

2016

China Life Corporate Social Responsibility Report

China Life 2016 Corporate Social Responsibility Report



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Letter from the Chairman

The world we live in today is facing profound environmental, economic and social changes. Amid such changes, China Life believes that the only path to sustainable business development is to identify risks and commit to sustainable values. For stakeholders, corporate social responsibility (CSR) reports are an important source of information and a valuable tool for evaluating a corporation's business risk management and sustainability development capabilities. Taiwan understands well the value of transparency, as shown by a Bloomberg investigative report that found Taiwanese businesses to lead the Asia-Pacific and Japan region and place fourth in the world in terms of environmental, social and governance (ESG) disclosure. China Life places great importance in this CSR report. We hope that the full transparency and disclosure it offers are sufficient to earn the trust of stakeholders, drive corporate growth and achieve sustainability.

A solid foundation of trust is needed for ethical management and the sustainable development it brings. Since its establishment more than five decades ago, China Life has been dedicated to "maximizing benefits to and value for policyholders, shareholders, employees and society in order to become the most reliable insurance company in Taiwan." Between 2012 and 2016, China Life's premium income, market capitalization and total assets rose by over 50%, while net profits more than doubled. Regulators regularly praise these achievements, along with China Life's asset and liability management and our strong capital adequacy. China Life views the finance and life insurance sector as a public instrument that requires high standards of governance. In fact, we are the only listed life insurance company in Taiwan ranked in the top 5% of the Corporate Governance Evaluation Awards for the past three years, an impressive feat that shows a strong commitment to improving our business and a desire to be trusted by society and stakeholders alike.

People are central to the life insurance industry. Through love and care, insurance products provide customers with a safeguard while helping them to understand, manage and reduce risk. In its 2017 Global Risks Report, the World Economic Forum said that the most pressing of risks relate to the environment, including extreme weather events, natural disasters and climate change. In the future, risks will not be limited to a single industry or region. Instead, they will be interconnected across regions. As extreme climate events, earthquakes, droughts and pollution threaten people's health and safety, the life insurance industry acts as a positive stabilizing force. This is the social mission that China Life bears. It is also a core value on the path to sustainable development. In the future, China Life will continue to implement sustainable measures as it joins the people of Taiwan in working together toward a better future.

Many changes are afoot. With the increasing digitalization of finance, the application of new technologies, such as big data, blockchain technology and e-commerce, is expanding. The life insurance industry is also changing. But no matter what form it takes, life insurance is fundamentally built on trust. As times change, China Life remains committed to its original purpose: fulfilling customer needs by serving as a trusted risk management advisor and consultant. We will continue to act diligently in this role to advance ESG progress, so we can share the benefits of sustainability with Taiwanese society.



China Life Chairman *Alan Wang*

Letter from the President

"Care" is the essence of life insurance. As human society develops and evolves, as times change and technology advances, life insurance follows, changing to meet people's needs and provide innovative products and services. "Care," however, remains the original driving force.

Taiwan faces a severe ageing population problem. A combined increase in the number of elderly and a decrease in the birthrate have caused the ageing index to now surpass 100. Caring for the elderly is an issue that the people of Taiwan must face together. As the government advances a series of policies targeting long-term care, China Life is closely monitoring the impact of the changing structure of Taiwan's population. From the daily economic burden faced by the elderly to the needs of families and social institutions that care for the aged, China Life offers diverse products and services to provide comprehensive coverage of medical and long-term health care. Life insurance provides the risk management tools that will help Taiwan overcome these difficult transformations. This is China Life's social mission, and the ultimate purpose of the services and care we provide.

In 2016, China Life took many steps to improve CSR. We acquired ISO 14064-1 greenhouse gases accounting certification and urged suppliers to sign the "Suppliers Corporate Social Responsibility Guidelines." Green workflow improvements allowed us to save 1.91 million sheets of paper. Our support for small farmers aided environmental sustainability. Policyholders gained the protective net offered by a new personal information management system (PIMS) as well as convenient online channels for purchasing insurance products. Our efforts to build a fair and friendly workplace include systematic staff cultivation and online courses that improved education and training. Employees were also encouraged to volunteer. We participated in rural education programs that help students build self-confidence. In terms of sustainable governance, China Life maintained its twAA long-term issue credit rating. We also implemented a risk management information platform to manage all forms of risk.

"We Share, We Link" is the core value of China Life and the spirit of the company. As we create positive value for our stakeholders, we also expand care to new areas and in new directions. We responded to the United Nation's new Sustainable Development Goals (SDGs) by examining internal conduct from ESG perspectives. In the future, we will implement the SDGs and their sustainable targets.

This report follows the spirit and framework of Integrated Reporting. It identifies risks and opportunities then uses them to draft development strategies. Each crisis is a chance to make a change for the better. Behind every risk is an opportunity. In 2017, China Life will continue to use its expertise in finance and life insurance to promote sustainable business practices. We will show our love of Taiwan in every possible location and in every possible way.



China Life President *Yu Ling Kuo*

About This Report

This is the 2016 Corporate Social Responsibility Report (hereinafter referred to as “The Report”) of China Life Insurance Company Limited (hereinafter referred to as “China Life”).

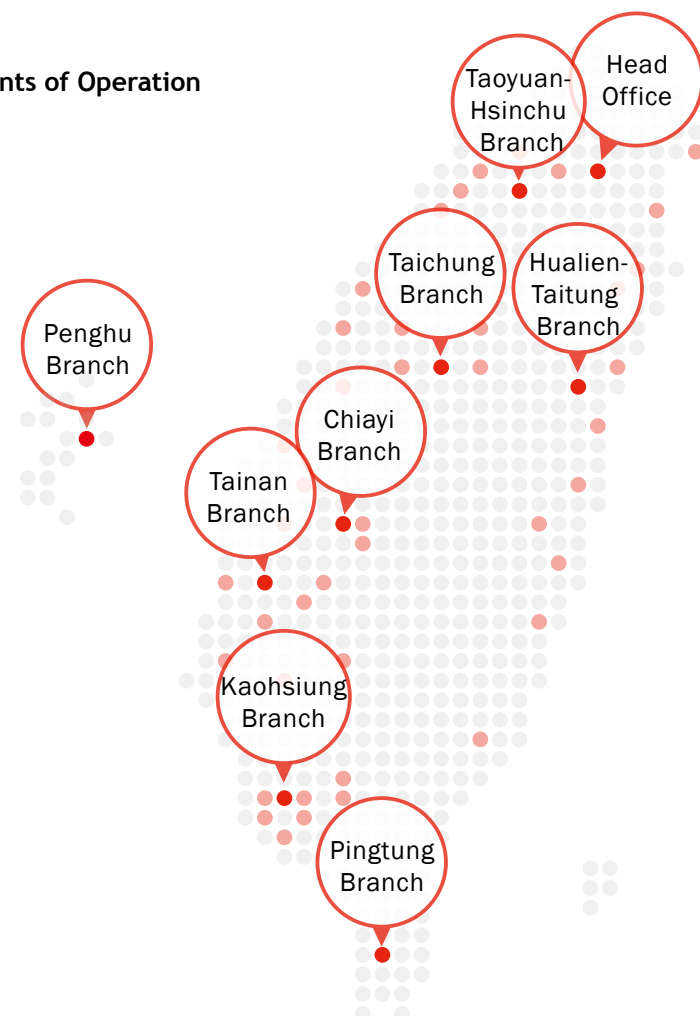
Report Disclosure Period

The Report reveals information relating to CSR and sustainable corporate development of China Life between January 1st, 2016, and December 31st, 2016. Part of the content disclosed is not limited to 2016 due to the compiling of information and transparency. The previous report was released in June 2016; the next report will be released in June 2018. Each year’s CSR report is available for download from the CSR section of China Life’s corporate website: (<https://www.chinalife.com.tw/wps/portal/chinalife/CSR/home>)

Report Scope and Boundary

The information described in this report covers the China Life head office, all nine branches in Taiwan and 157 district offices (<http://www.chinalife.com.tw/wps/portal/chinalife/about-chinalife/join-chinalife/service-locations>). This report describes China Life’s practical achievements related to CSR and corporate sustainable development, as well as future strategic planning.

