive therapies, designated meal services, home visits, and respite care.
Taipei Awakening Association	This association mainly supports women who provide long-term home care for elderly and disabled people, as well as middle-aged and elderly women in their second employment. Women who provide long-term home care for elderly and disabled people can avail of local social groups to exchange caring experiences. Interdisciplinary management teams in places where caregivers live are organized to become an important force for the well-being of the elderly, providing social stability in addition to guidance on caring skills, stress relief activities, legal courses, and psychological counselling.
Andrew Charity Association	This association provides long-term assistance to the healthy growth of vulnerable children and adolescents, and guides them to develop their potential and cultivate good character and talents at the same time. Focusing on “assisting the vulnerable, providing emergency rescue and disaster assistance, and promoting education”, the association mainly care about children aged 0-15 from disadvantaged families in Taiwan, and provides real-time and appropriate resources based on individual cases to help realize the sound physical and mental development of these children and adolescents.
Renai Yiyang Social Welfare Foundation	This foundation held the “Young 999- Youth Action Plan” for the second time. This activity encourages students from colleges and universities in Taiwan to observe various kinds of public welfare issues in society from their own perspective and propose public welfare plans. After appraisal and selection, students are awarded prize money and project implementation funds. This activity not only allows students to gain abundant practical experience and develop their competition skills, but also respond to the University Social Responsibility Program (USR Program) implemented by the Ministry of Education. One of the selected public welfare project proposals was the “2022 Money in the New Generation-Financial Management Service Plan”.
“Micro Insurance, Warmth for the Vulnerable” Social Welfare Scheme	Establish Microinsurance Charity Programme to align with the government initiative to promote microinsurance.

◆ Rewards and Financial Aid for Schooling

Sponsored target	Content of activity
Youth Development Foundation	This foundation has actively promoted young people to participate in social services for a long term based on government forces and private resources, with the objective to explore and cultivate young leaders. It handles related activities and provides scholarships and grants for outstanding university youth to study abroad. TFMI supported each activity held by this foundation.
National Taiwan University	TFMI donated “Cultivation Peaking Plan” of this university to pay students’ and teachers’ scholarships and grants for the next 10 years in the hope that the purposes of talent cultivation, solicitation, and retention could be achieved.



6-2 Objects of Charitable Donations of “Taiwan Fire & Marine Insurance Co., Ltd.” in 2022

Category of donation object	Name of group receiving the donation
Academic groups	National Dong Hwa University
	University of Taipei
	Chung Yuan Christian University
Public welfare groups	Hsing Tian Kong
	New Taipei City Culture Foundation
	Eden Social Welfare Foundation
	TSUEI MA MA Foundation for Housing and Community Services
	Chinese Taipei Volleyball Association (CTVBA)
Taiwan Space Agency	
Occupational group	THE NON-LIFE INSURANCE ASSOCIATION OF THE REPUBLIC OF CHINA-Financial Service Education Public Welfare Foundation
Stakeholder	Taiwan Fire & Marine Insurance Foundation



6-3 Sports Programs Sponsored by “Taiwan Fire & Marine Insurance Co., Ltd.”

The Company has supported sports and public welfare activities long-term and is dedicated to cultivating local grassroots sporting talent in response to the government’s promotion of enterprises’ sponsoring of sports activities. In 2017, the Company sponsored the women’s softball team of the University of Taipei and participated in the Taiwan Professional Women’s Softball League under the name “Taiwan Bulldogs”. In 2021, the softball team was sponsored by the Taipei City Government and renamed the “Taipei Taiwan Bulldogs”. In 2022, the softball team was engaged in the corporate women’s softball league under the name “Taipei Taiwan Bear Awesome”.

In addition, the Company cooperated with the Taoyuan City Government in 2019 to jointly form the “Taoyuan TFMI Men’s Volleyball Team”. Players from Chung Yuan Christian University were selected to participate in the Top Volleyball League held through production-government-university cooperation and contributed to the development of volleyball sport and local sporting talent in Taiwan.



Appendix 1: GRI Standards Index

Statement of use	Taiwan Fire & Marine Insurance Co., Ltd. has already reported the contents in a period from January 1, 2022 to December 31, 2022 according to the GRI standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI industry standards	Not applicable since the GRI industry standards of the financial insurance industry haven't been published yet.

◆ GRI 2021 Principle

GRI 2 General disclosures (2021)						
GRI standard category/issue	No.	GRI standard disclosures	Corresponding indicator	Material issue	Chapter/Page	Description
The Organization and its reporting Practices	2-1	Organizational details	V	No corresponding material issue	Company Profile	
The Organization and its reporting Practices	2-2	Entities included in the organization's sustainability reporting	V	No corresponding material issue	Editing Information of Report	
The Organization and its reporting Practices	2-3	Reporting period, frequency and contact point	V	No corresponding material issue	Editing Information of Report	
The Organization and its reporting Practices	2-4	Restatements of information	V	No corresponding material issue	Editing Information of Report	Not prepared again
The Organization and its reporting Practices	2-5	External assurance	V	No corresponding material issue	Editing Information of Report	
Activities and workers	2-6	Activities, value chain and other business relationships	V	No corresponding material issue	1-1 Market Outlook	
Activities and workers	2-7	Employees	V	Talent Cultivation and Development Talent Attraction and Retention	3-1 Employee Diversity Appointment and Implementation of Human Rights Protection	
Activities and workers	2-8	Workers who are not employees	V	Talent Attraction and Retention	3-1 Employee Diversity Appointment and Implementation of Human Rights Protection	
Governance	2-9	Governance structure and composition	V	Corporate Governance and Ethical Management	1-3-1 Organizational Chart	
Governance	2-10	Nomination and selection of the highest governance body	V	Corporate Governance and Ethical Management	1-3-3 Composition and Independence for Board of Directors	
Governance	2-11	Chair of the highest governance body	V	Corporate Governance and Ethical Management	1-3-3 Composition and Independence for Board of Directors	
Governance	2-12	Role of the highest governance body in overseeing the management of impacts	V	Corporate Governance and Ethical Management	1-3-3 Composition and Independence for Board of Directors	

01

02

03

04

05

06

App.

Appendix

GRI 2 General disclosures (2021)						
GRI standard category/issue	No.	GRI standard disclosures	Corresponding indicator	Material issue	Chapter/Page	Description
Governance	2-13	Delegation of responsibility for managing impacts	V	Corporate Governance and Ethical Management	1-3-3 Composition and Independence for Board of Directors	
Governance	2-14	Role of the highest governance body in sustainability reporting	V	Corporate Governance and Ethical Management	1-3-5 Professional Governance	
Governance	2-15	Conflicts of interest	V	Corporate Governance and Ethical Management	1-3-1 Organizational Chart 1-4 Ethical Management	
Governance	2-16	Communication of critical concerns	V	Corporate Governance and Ethical Management	Sustainable Development Organizational Structure 1-3-1 Organizational Chart	
Governance	2-17	Collective knowledge of the highest governance body	V	Corporate Governance and Ethical Management	1-3-1 Organizational Chart 1-3-3 Composition and Independence for Board of Directors	
Governance	2-18	Evaluation of the performance of the highest governance body	V	Corporate Governance and Ethical Management	Sustainable Development Organizational Structure	
Governance	2-19	Remuneration policies	V	Corporate Governance and Ethical Management	1-3-6 Functional Committee	
Governance	2-20	Process to determine remuneration	V	Corporate Governance and Ethical Management	1-3-6 Functional Committee	
Governance	2-21	Annual total compensation ratio	Disclosure omitted	No corresponding material issue		The annual total remuneration ratio is confidential information of the organization.
Strategy, policies and practices	2-22	Statement on sustainable development strategy	V	Corporate Governance and Ethical Management	Letter from the Chairman	
Strategy, policies and practices	2-23	Policy commitments	V	No corresponding material issue	3-1 Employee Diversity Appointment and Implementation of Human Rights Protection 3-6 Implementation of Human Right Protection and Gender Friendly	
Strategy, policies and practices	2-24	Embedding policy commitments	V	Corporate Governance and Ethical Management	1-4-1 Ethical Management 3-6 Implementation of Human Right Protection and Gender Friendly	

GRI 2 General disclosures (2021)						
GRI standard category/issue	No.	GRI standard disclosures	Corresponding indicator	Material issue	Chapter/Page	Description
Strategy, policies and practices	2-25	Processes to remediate negative impacts	V	Regulatory Compliance Operating Performance Digital FinTech and Innovation Talent Attraction and Retention	2-1 Customer-oriented Caring Service 2-2 Implementation of Principle of Treating Clients Fairly 2-3 Digital FinTech 3-1 Employee Diversity Appointment and Implementation of Human Rights Protection 3-5 Labor-Management Communication Channels	
Strategy, policies and practices	2-26	Mechanisms for seeking advice and raising concerns	V	Corporate Governance and Ethical Management	1-4 Ethical Management	
Strategy, policies and practices	2-27	Compliance with laws and regulations	V	Regulatory Compliance	1-7 Regulatory Compliance	
Strategy, policies and practices	2-28	Membership associations	V	Operation Risk Management	1-8 Participation in Associations and Memberships	
Stakeholder engagement	2-29	Approach to stakeholder engagement	V	No corresponding material issue	Stakeholder Engagement	
Stakeholder engagement	2-30	Collective bargaining agreements	V	Talent Attraction and Retention		No collective agreement since there was no association

01

02

03

04

05

06

App.