Points of Operation



Guidelines

The Report uses the core disclosure method contained in the G4 Sustainability Reporting Guidelines, published by the Global Reporting Initiative (GRI), for related analysis, data collection and drafting. It follows the Integrated Reporting framework of the International Integrated Reporting Council, the UN’s SDGs, the Ten Principles of the UN Global Compact, social responsibility guidance under ISO 26000, “Corporate Social Responsibility Best Practice for TWSE/GTSE Listed Companies”, the “Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies,” as well as other international and domestic standards to strengthen disclosure of sustainable practices.

Report Verification

Supervisors from each responsible department first reviewed The Report. Following discussion and approval by the China Life CSR Committee, further review by the president and chairman ensure faithful representation of the company’s developmental direction and philosophy as well as achievements and information that meet stakeholder expectations. The Report has been verified by an independent third party certification body, the British Standards Institution (BSI), in accordance with AA1000 international standards, and uses Type 1 moderate assurance level. It meets the GRI G4 guidelines of materiality, inclusiveness and responsiveness, as well as the core option of the GRI G4, and is guaranteed by the BSI. Verification details can be found in the appendix.

As we pride ourselves on effective communication with stakeholders, if you have any comments or suggestions regarding this report or China Life’s CSR sustainability planning and practices, please feel free to contact us via any of the methods below and we will respond in a timely manner:

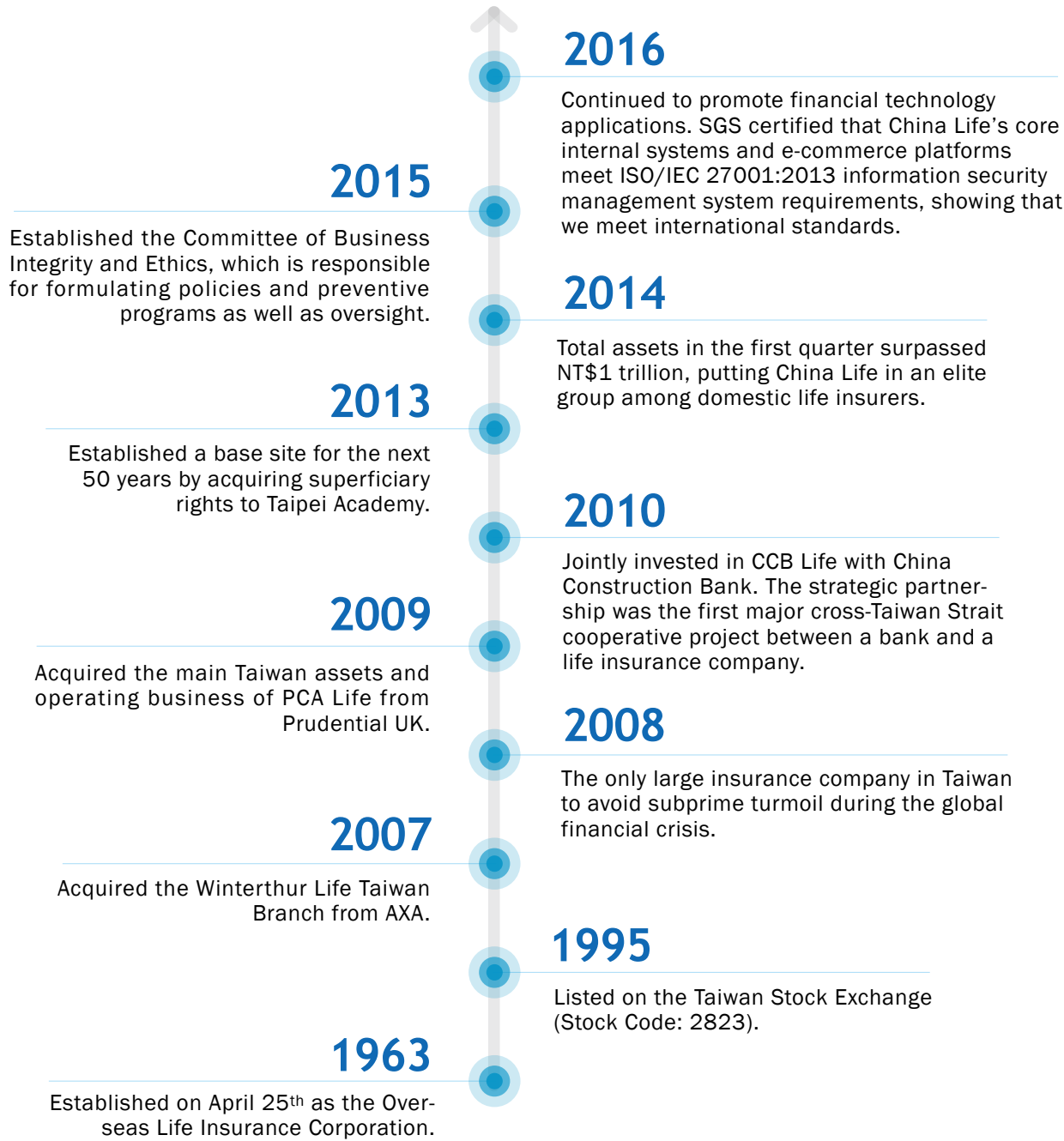
Public Relations Department, China Life Insurance Company
 Address: 14th Floor, 122 Dunhua North Road, Songshan District, Taipei 105
 Tel: 886-2-2719-6678
 Fax: 886-2-8770-7375
 E-mail: pr@chinalife.com.tw



Company Profile and Vision

Corporate Culture and Vision

Since its establishment more than 50 years ago, China Life has dedicated itself to “creating the greatest benefits and value for policyholders, shareholders, employees and society in order to become the most reliable life insurance company in Taiwan.” It has constantly sought to enhance corporate governance and internal controls. Through prudent risk management and steady operations, it has achieved sustainable development in all areas, from governance to society and the environment. In the future, China Life will continue to adhere to this core mantra of “We Share, We Link.” By bringing together a forward-looking operational philosophy, strong financial solvency, strict corporate governance and risk management mechanisms, it will cooperate with stakeholders to achieve shared value and sustained operations while serving as a benchmark for Taiwan’s life insurance industry.



Background Information

Official Name	China Life Insurance Company Limited		
Headquarters Location	5 th Floor, 122 Dunhua North Road, Songshan District, Taipei		
Year of Establishment	1963		
Stock Listing	Listed on the Taiwan Stock Exchange in 1995 (Stock Code: 2823)		
Investment in China	CCB Life Insurance Company Limited has already set up 19 branches and 131 sub-branches in mainland China		
Main Product Types	Individual life insurance, annuity, universal insurance, medical insurance, long-term health care insurance, accident insurance, group insurance, travel safety insurance, micro-insurance and investment-linked products		
Main Market	Taiwan		
Number and Distribution of Operating Channels	Seven customer service centers, six life insurance business departments, nine branch offices and 157 district offices. For a detailed list of locations refer to China Life's corporate website (www.chinalife.com.tw).		
Number of Employees	Office staff: 1,956 ; sales agents: 11,246		
Net Sales Revenue	Operating revenue: NT\$237,222,260,000; Premium income: NT\$191,139,213,000		
Total Assets	Equity(A)	NT\$81,072,097,000	(A)+(B)=1,323,711,458
	Liabilities(B)	NT\$1,242,639,361,000	

Note: For more information, refer to China Life's 2016 Annual Report (<https://www.chinalife.com.tw/wps/portal/chinalife/investor-relations/shareholder-service/shareholder-meeting>)

Key Sustainability Achievements in 2016

“We Share, We Link” represents not only a core value at China Life but also the essence of our sustainable operations. Relying on the three key elements of corporate governance, society and environment, China Life promotes the targets, strategies and plans needed for sustainable corporate development.

G Corporate Governance



Ethical Management and a Robust Organizational Structure

- Incorporated a **risk management information platform** that facilitates risk control.
- **Established the Protection and Management of Personal Information Committee.** The committee promotes, manages and monitors the effectiveness of personal information management systems (PIMS).
- Used ESG criteria (such as environmental protection, green energy, social investment, product responsibility, corporate governance) when screening potential investment targets. Findings were disclosed in research reports and used served as an important criterion when making investment decisions. Furthermore, regular CSR performance evaluations were conducted on invested companies.
- Announced the “Principles of Treating Customers Fairly in the Financial Service Industry” strategic policy.
- Revised the “China Life CSR Principles,” which are used to govern CSR.
- Encouraged suppliers to sign the “**Supplier Corporate Social Responsibility Guidelines.**” The commitment has been **signed by 100%** of China Life’s general procurement partners and construction and repair contractors.



Stable Operational Performance

- The RBC ratio remained **above 350%, leading all major insurers** in Taiwan.
- The only life insurance company to distribute a **cash dividend for the fourth year in a row.**
- Net profits rose to a record NT\$9.47 billion, translating to **EPS of NT\$2.73.**
- The percentage of shares held by foreign investors rose to **60.70%** at the end of 2016, up from 54.11% at the end of 2015.



Building a Robust Information Security System

- Implemented PIMS in accordance with BS 10012:2009, making China Life the first life insurer to bring PIMS to its district offices.
- Strengthened information security when SGS certified that China Life’s core internal systems and e-commerce platforms **meet ISO 27001:2013 information security management system requirements.**



Enhanced Policyholder Services

- Promoted an online insurance platform. China Life’s premium income from the e-commerce platform accounted for **48%** of all online life insurance sales in Taiwan.
- Established care counters for customers with special needs. The counters were used 237 times and **had a satisfaction rating of 99.5%.**
- A new friendly financial services page on the China Life website serves customers with disabilities and special needs.
- **House visits to the elderly and disadvantaged helped** with insurance purchasing, contract renewals and claim services.



Staff Cultivation, Education and Training

- Built an **e-learning platform** that provides diverse courses for employees to access anytime on a variety of digital tools.
- Started a **management associates plan** that uses two-year rotations to train a new generation of talented employees.
- Continued to implement the “IT Personnel Reserve Plan” in order to provide staff with the requisite technical skills and knowledge.
- In response to digital trends, conducted staff education and training in four areas: operations and management (including financial technology, or fintech), professional capabilities, new recruit training, and general and technical knowledge.
- Provided **diverse employee benefits aimed** at building a safe workplace, including an employee health management plan, finance and life insurance camps for children, and on-site health care.



Giving Back to Society Through Philanthropy

- Donated **NT\$10 million** to the Tainan city government to assist with rebuilding efforts following an earthquake that rattled southern Taiwan on February 6th, 2016.
- Held **534 charitable activities**, with volunteers contributing a **record 12,434.5 hours of work.**
- Micro-insurance beneficiaries rose to 6,759, offering further protection to low-income people.
- Over the four years since the start of the “Read Across 319 Townships” program in 2013, the number of participants **reached 4,200.**
- Charity fairs held before the Mid-Autumn Festival and the Lunar New Year for the **past nine years** have supported local farmers and disadvantaged groups.
- Donated secondhand computers to schools in rural areas and supported disadvantaged groups. This included sponsoring a European concert trip for the visually impaired a cappella group The Bleinders and a Yu-Cheng Social Welfare Foundation art competition for the mentally disabled.



Promoting Ecofriendly Action

- **Honored for excellence in green procurement** by the Department of Environmental Protection, Taipei City Government.
- In 2015 and 2016, total green procurement was **NT\$25.18 million.**
- Continued implementation of ISO 14064-1 greenhouse gas accounting.
- Created a green workflow that added e-service, e-notices and other tools to **save 1.91 million sheets of paper**, equivalent to **12,988 kg of carbon emissions.**^①

Note ① According to the Environmental Protection Administration’s Taiwan Product Carbon Footprint page, each sheet of Paper Star copy paper (A4, 80 g) requires about 0.0068 kg of carbon emissions to produce.

Chapter 1

Implement Sustainable Strategies for CSR



2017 Key Sustainability Goals

Formulate annual ESG goals and track implementation on a quarterly basis

Compile and publish the China Life CSR Report

The United Nation's SDGs

The CSR Committee regularly meets to plan China Life's blueprint for sustainable corporate development. It formulates sustainable development goals and strategies, and also tracks the implementation of ESG goals and sustainable development actions. It then publishes its progress in annual CSR reports to communicate with stakeholders about our performance and achievements.



Chapter Key Points

- ◆ Incorporation of the United Nation's new Strategic Development Goals (SDGs) into China Life's strategic planning. Each department uses the SDGs to establish environmental, social and corporate governance targets that support sustainable global development.
- ◆ More exhaustive information disclosure, including the identification of external opportunities and challenges, setting sustainable development strategies, and describing major capital inputs and outputs, while adhering to the spirit of the International Integrated Reporting Framework.
- ◆ Expanded analysis methods for material impacts on stakeholders. Key departments were included in the discussion to analyze the level of impact on stakeholders and related issues. High-level supervisors analyzed the impact on operations to further bolster the strength of the analysis.