Appendix

◆ Major Material Issues

GRI standard topic	Disclosure	Corresponding indicator	Chapter/Page	Description
Corporate Governance and Ethical Management				
GRI 3 Material Topics 2021	3-1 Process to determine material topics	V	Identification of material issues	
GRI 3 Material Topics 2021	3-2 List of material topics	V	Identification of material issues	
GRI 3 Material Topics 2021	3-3 Management of material topics	V	Material Issue Management Guideline	
GRI 205Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	V	1-4 Ethical Management	
GRI 205Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	V	1-4 Ethical Management	No corruption incident
Information Security				
GRI 3 Material Topics 2021	3-1 Process to determine material topics	V	Identification of material issues	
GRI 3 Material Topics 2021	3-2 List of material topics	V	Identification of material issues	
GRI 3 Material Topics 2021	3-3 Management of material topics	V	Material Issue Management Guideline	
GRI 418 Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	V	2-3-1 Digital FinTech 2-3-2 Information Security	No confirmed complaint on the infringement of clients' privacy or loss of clients' data
Digital FinTech and Innovation				
GRI 3 Material Topics 2021	3-1 Process to determine material topics	V	Identification of material issues	
GRI 3 Material Topics 2021	3-2 List of material topics	V	Identification of material issues	
GRI 3 Material Topics 2021	3-3 Management of material topics	V	Material Issue Management Guideline	
Sustainable Products and Services				
GRI 3 Material Topics 2021	3-1 Process to determine material topics	V	Identification of material issues	
GRI 3 Material Topics 2021	3-2 List of material topics	V	Identification of material issues	
GRI 3 Material Topics 2021	3-3 Management of material topics	V	Material Issue Management Guideline	
Operating Performance				
GRI 3 Material Topics 2021	3-1 Process to determine material topics	V	Identification of material issues	
GRI 3 Material Topics 2021	3-2 List of material topics	V	Identification of material issues	
GRI 3 Material Topics 2021	3-3 Management of material topics	V	Material Issue Management Guideline	

GRI standard topic	Disclosure	Corresponding indicator	Chapter/Page	Description
GRI 201 Operation Performance 2016	201-1 Direct economic value generated and distributed	V	1-2 Operating Performance	
Regulatory Compliance				
GRI 3 Material Topics 2021	3-1 Process to determine material topics	V	Identification of material issues	
GRI 3 Material Topics 2021	3-2 List of material topics	V	Identification of material issues	
GRI 3 Material Topics 2021	3-3 Management of material topics	V	Material Issue Management Guideline	
GRI 205 Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	V	1-4 Ethical Management	
GRI 205 Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	V	1-4 Ethical Management	No corruption incident
Operation Risk Management				
GRI 3 Material Topics 2021	3-1 Process to determine material topics	V	Identification of material issues	
GRI 3 Material Topics 2021	3-2 List of material topics	V	Identification of material issues	
GRI 3 Material Topics 2021	3-3 Management of material topics	V	Material Issue Management Guideline	
Treating clients fairly and client experience				
GRI 3 Material Topics 2021	3-1 Process to determine material topics	V	Identification of material issues	
GRI 3 Material Topics 2021	3-2 List of material topics	V	Identification of material issues	
GRI 3 Material Topics 2021	3-3 Management of material topics	V	Material Issue Management Guideline	
GRI 416 Customer health and safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	V	2-2 Implementation of Principle of Treating Clients Fairly	No violation of regulations
Talent Cultivation and Development				
GRI 3 Material Topics 2021	3-1 Process to determine material topics	V	Identification of material issues	
GRI 3 Material Topics 2021	3-2 List of material topics	V	Identification of material issues	
GRI 3 Material Topics 2021	3-3 Management of material topics	V	Material Issue Management Guideline	
GRI 404 Training and Education 2016	404-1 Average hours of training per year per employee	V	3-3-2 Overview of Education and Training in 2022	
GRI 404	404-3 Percentage of employees receiving regular performance and career development reviews	V	3-7 Employee Evaluation of Working Performance	

01

02

03

04

05

06

App.