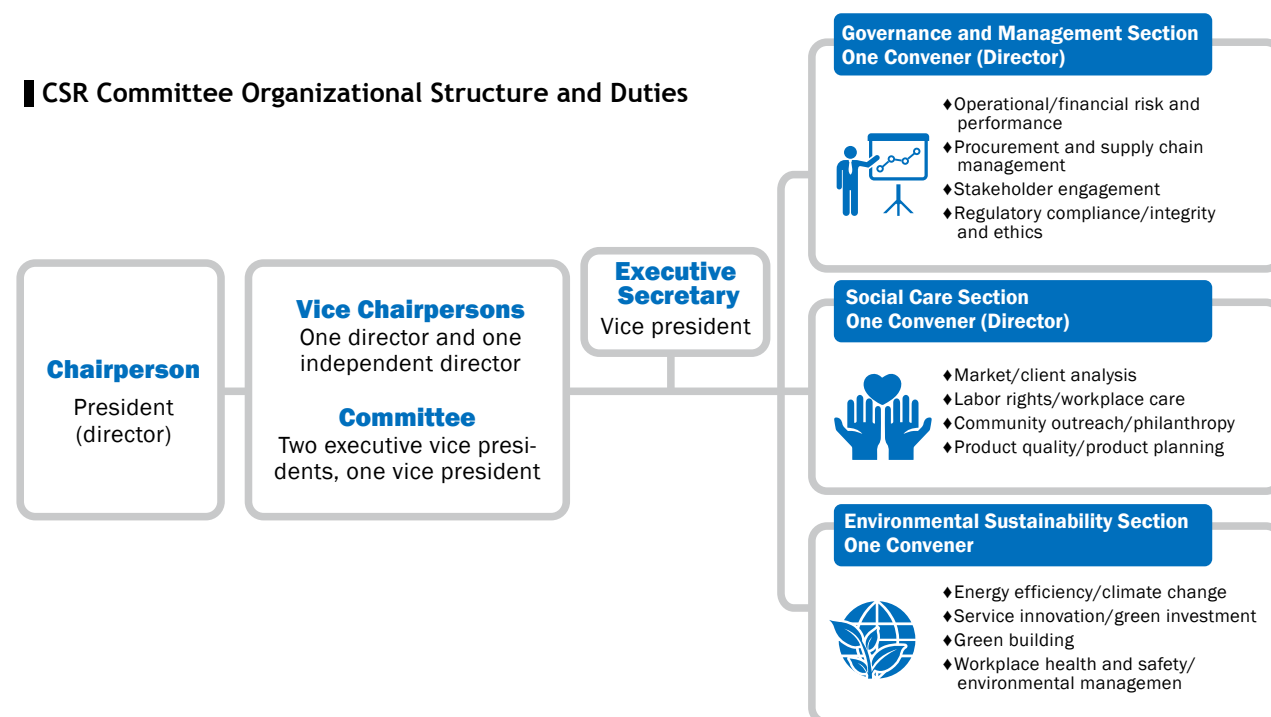
Understanding Sustainability Issues

A Commitment to Corporate Sustainability

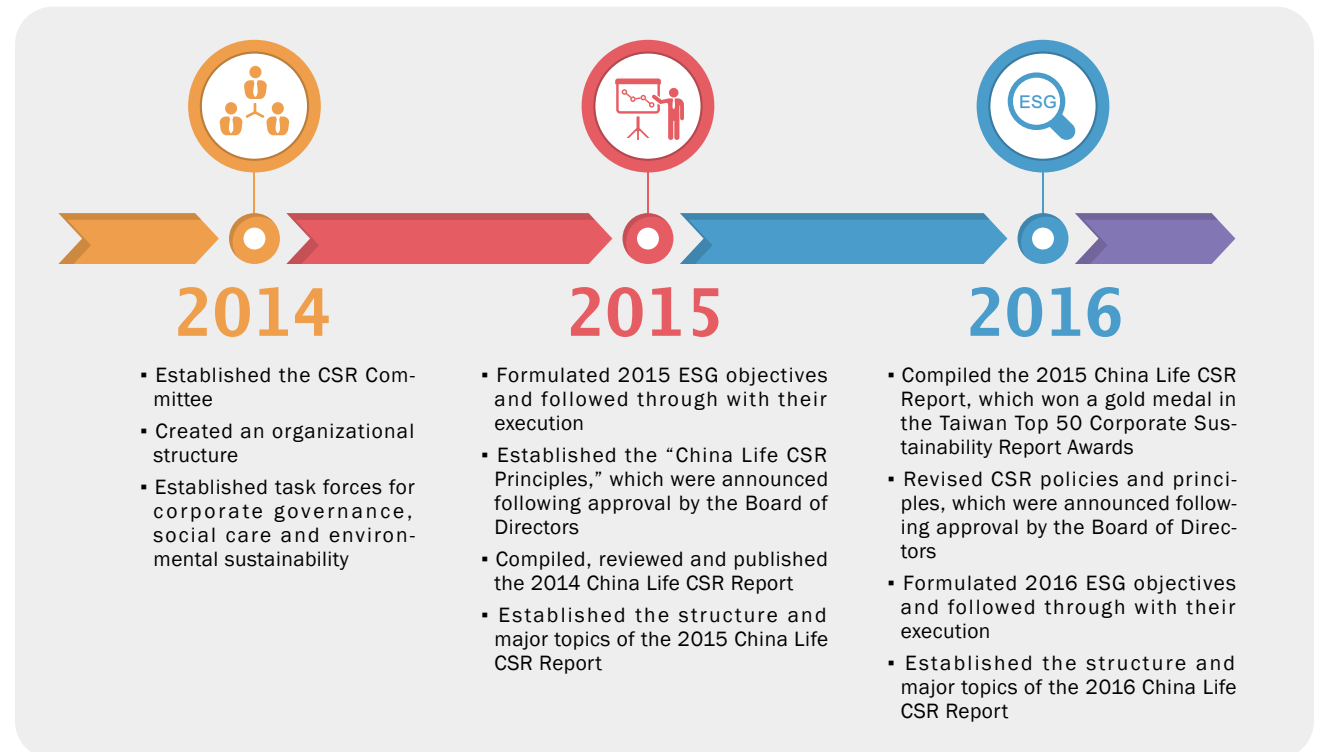
In 2014, China Life established the CSR Committee in order to achieve ESG sustainability goals and respond faster and more efficiently to ESG risks. Guided by a spirit of corporate sustainability, the committee promotes CSR across China Life's supply chain and investments.

CSR Committee rules require the presence of one chairperson (the president), two vice-chairpersons, three regular committee members and one executive secretary. Eighty percent of committee members must be China Life directors. The committee structure is closely aligned with the management and governance of China Life, and the committee reports annually to the Board of Directors so as to ensure effective oversight.