Appendix

GRI standard topic	Disclosure	Corresponding indicator	Chapter/Page	Description
GRI 405 Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	V	1-3-4 Diversity Policy for Board Members 3-1 Employee Diversity Appointment and Implementation of Human Rights Protection	
Talent Attraction and Retention				
GRI 3 Material Topics 2021	3-1 Process to determine material topics	V	Identification of material issues	
GRI 3 Material Topics 2021	3-2 List of material topics	V	Identification of material issues	
GRI 3 Material Topics 2021	3-3 Management of material topics	V	Material Issue Management Guideline	
GRI 401 Employment 2016	401-1 New employee hires and employee turnover	V	3-2 Talent Attraction and Retention	
GRI 401 Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	V	3-4-1 Healthy and Friendly Happy Workplace	
GRI 401 Employment 2016	401-3 Parental leave	V	3-4-3 Attach Value of Importance to Gender Equality	
Climate Change and Management				
GRI 3 Material Topics 2021	3-1 Process to determine material topics	V	Identification of material issues	
GRI 3 Material Topics 2021	3-2 List of material topics	V	Identification of material issues	
GRI 3 Material Topics 2021	3-3 Management of material topics	V	Material Issue Management Guideline	
GRI 302 Energy 2016	302-1 Energy consumption within the organization	V	5-3-2 Management of Greenhouse Gas Emission	No renewable energy was used
GRI 302 Energy 2016	302-3 Energy intensity	V	5-3-2 Management of Greenhouse Gas Emission	
GRI 305 Emissions 2016	305-1 Direct (Scope 1) GHG emissions	V	5-3-2 Management of Greenhouse Gas Emission	
GRI 305 Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	V	5-3-2 Management of Greenhouse Gas Emission	
GRI 305 Emissions 2016	305-4 GHG emissions intensity	V	5-3-2 Management of Greenhouse Gas Emission	
Social Participation and Public Welfare Attendance				
GRI 3 Material Topics 2021	3-1 Process to determine material topics	V	Identification of material issues	
GRI 3 Material Topics 2021	3-2 List of material topics	V	Identification of material issues	
GRI 3 Material Topics 2021	3-3 Management of material topics	V	Material Issue Management Guideline	

◆ Other corresponding indicators

GRI standard topic	Disclosure	Corresponding indicator	Chapter/Page	Description
GRI 201 Operation Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	V	4-2 Climate Change Related Risk and Opportunity Identified by TFMI	
GRI 201 Operation Performance 2016	201-3 Defined benefit plan obligations and other retirement plans	V	3-4-1 Healthy and Friendly Happy Workplace	
GRI 202 Market Presence 2016	202-2 Ratios of standard entry level wage by gender compared to local minimum wage	V	3-1 Employee Diversity Appointment and Implementation of Human Rights Protection	
GRI 204 Procurement Practices 2016	204-1 Proportion of spending on local suppliers	V	5-3-4 Procurement Localize	
GRI 206 Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	V	1-4 Ethical Management	No legal action that involved anti-competitive behavior, antitrust, or monopolistic practices occurred
GRI 303 Water and Effluents 2018	303-1 Interactions with water as a shared resource	V	5-3-3 Water Resource Management	
GRI 303 Water and Effluents 2018	303-2 Management of water discharge-related impacts	V	5-3-3 Water Resource Management	
GRI 303 Water and Effluents 2018	303-3 Water withdrawal	V	5-3-3 Water Resource Management	
GRI 402 Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	V	3-5 Labor-Management Communication Channels	
GRI 403 Occupational Health and Safety 2018	403-1 Occupational health and safety management system	V	3-8 Safe Working Environment	
GRI 403 Occupational Health and Safety 2018	403-3 Occupational health services	V	3-8 Safe Working Environment	
GRI 403 Occupational Health and Safety 2018	403-4 Worker participation, consultation, and communication on occupational health and safety	V	3-8 Safe Working Environment	
GRI 403 Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	V	3-3-2 Overview of Education and Training in 2022	
GRI 403 Occupational Health and Safety 2018	403-6 Promotion of worker health	V	3-9 Healthy Sports Workplace	
GRI 403 Occupational Health and Safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	V	3-8 Safe Working Environment	
GRI 403 Occupational Health and Safety 2018	403-9 Work-related injuries	V	3-8 Safe Working Environment	
GRI 406 Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions take	V	3-1 Employee Diversity Appointment and Implementation of Human Rights Protection	No discrimination incident
GRI 417 Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	V	2-2 Implementation of Principle of Treating Clients Fairly	No violation of regulations
GRI 417 Marketing and Labeling 2016	417-3 Incidents of non-compliance concerning marketing communications	V	2-2 Implementation of Principle of Treating Clients Fairly	No violation of regulations

01

02

03

04

05

06

App.

Appendix

Appendix 2: Strengthening of Disclosure of “Sustainability Indicators per Industry” and “Summary Sheet of Assurance Items”

◆ Article 4 of “Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies”: Financial Insurance Industry in Schedule 1-3

No.	Indicator	Type of indicator	Annual disclosure	Unit	Remarks
1	Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.	Quantified	V	Quantity, percentage (%)	No information leakage incidents occurred (0%), and no customers were affected by information breaches.
2	Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.	Quantified		Quantity, reporting currency	There is no such loan related business as a Company Service Item.
3	Number of participants in financial literacy initiatives provided to the disadvantaged without adequate banking services.	Quantified		Qty	No financial education was provided for the disadvantaged groups in the current year due to the pandemic.
4	Products and services designed by individual operating units to create benefits for the environment or society.	Qualitative narration	V	Not applicable	To generate social benefits, our company’s products include micro-insurance and agricultural insurance products.