CSR Committee Organizational Structure and Duties



Advancement of China Life's CSR Committee

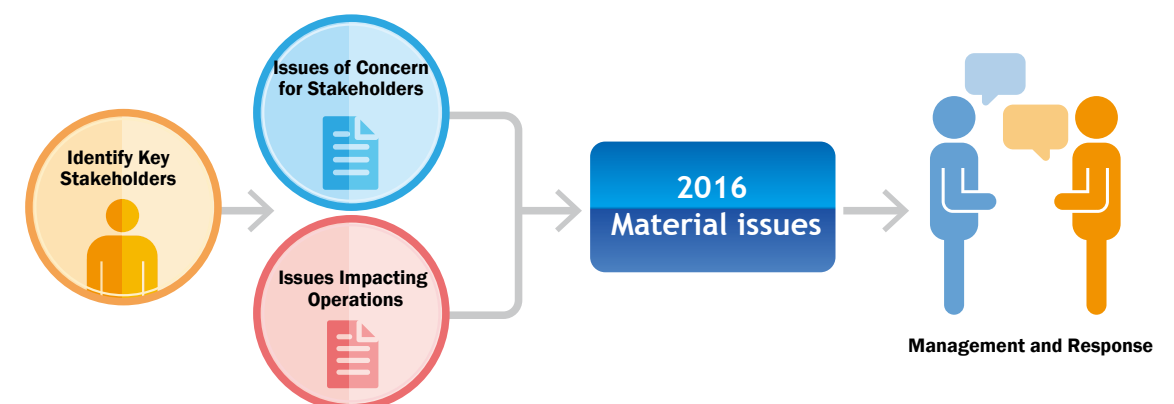


In 2016, the CSR Committee drafted the content and framework of China Life's 2015 CSR Report. The PR department was responsible for compilation, editing, review and submission. The report was awarded a gold medal in the finance and insurance category of the Taiwan Institute for Sustainable Energy's Taiwan Top 50 Corporate Sustainability Report Awards.

Over the course of three meetings in 2016, the committee revised our CSR policies and principles, and submitted these changes to the Board of Directors for approval. The committee also established the framework and major topics of the 2016 CSR Report, tracked implementation of 2016 ESG goals, and formulated ESG goals for 2017.

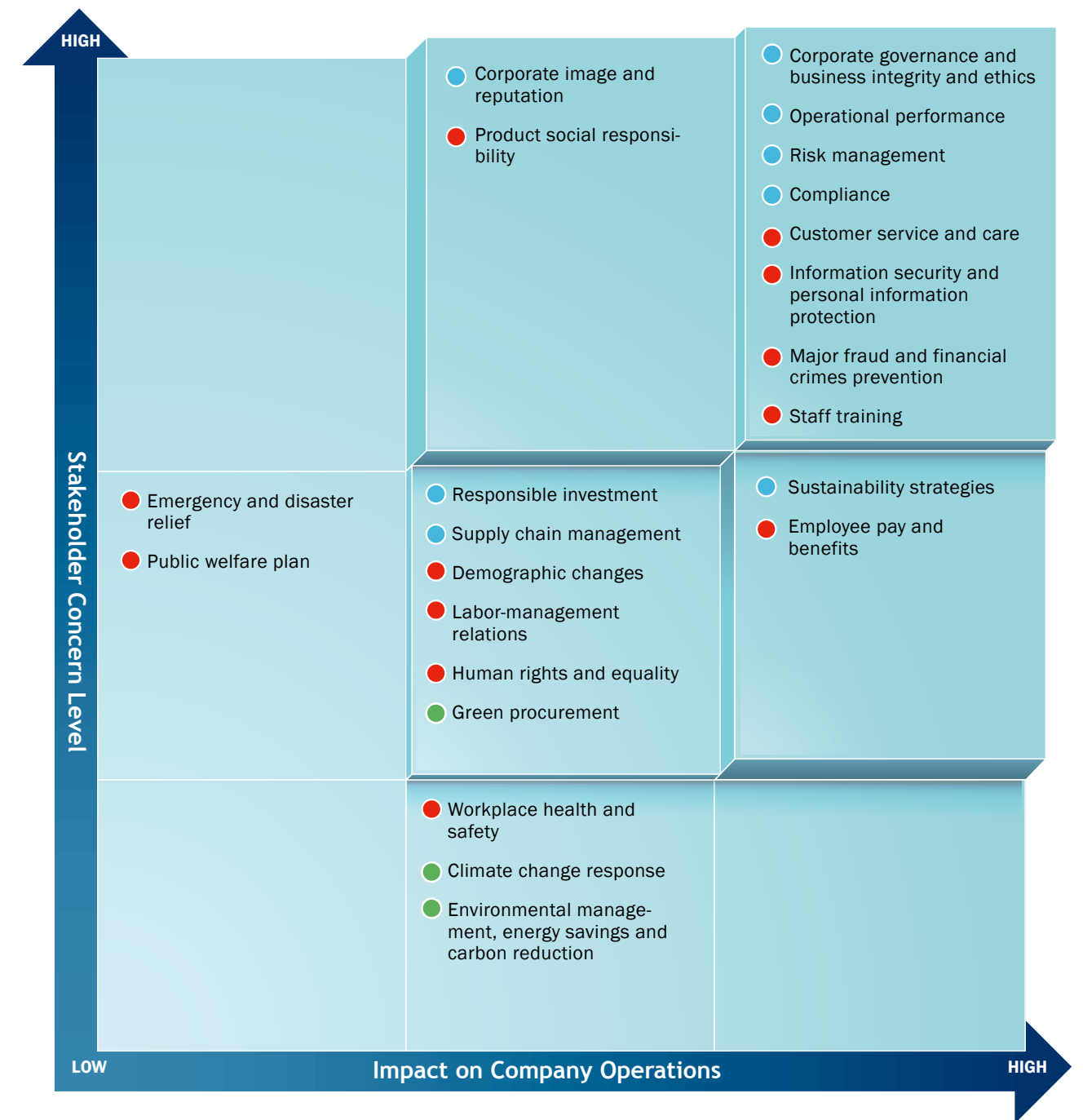
Managing CSR Issues

In the push to raise sustainability in our operations, in 2016 China Life continued to improve the managing of material issues by strengthening our identification workflow. After systematically identifying stakeholders that have an impact on operations, we determined material issues of concern for closely linked stakeholders, analyzed the degree of impact then disclosed findings. We also strengthened our management of related topics while taking concrete actions. This fulfilled our promise to deliver sustainable operations while working together with stakeholders to create greater value.



Identifying Material issues

In order to ensure that disclosed information meets the expectations of stakeholders, China Life referenced past analyses of material issues, international benchmarks and standards, insurance and finance industry properties, and international sustainability trends. We then revised sustainability issues for 2016 by designating corporate governance, environment and society as the major directions. We also surveyed stakeholders to further determine their degree of concern regarding each issue and each issue's impact on operations. Departmental discussions, together with analysis by executives at the vice president level and above, offered additional clarity. Finally, the CSR Committee examined the conclusions and the chairman gave final approval to 12 material issues: corporate governance and ethical management; operational performance; customer service and care; information security and personal information protection; major fraud and financial crimes prevention; corporate image and reputation; product social responsibility; compliance; risk management; sustainability strategies; staff training; and employee pay and benefits. In the interest of completeness, other issues are also disclosed throughout The Report.



● G : Governance Issues ● S : Social Issues ● E : Environmental Issues

Item No.	Approach	Material Issues	Meaning for China Life	Corresponding Chapter	Page(s)
1	Governance	Corporate governance and business integrity and ethics	China Life is committed to ethical management. We are devoted to developing a strong corporate governance system and excellent disclosure and transparency policies to meet the expectations of stakeholders.	CH2 Uphold – Prudent Governance and Ethical Management	41 ~ 52
2	Governance	Operational performance	Stability and growth of our operations are basic promises China Life makes to its shareholders and policyholders. Diverse products, prudent investments and strict risk management contribute to robust annual profits, innovations and advancement.	CH2 Uphold – Prudent Governance and Ethical Management	39 ~ 40
3	Governance	Risk management	In order to guarantee asset security, raise service quality and add value for shareholders, China Life has built a prudent risk management system. Comprehensive control measures include identifying, weighting, monitoring, responding to and reporting risk.	CH2 Uphold – Prudent Governance and Ethical Management	54 ~ 60
4	Governance	Compliance	All departments follow government rules and regulations and offer full disclosure of issues relating to environmental, product and labor laws.	CH2 Uphold – Prudent Governance and Ethical Management	50
5	Social	Customer service and care	China Life is committed to providing policyholders with top-quality service and considerate care. From product sales and after-sales service to complaint management, we work meticulously to ensure customer satisfaction.	CH4 Care – Building a Society for the Common Good	97 ~ 102
6	Social	Information security and personal information protection	China Life has invested heavily in information security and has built a personal information protection system in accordance with government requirements. Its rigorous approach to information security and personal information protection ensures that private personal information is secure, so customers' minds are at ease.	CH4 Care – Building a Society for the Common Good	105 ~ 108

Item No.	Approach	Material Issues	Meaning for China Life	Corresponding Chapter	Page(s)
7	Social	Major fraud and financial crimes prevention	In order to guarantee the rights of policyholders and assist crime prevention, China Life implemented a system to prevent insurance fraud. Included are measures to stop the financing of terrorism and money laundering.	CH2 Uphold – Prudent Governance and Ethical Management	58
8	Social	Staff training	China Life's most important asset is its staff. We therefore offer a comprehensive education, training and review system that fosters innovative thinkers with professional skills who are able to grow with the company.	CH3 Develop – Cultivating Professional Staff	70 ~ 79
9	Governance	Sustainable development strategies	China Life's pursuit of sustainability is based on forward-looking ESG strategies and planning. We have formulated short-, mid- and long-term targets and take action to implement CSR objectives.	CH1 Implement – Sustainable Strategies for CSR	28 ~ 34
10	Social	Employee pay and benefits	China Life pay and benefit packages are both fair and competitive. We want employees to be able to express their capabilities in a friendly workplace environment while receiving appropriate compensation.	CH3 Develop – Cultivating Professional Staff	80 ~ 89
11	Governance	Corporate image and reputation	While conducting operations, selling products and providing services, China Life adheres to its mantra: "We Share, We Link." This is how we maintain such an excellent reputation.	CH2 Uphold – Prudent Governance and Ethical Management	37 ~ 53
12	Social	Product social responsibility	From product design and development to marketing and sales, China Life carefully handles every product and policy. We offer insurance products designed for financially disadvantaged groups in order to advance inclusivity.	CH4 Care – Building a Society for the Common Good	93 ~ 96

New this year to our list of material issues is sustainable development strategies. China Life is deeply familiar with this topic as it is important to both external stakeholders and company executives. Each department establishes annual ESG goals that are used to develop mid- and long-term sustainable operations targets. These targets demonstrate China Life's determination and commitment, while paving the path to a new age of sustainability.

Material Aspects and Boundaries

Sustainable Development Approaches	Material Issues	G4 Aspects / Boundaries	Internal	External							
			China Life	Shareholders / Investors	Policy-holders	Regulators	Suppliers / Contractors	Media	Public Welfare Organizations/NGOs	Cooperative Channels	Institutions and Associations
Corporate Governance	Corporate governance and business integrity and ethics	Anti-corruption	●	●	●	●	●			●	●
	Operational performance	Economic performance	●	●	●		●		●	●	
	Risk management	Risk management	●	●	●	●				●	●
	Compliance	Compliance (product liability)	●	●	●	●		●		●	●
		Compliance (environment)	●	●		●					●
		Compliance (society)	●	●		●		●			●
Society	Customer service and care	Product and service labeling	●		●	●				●	●
	Information security and personal information protection	Customer privacy	●		●	●				●	●
	Staff training	Training and education	●		●	●				●	●
	Employee pay and benefits	Market image	●								
		Labor-management relations	●			●					●
		Employee diversity and equal opportunity	●			●					●
		Equal pay for men and women	●			●					●
		Anti-discrimination	●			●					●
	Product social responsibility	Products and services	●	●	●					●	
		Marketing and communication	●	●	●	●				●	●
		Product composition	●	●	●					●	

Management of Material Aspects

Corporate Governance

Economic Performance

Management Approaches China Life is committed to protecting the rights and interests of its policyholders, employees and shareholders. Therefore, our approach to domestic and foreign investing is to make long-term investments with stable income. We carefully analyze the risk/return of investment targets to distribute assets in line with our investment strategies and to build the best asset portfolio we can. We make direct investments in growth industries or mature industries with stable income sources, and choose projects based on their earning potential and solid financial structure. The stable income sources ensure the best guarantees for our policyholders, employees and shareholders.

Assessment Mechanisms and Management Performance

- In order to ensure stable operations and income, relevant departments are required to submit monthly investment management reports to head supervisors and the president. The reports include analysis, discussion and investment performance tracking. They strengthen the monitoring and control of investments and are used as a reference by staff making investment decisions.
- Key annual financial indicators.

Anti-Corruption

Management Approaches In line with international trends, in 2007 China Life implemented the “Ethical Corporate Management Best Practice Principles” and the “Ethical Corporate Management Conduct Guidelines” to prevent graft.

Assessment Mechanisms and Management Performance

- Department supervisors oversee anti-corruption education and training. Annual courses titled “Corporate Ethical Management and Morals” for office staff and “Ethical Management” for sales agents had 100% completion rates.
- Incidents suspected of violating management principles or conduct guidelines are recorded and reviewed. There were no such incidents in the year covered by this report.

Compliance (Social)

Management Approaches

- Legal compliance is a basic criterion of operations. China Life places great importance on compliance and has established a compliance unit that is directly overseen by the president. Staff use the “Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises” as a basis for planning, managing and implementing compliance systems.
- By monitoring fines that regulators levy on competitors, China Life is able to better its understanding of compliance risks.

Assessment Mechanisms and Management Performance

- Each year, compliance units build a compliance friendly environment, formulate annual compliance plans and draft compliance handbooks, in accordance with the “Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises.”
- Each unit monitors competitors’ violations and fines, then reviews internal policies. Improvements ensure that China Life avoids similar incidents.

Compliance (Environmental)

Management Approaches

- China Life established the Environmental Protection Committee, which is responsible for formulating environmental protection policy and setting the management scope for environmental protection and energy savings. The committee implements green ideas and manages compliance issues.
- Formulated the “Suppliers CSR Guidelines,” which expanded the company’s influence over suppliers and created a mechanism for joint emphasis of environmental topics.

Assessment Mechanisms and Management Performance

In 2016, China Life was not subjected to any penalties or fines for violating environmental protection rules or regulations.