Appendix 3:TCFD Index

◆ Article 4-1 of “Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies”: Schedule 2 Climate Related Information of TWSE Listed Companies

Disclosure Title	Disclosure	Implementation Status in 2022
Governance	<ul style="list-style-type: none"> Describe the board’s and management’s role in assessing and managing climate-related risks and opportunities 	<ul style="list-style-type: none"> Include the issues of climate change in the scope of the Company’s comprehensive risk management, and have the Board of Directors assign the Risk Management Committee to report issues related to climate change to the board regularly. The Company improves the service work processes innovate its product structure according to relevant environmental issues. The Board of Directors pays close attention to and monitors trends related to climate change, has formulated relevant operating objectives and plans, and regularly review and makes improvements.
Strategy	<ul style="list-style-type: none"> Describe the climate-related risks and opportunities the organization has identified over the short-, medium-, and long-term 	<ul style="list-style-type: none"> Identify the short-, medium- and long-term climate-related risks and opportunities faced by the Company, analyze the climate change risk of the industry, strengthen the Company’s affordability, and improve the financial structure. Plan and sign the Climate-related Financial Disclosures Reporting framework (TCFD) according to the requirements of government agencies.
	<ul style="list-style-type: none"> Describe the financial impact on the organization from extreme climate change and relevant corporate transformation. 	<ul style="list-style-type: none"> Climate factors must be included in the evaluation and actuary conditions upon product planning and innovation to cope with the increasingly serious environment scenarios in the future, and exhibit the social value and resilience of property insurance. Implement trial calculations of the impacts of different carbon reduction scenarios and timeframes on corporate operations, and establish long-term carbon reduction objectives.
Risk management	<ul style="list-style-type: none"> Describe how to integrate climate risk identification, evaluation, and management processes into the overall risk management system. 	<ul style="list-style-type: none"> Establish relevant control regulations and measures for the identification, measurement, supervision, and control of climate change risks. Strengthen the capabilities of each department of the Company to identify risks and opportunities, and improve awareness of climate change risks internally.
	<ul style="list-style-type: none"> If scenario analysis is used to evaluate resilience against climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts shall be described. 	<p>Establish risk evaluation procedures for risk identification, measurement, monitoring and reporting, as well as issues related to the management of high climate risks.</p>
Metrics and Targets	<ul style="list-style-type: none"> If there is a transition plan in response to the management of climate-related risks, the contents of this plan as well as metrics and targets used to identify and manage physical risks and transition risks shall be described. 	<p>The Risk Management Committee establishes relevant risk and opportunity metrics and plans every year based on the results of the Company’s environmental policy and risk management flow, and measures them based on the metrics.</p>
	<ul style="list-style-type: none"> If internal carbon pricing is used as a planning tool, the price setting basis shall be described. 	<p>An internal carbon pricing system is planned for the future as a reference for future business development.</p>
	<ul style="list-style-type: none"> If climate-related targets have been established, the activities, scope of greenhouse gas emissions, planned schedule, progress to achieve every year, and other relevant information shall be described; if carbon offsets or Renewable Energy Certificates (RECs) are used to achieve relevant targets, the source or quantity of the carbon reduction quota offset or the quantity of RECs shall be described. 	<p>The Company discloses main greenhouse gas emission data in its ESG report every year, and is dedicated to lowering emissions and realizing the goal of low-carbon services.</p>
	<ul style="list-style-type: none"> Greenhouse gas inventory and assurance 	<p>The Company began greenhouse gas inventory in 2022.</p>

01

02

03

04

05

06

App.

Appendix

Appendix 4: SASB Index

Social Capital

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

In 2022, the Company was not corrected by the competent authorities due to violation of laws and regulations.

Complaints-to-claims ratio

◆ FN-IN-270a.2 Complaints-to-claims ratio

Name of company	Number of complaints	Total number of cases (persons) signing contracts ^(Note 1)	Complaints ratio (⁰ /1000) ^(Note 2)
Taiwan Fire & Marine Insurance Co., Ltd.	202	2,639,362	0.76533647

Note

1. Total number of cases (persons) signing contracts: Refer to the sum of total number of property insurance contracts signed, total number of effective personal insurance contracts, and total number of persons signing effective group insurance contracts of this insurance company during the statistical gathering period of the complaint rate.
2. Complaints-to-claims ratio: Number of complaints received per 10,000 claims (Number of claims reviewed / Total number of claims) x 10000)

◆ FN-IN-270a.3 Customer retention rate

This indicator was not disclosed in the current year.

Customer retention rate (%)=Number of Customers at the end of the period / Number of New Customers during the period /(Number of customers in the previous period - Number of customers not voluntarily terminated). Employees are already excluded.