Corporate Governance

Compliance (Product Liability)

Management Approaches

- In its product introductions, China Life reveals extensive information. Warnings and notices are clearly written in easy to identify colors, so consumers are clear about the terms of service as well as their rights and obligations.
- Product information is also available on the product page of China Life’s corporate website. Every effort is made to ensure that the information is clear and easy-to-understand in order to improve understanding among policyholders.

Assessment Mechanisms and Management Performance

In 2016, China Life was not subjected to any penalties or fines for violating product responsibility rules or regulations.

Social

Marketing and Communication

Management Approaches

- Products are planned with target customer groups in mind, then designed and developed in accordance with relevant laws and impartial principles. Actuaries ensure the products appeal to consumers while not exceeding reasonable corporate cost. China Life’s operational ambition is to achieve “integrity, professionalism and stability” while providing insurance that best fits policyholder needs.
- Product design, review and pre-sales processes are handled in accordance with the “Regulations Governing Pre-sale Procedures for Insurance Products” and other relevant legislation.

Assessment Mechanisms and Management Performance

In 2016, China Life was not subjected to any penalties or fines for violating marketing or communication rules or regulations.

Product Composition

Management Approaches

In 2015, nearly 200 countries signed the Paris Agreement, which aims to hold the increase in the global average temperature to well below 2°C above pre-industrial levels. Taiwan, meanwhile, is engaged in its own efforts to reduce carbon emissions, with plans to cut emissions by 20% by 2030. In light of these efforts, in 2016 China Life deepened its commitment to analyzing environmental impact during the product design and investment stages. We closely monitor environmental protection efforts, climate change, and demographic changes, while also heeding cultural, creative, and other social responsibilities in order to make responsible investments.

Assessment Mechanisms and Management Performance

- China Life follows the “Investment Policy and Operating Guidelines” in order to evaluate the corporate governance, environmental and social aspects of target investments. We invest in green energy, biotechnology, and cultural and creative industries via venture capital firms, and revise the guidelines in response to international trends and the direction of corporate sustainability strategies.
- Micro-insurance products are offered to vulnerable groups. Performance is tracked annually.

Product and Service Labeling

Management Approaches

Policyholders are important stakeholders. In order to ensure they receive excellent quality service, China Life has established policies and strategies for fair customer treatment in accordance with the Financial Supervisory Commission’s (FSC) “Principles of Treating Customers Fairly in the Financial Service Industry.”

Assessment Mechanisms and Management Performance

- In 2016, China Life continued to give satisfaction surveys to customers at our service counters. Approximately 99.5% of respondents gave their experience the highest possible score.
- Regular monitoring provides insight into rules and regulations that need to be revised. By the end of 2015, China Life had revised our methods for policyholder provider services.

Social

Customer Privacy

- Management Approaches**
- China Life established the Personal Information Protection and Management Committee to handle promotion, management and oversight of related mechanisms.
 - Implemented BS 10012 PIMS using the plan-do-check-act management method.
 - IT departments used ISMS and obtained ISO 27001 certification. In accordance with regulations, they established related boundaries to protect information and assets.
 - Reaffirmed privacy protection policies.

- Assessment Mechanisms and Management Performance**
- Internal audits, personal information self-checks and risk control self-assessments (RCSA) are used to inspect the strength of personal information protection and management systems.
 - Periodic internal audits, indicator measurements and risk assessments are used to find and correct problems.

Employee Diversity and Equal Opportunity, Equal Pay for Men and Women, Anti-Discrimination, Market Image, Labor-Management Relations

- Management Approaches**
- China Life's most valuable asset is its staff. The company's performance-based pay policy ensures that wage standards are competitive.
 - The CSR Committee oversees labor rights topics.
 - Courses to promote human rights policy are held each year.

- Assessment Mechanisms and Management Performance**
- An outside company is commissioned each year to review salaries. It examines each position grade within China Life then compares the salary and benefits to industry standards. Results are considered when making annual salary adjustments.
 - An employee training mechanism was established to teach human rights related issues.
 - Labor-management meetings are held each quarter for the two sides to discuss important topics.

Training and Education

- Management Approaches**
- Employee development is the engine behind China Life's growth. Courses offered in person and online provide in-depth, broad training opportunities to cultivate employees and managers at all levels who will lead China Life's advance and fulfill its promise of sustainable operations.
 - A special mechanism oversees employees who show strong results or potential in annual performance reviews. When opportunities arise, these employees are inserted into key positions or promoted to management.
 - Organizational planning and employee requests are considered for job rotations and assignments. These help to further cultivate staff.
 - Designated rules govern incentive programs for office staff that undergo professional testing. The rules provide rewards and subsidies for employees to obtain professional licenses.
 - Employee cultivation projects and planning accelerate the pace of employee development.

- Assessment Mechanisms and Management Performance**
- Training cost, classes, attendance, satisfaction rates, and test results are considered when reviewing the effectiveness of training and education courses. Findings inform future improvements and planning.
 - A yearly performance evaluation system examines the learning and growth of trainees.
 - Reviews take into account the number of employees to receive professional certification.
 - Employee cultivation projects conducted in 2016 included the "IT Personnel Reserve Plan," "Management Associates Plan" and "Key Talent Development Plan."

Environment

Product and Service Labeling

- Management Approaches**
- China Life hopes that by adopting green practices, we will be able to help protect the environment and make efficient use of the earth's resources while at the same time providing an excellent service experience to policyholders.
 - For communication with policyholders, e-newsletters and e-notices have replaced paper versions. China Life is also planning a digital service system that reduces paper use and fosters better habits among employees. One example includes encouraging employees to always use both sides of copy paper.

- Assessment Mechanisms and Management Performance**
- Each year China Life sets a target for paper saved. In 2016, by using e-notices and other e-services we were able to save 1.91 million sheets of paper.
 - The rate of two-sided printing on copiers and printers has reached 27%.

Strengthening Stakeholder Engagement

In 2016, China Life expanded methods of stakeholder identification. Department supervisors use the AA1000 Stakeholder Engagement Standard as a reference for systematically identifying stakeholder groups and the scope of engagement based on the following five attributes: responsibility, influence, tension, diverse perspectives and dependency. Following organization and analysis, the stakeholders are divided into nine main groups: regulators, employees, institutions and associations, policyholders, partnership distribution channels, shareholders/investors, suppliers/contractors, media, and public welfare groups/NGOs.

China Life uses a variety of channels to communicate with stakeholders and gain feedback, so we can quickly make relevant management changes and disclose the information needed for positive engagement.