◆ FN-IN-270a.4 Description of approach to informing customers about products

■ 10 Principles of Fair Trade

	Principles	Specific basic contents and key implementation points
1	The principle of fair and honest contracting	When a financial services enterprise enters into a contract with a financial consumer for the provision of financial products or services, it shall comply with the principles of fairness, reasonableness, equality, reciprocity, and good faith.
2	The principle of due care and fidelity	In providing financial products or services, it shall exercise due care as a good administrator.
3	The principle of true advertisement and solicitation	All advertisements or contents produced and published must be true and correct without being exaggerated or falsely advertised.
4	The principle of suitability of products or services	Before entering into a contract with a financial consumer for the provision of financial products or services, it shall fully understand the information pertaining to the financial consumer to ascertain the suitability of those products or services for the financial consumer.
5	The principle of disclosure and transparency	The explanations and disclosures that the financial services enterprise provides to the financial consumer shall be fully explained to the financial consumer.
6	The principle of remuneration and performance balance	While calculating and issuing commissions, non-financial indicators such as service quality and compliance with laws and regulations should be fully considered, and performance should not be used as the only criterion for remuneration.
7	The principle of complaints protection	Establish barrier-free appeal channels so that appeals can be fairly, impartially, and swiftly handled in real-time.
8	The principle of professionalism for salesperson	Business personnel are required to comply with statutory qualifications, such as the insurance clerk management rules, to ensure the necessary expertise.
9	The principle of Friendly service	The needs of the elderly, people with physical and mental disabilities, and disadvantaged groups are considered from product design to sales, and fair, reasonable, friendly, and convenient services are provided.
10	The principle of implement integrity management	To promote a culture of ethical corporate management from top to bottom, and establish an effective internal control system to prevent the risk of unethical acts and ensure financial consumers' interests.

01

02

03

04

05

06

App.

Appendix

Business Model and Innovation

✦ Incorporation of ESG Factors in Investment Management

◆ FN-IN-410a.1 Total invested assets by industry and asset class

NO.	Investment Item	Total Investment Amount	Ratio (%)
1	Real estate	2,297,043,712	13.25
2	Secured loan	-	-
3	Policy loan	-	-
4	Foreign stock	-	-
5	Foreign fixed income (including international bond)	1,596,645,160	9.21
6	Domestic fixed income	3,142,430,698	18.12
7	Domestic stock	3,607,794,358	20.81
8	Cash	5,721,275,915	32.99
9	Others	975,034,776	5.62
Total		17,340,224,619	100.00

◆ FN-IN-410a.2 Description of approach to incorporation of ESG factors in investment management processes and strategies

In accordance with Article 4 of the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies published by the Stock Exchange, which guides the financial and insurance industry to strengthen the disclosure of specific policies on environmental and social aspects of corporate financial products or services, the industry should focus on customers or other clients within the scope of an agreement or transaction, follow the operating procedures required by financial and insurance providers for environmental and social aspects, and achieve reasonable performance indicators. The aforementioned corporate financial commodities should include at least lending, project financing, mutual funds, insurance, and investments by the enterprise itself and on behalf of others.

Facing increasingly serious environmental pollution, climate change, energy crisis, and other ecological-related matters, as well as social and industrial economic and other issues, TFMI builds on the Regulations Governing Investments by the Stock Exchange and the Principles for Responsible Investment (PRI) of the United Nations in developing Investment Management Process Practices, including social responsibility as a consideration for corporate investment. While selecting investment targets, TFMI also complies with relevant financial norms, and considers whether the investment targets is making its best efforts to protect the environment, corporate integrity, and social responsibility, to ensure that the Company's investment has positive economic benefits for society and creates sustainable social value for the capital market and the public.

🔗 Policies Designed to Incentivize Responsible Behavior

◆ FN-IN-410b.1 Net premiums written related to energy efficiency and low carbon technology

The Home Green Energy Upgrading Rider of TFMI targets at the policyholders of TFMI Residential Fire & Earthquake Basic Insurance or Comprehensive Insurance of Residential Fire Insurance. This product is mainly designed to create a more environment-friendly living environment. When the subject matters insured are damaged due to an insurance accident, policyholders may choose green energy building materials and equipment to repair or restore the subject matters insured, so as to realize an energy-saving, carbon-reducing, and environment-friendly green life. For solar power generation equipment, the Company provides erection all risks insurance and electronic equipment all risks insurance as well as other relevant insurance products. The erection all risks insurance mainly covers the damages or losses caused due to unexpected accidents taking place during the insurance period upon construction of solar energy equipment. Also, third-party accident liability insurance can be added; the electronic equipment all risks insurance covers the damages or losses caused due to unexpected accidents taking place to the finished solar power generation equipment during the insurance period (including solar panels, inverters, etc. which are determined based on the equipment details).

◆ FN-IN-410b.2 Discussion of products and/or product features that incentivize health, safety, and/ or environmentally responsible actions and/or behaviors

In response to the government's promotion of agricultural insurance policy, the Company has developed 2 agricultural insurance products, i.e., precipitation-based aquaculture insurance and typhoon wind speed and precipitation-based wax apple insurance. The precipitation-based aquaculture insurance covers the risk of precipitation. Currently, the agricultural insurance has already been included in the Taiwan Agricultural Insurance Fund. Then, the risks are spread according to the hazard spreading and management mechanism of agricultural insurance. Also, the designated meteorological stations are used as basis for claims settlement; externally, in addition to the provisions of insurance protection for the damages suffered by farmers and fishermen due to the extreme weather conditions, when the precipitation reaches the deductible point specified in the insurance contract, they can receive claims settlement without on-site investigation. The main coverage of the typhoon wind speed and precipitation-based wax apply insurance includes typhoon wind speed index-based insurance and precipitation index-based insurance. Farmers may also choose to add three protections including temperature index-based additional insurance. In 2022, the Company underwrote a total of 36 aquaculture insurance cases and 46 wax apply insurance cases.

🔗 Environmental Risk Exposure

◆ FN-IN-450a.1 Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes

Extreme climate conditions resulting from climate change are becoming increasingly frequent. For natural disaster insurance covering major losses resulting from corporate operations, famous foreign natural disaster models of Risk Management Solutions® (RMS) and AIRWorldwide® (AIR) have been quoted to analyze the risks of natural disasters, and arrange appropriate reinsurance to transfer some risks accordingly. In recent years, analysis has showed that the Company has a stable financial structure and sufficient and stable liquidity to cope with the risks of natural disasters faced by clients.

◆ 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)

Not disclosed in the current year.

◆ 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

We rely on an appropriate climate change risk management and control mechanism to control potential risks within a reasonable and tolerable level after evaluation of the physical risks of direct or indirect losses resulting from specific natural disasters caused by climate change or long-term changes of climate models, as well as transition risks in the low-carbon economy transformation.

01

02

03

04

05

06

App.

Appendix

Leadership and Corporate Governance

Systemic Risk Management

- ◆ FN-IN-550a.1 Exposure to derivative instruments by category: (1) total potential exposure to non-centrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives

Financial instruments measured at fair value through profit and/or loss

	December 31, 2022	December 31, 2021
Compulsory measurement at fair value through profit and loss		
-TWSE/GTSM listed shares	\$ 74,521	\$ 159,441
-Unlisted domestic shares	194,490	-
-Funds and beneficiary certificates	275,067	171,776
-Domestic financial bonds	1,234,712	1,202,403
-Domestic corporate bonds	497,548	518,316
-Overseas financial bonds	216,835	129,087
	<u>\$ 2,493,173</u>	<u>\$ 2,181,023</u>

- ◆ FN-IN-550a.2 Total fair value of securities lending collateral assets

In 2022, the amount of the securities lending agreements of financial assets of the Company was NT\$ 0.

- ◆ FN-IN-550a.3 Description of approach to managing capital and liquidity-related risks associated with systemic non-insurance activities

Liquidity risk management standards:

Liquidity risks are classified into capital liquidity risks and market liquidity risks. Capital liquidity risks refer to the risk of failure to realize assets or acquire sufficient capital to perform due liabilities. Market liquidity risks refer to the risk of significant change in market price upon handling or offsetting of held positions due to insufficient or disorderly market depth. Relevant indicators and quotas have been established for capital liquidity and market liquidity risks in the management mechanism, in addition to establishing funding units that are independent from transaction units to control incoming and outgoing capital of the Company and the impact of the capital amount on liquidity to avoid centralization of risks in terms of asset allocation and risk exposure of counterparties.

Activity Metrics

- ◆ FN-IN-000.A Number of policies in force by segment: (1) property and casualty, (2) life, and (3) assumed reinsurance

Premium income per insurance

Number of insurance policies of TFMI signed in 2022: 18,665,486

- ◆ TFMI's 2021 Annual Premium Income from Written Policy & the Structure of Each Type of Insurance & Market Statistics

Unit: NT\$1,000

	Types of Insurance	Direct Written Premium	Ratio (%)	Market Rate
1	Automobile Insurance	3,147,051	42.72	3.27
2	Residential Fire Insurance	965,281	13.10	14.15
3	Commercial Fire Insurance	848,668	11.52	3.30
4	Compulsory Automobile Liability Insurance	800,060	10.86	4.16
5	Accident Insurance	511,306	6.94	2.55
6	Liability Insurance	324,136	4.40	2.19
7	Engineering Insurance	226,628	3.08	2.86
8	Marine Cargo Insurance	212,644	2.89	3.40
9	Others (Note)	330,444	4.49	-
	Total	7,366,218	100.00	3.34

Note: Other insurance types that accounted less than 2% of signed premium income are accounted under "Others"



Appendix 5: Independent Auditor's Limited Assurance Report



會計師有限確信報告

臺灣產物保險股份有限公司 公鑒：

臺灣產物保險股份有限公司民國 111 年度永續報告書，業經本會計師針對所選定之標的資訊執行確信程序竣事，並出具有限確信報告。本次執行確信程序之標的資訊請詳附件一「確信項目彙總表」。

管理階層對永續報告書之責任

管理階層之責任係依據臺灣證券交易所「上市公司編製與申報永續報告書作業辦法」、全球永續性報告協會（Global Reporting Initiative, GRI）發布之通用準則、行業準則及重大主題準則編製永續報告書，且維持與編製永續報告書有關之必要控制，以確保永續報告書所列標的資訊未存有重大不實表達。

會計師對永續報告書執行確信程序之責任

本會計師係依照確信準則 3000 號「非屬歷史性財務資訊查核或核閱之確信案件」規劃及執行有限確信工作，對上開永續報告書所選定之標的資訊（詳附件一）在所有重大方面是否未存有重大不實表達取得確信，並出具有限確信報告。相較於合理確信，有限確信案件所執行程序之性質及時間與適用合理確信案件不同，其範圍亦較小，因是取得之確信程度明顯低於合理確信。

本會計師係基於專業判斷規劃及執行確信程序，以獲取相關標的資訊之有限確信證據，且任何內部控制均受有先天限制，因此未必能查出所有業已存在之重大不實表達。本會計師執行確信程序包括：

- 取得及閱讀永續報告書；
- 訪談管理階層及相關人員，以瞭解公司編製永續報告書有關政策及程序；
- 訪談相關人員了解所選定標的資訊產生之流程、內部控制及資訊系統；
- 分析及以抽查方式測試標的資訊相關文件及紀錄。

- 1 -

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先天限制

由於諸多確信項目係屬非財務資訊，相較於財務資訊之確信受有更多先天限制，故該等資訊之相關性、重大性與正確性之解釋可能涉及更多管理階層之重大判斷、假設與解釋，不同利害關係人對該等資訊亦可能有不同之解讀。

獨立性及品質管理遵循聲明

本會計師及所隸屬會計師事務所遵循會計師職業道德規範中有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及專業上應有之注意、保密及專業行為。此外，本會計師所隸屬會計師事務所遵循品質管理準則 1 號「會計師事務所之品質管理」，該品質管理準則規定會計師事務所設計、付諸實行及執行品質管理制度，包含與遵循職業道德規範、專業準則及適用之法令規範相關之政策或程序。

確信結論

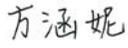
依據所執行之程序及所獲取之證據，本會計師並未發現臺灣產物保險股份有限公司民國 111 年度永續報告書中所選定之標的資訊在所有重大方面有未遵循其衡量基準暨臺灣證券交易所「上市公司編製與申報永續報告書作業辦法」編製而須作修正之情事。

其他事項

本確信報告出具後，貴公司對任何確信標的或適用基準之變更，本會計師將不負就該等資訊重新執行確信工作之責任。

勤業眾信聯合會計師事務所

會計師 方 涵 妮




中 華 民 國 112 年 6 月 9 日

- 2 -

附件一

確信項目彙總表

編號	確信項目(臺灣證券交易所「上市公司編製與申報永續報告書作業辦法」)	指標	執行	對應	章節	衡量	基準
1	臺灣證券交易所「上市公司編製與申報永續報告書作業辦法」第四條第一項附表一之三編號一	資訊外洩事件數量、與個別資訊相關的資訊外洩事件占比、因資訊外洩事件而受影響的顧客數		附錄二：加強揭露「產業別永續指標」與「確信項目彙總表」		資訊外洩事件數量、與個別資訊相關的資訊外洩事件占比、因資訊外洩事件而受影響的顧客數。	
2	臺灣證券交易所「上市公司編製與申報永續報告書作業辦法」第四條第一項附表一之三編號二	對促進小型企業及社區發展之貸款件數及貸款總額		附錄二：加強揭露「產業別永續指標」與「確信項目彙總表」		民國 111 年無貸款相關業務。	
3	臺灣證券交易所「上市公司編製與申報永續報告書作業辦法」第四條第一項附表一之三編號三	對缺少銀行服務之弱勢族群提供金融教育之參與人數		附錄二：加強揭露「產業別永續指標」與「確信項目彙總表」		民國 111 年尚未對缺少銀行服務之弱勢族群提供金融教育。	
4	臺灣證券交易所「上市公司編製與申報永續報告書作業辦法」第四條第一項附表一之三編號四	各經營業務為創造環境效益或社會效益所設計之產品與服務		2-5 為創造社會效益所設計之產品		微型保險有效保單數、農業保險之遠端保險及養老水產保險承保件數。	

- 3 -





臺灣產物保險

Taiwan Fire & Marine Insurance Co., Ltd.