Shareholders / Investors

Besides strong operational performance and stable growth, we strictly managed risk to maximize value for shareholders

Issues of Concern

Sustainability strategies / Corporate governance and business integrity and ethics / Compliance / Risk management / Operational performance

Engagement Approach

- Holding analyst meetings
- Holding annual shareholders' meetings
- Attendance at domestic and overseas investor conferences and roadshows
- Established an Investor Relations Department to reply to investor and analyst inquiries by telephone or email
- Updating important news and information on the Chinese-English bilingual investor relations page of China Life's corporate website

2016 Engagement Performance

- Held one annual analyst conference
- Held one annual shareholders' meeting; the attendance rate and rate of votes in favor of proposals from foreign shareholders both surpassed 60%
- Participated in 10 investor conferences, including three in Taiwan and seven overseas; joined 131 meetings and met with 229 institutional investors
- The percentage of shares held by foreign investors rose from 54.11% at the end of 2015 to 60.70% at the end of 2016
- Major information published in both Chinese and English; quarterly financial reports published in English on China Life's corporate website
- Since 2014, semi-annual financial reports have been published 15 days before the regulatory reporting deadline, a pioneering practice in the life insurance and financial holding industry; from 2014 to 2016, annual financial reports were published one month before the regulatory reporting deadline and within two months after the end of the fiscal year, giving investors timely and adequate information and meeting the standards of advanced nations
- The 2016 annual general shareholders' meeting agenda handbook, supplementary information and annual report were all published 9 to 11 days before the regulatory deadline



Policyholders

In order to satisfy the needs of various policyholders, we offer diverse and high-quality insurance products with considerate after-sales service

Issues of Concern	Customer service and care / Operational performance / Sustainability strategies / Corporate / image and reputation / Information security and personal information protection
Engagement Approach	<ul style="list-style-type: none"> Publishing a monthly digital newsletter for policyholders which contains policyholder news, hot topics, financial tips and health information Communicating face-to-face with policyholders at nationwide service counters Provide a free customer service hotline (0800-098-889), website comment section, postal and fax customer service, and customer complaint channels operated by dedicated employees
2016 Engagement Performance	<ul style="list-style-type: none"> In 2016, published 12 digital newsletters for policyholders Counter service satisfaction surveys began in June 2015; in 2016, 99.5% of customers gave the highest possible score for customer satisfaction In 2016, special care counters added for customers with special needs were used 237 times



Employees

The company's most important asset is our staff; to cultivate good employees, the company offers training plans and generous pay and benefit packages

Issues of Concern	Operational performance / Labor-management communication / Staff training / Employee pay and benefits / Sustainability strategies
Engagement Approach	<ul style="list-style-type: none"> Labor-management meetings are held every quarter Plan diverse education and training programs Added an employee suggestion box An internal publication targeting employees is published monthly Online communication channels include the digital interactive platform Top Force Network, the i-Link app, and hiBox e-mail Complaint channels and information are listed on the company's internal website; employee complaints are handled in accordance with the "Labor Inspection Act"
2016 Engagement Performance	<ul style="list-style-type: none"> Labor-management meetings were held a total of four times to discuss issues relating to annual health check-ups, changes to the salary grading table for labor insurance, distribution of work hours, and appointment of labor representatives to the Occupational Health and Safety Management Committee; agreements were reached following extensive discussion In 2016, a total of 12 Employee Corner magazines were published In 2016, there were nine labor inspections; scope ranged from life insurance and special projects to work attendance management; after handing over information to labor bureau officials, China Life passed all inspections If significant changes to company operations involve dismissing a large number of workers, China Life shall submit a written plan to notify regulators and labor representatives 60 days in advance; the notice shall be disclosed publicly Worker complaints are tracked and recorded; reviews and improvements are made regularly



Regulators

We engage in ethical management of our life insurance business and comply with all rules and regulations

Issues of Concern	Compliance / Risk management / Prevention of major fraud and financial crimes / Information security and personal information protection / Corporate governance and ethical management
Engagement Approach	<ul style="list-style-type: none"> Dedicated staff conduct routine communication via email, documents (letter) and meetings Information and data is disclosed to regulators to assist with oversight and inspections Proactive visits to regulators are made to report on significant issues
2016 Engagement Performance	<ul style="list-style-type: none"> Regulators issued two notices on personal information protection between June and November 2016; requests were completed by the end of January 2017 Complied with a regulator's request for a review of financial businesses by providing relevant information Declared auditing plans and progress to regulators At least one report per year on operations of invested companies in mainland China is made to the FSC's Insurance Bureau; related information is given to the bureau as needed



Suppliers / Contractors

We actively manage our supply chain and jointly implement CSR commitments with suppliers

Issues of Concern	Supply chain management / Green procurement / Workplace health and safety / Sustainability strategies / Corporate governance and business integrity and ethics
Engagement Approach	<ul style="list-style-type: none"> Annual selection meetings are convened to update the list of qualified construction and repair contractors Information is disclosed on the "Supplier CSR Section" of China Life's corporate website Suppliers are urged to sign the "Supplier CSR Commitment" In tender, negotiation and contract signing meetings, priority is given to procuring products that are certified as green
2016 Engagement Performance	<ul style="list-style-type: none"> We ended dealings with 25 construction and repair suppliers and added 26 new suppliers, bringing the total number of approved suppliers to 91 In 2016, a supplier CSR section was added to China Life's corporate website; China Life works with suppliers to fulfill CSR promises In 2016, 100% of general suppliers and construction and repair suppliers signed the "Supplier CSR Commitment" In 2016, China Life's green procurement was NT\$9.56 million; the Department of Environmental Protection of Taipei City Government also awarded the company with an award for excellence in green procurement



Media

We maintain good media relations and provide press releases to strengthen our brand image

Issues of Concern	Corporate image and reputation / Operational performance / Product social responsibility / Corporate governance and business integrity and ethics / Risk management
Engagement Approach	<ul style="list-style-type: none"> We hold media conferences and issue press releases Press releases describe newsworthy events and key issues for media reference The media is provided with necessary documents and information; interviews with spokespeople and supervisors facilitate news production The public relations department regularly communicates with the media via e-mail, phone and communication apps
2016 Engagement Performance	<ul style="list-style-type: none"> Held one public media event Issued 90 press releases that led to 2,168 mentions in the media and 100% positive coverage Provided articles or data and arranged interviews with spokespersons for 277 reports To cope with an ageing population and middle-aged and older people falling below the poverty line, we offered customers information on how to plan for and guarantee medical treatment, long-term care and retirement planning; this knowledge promoted social awareness of risk management China Life's public relations department was praised by the media for its professionalism, attention to detail, attentiveness and high volume of document submission



Public Welfare Organizations / NGOs

Sponsored social activities held in conjunction with public welfare organizations in order to give back to society

Issues of Concern

Corporate image and reputation / Emergency disaster relief / Public welfare plans / Demographic changes / Product social responsibility

Engagement Approach

- Promote public welfare plans and cooperation
- Participate in government-run public welfare events
- Conduct corporate volunteer activities

2016 Engagement Performance

Organized and participated in 534 public welfare and volunteer activities; communicated with over 13.94 million people through these events



Partnership Distribution Channels

Cultivated close relations with all cooperative channels; excellent products led to win-win situations

Issues of Concern

Corporate image and reputation / Operational performance / Product social responsibility / Sustainability strategies / Customer service and care

Engagement Approach

Dedicated staff maintain communication with partner channels via e-mail, telephone and meetings

2016 Engagement Performance

- In 2016, cooperated with 26 banks and 12 securities firms
- Premium income from bancassurance channels reached NT\$55.69 billion over the full year; sales of regular premium reached NT\$15.85 billion



Institutions and Associations

Participated in research on insurance-related topics carried out by various industrial institutions and associations; adhered to related association scopes

Issues of Concern

Product social responsibility / Compliance / Prevention of major fraud and financial crimes / Client service and care / Information security and personal information protection

Engagement Approach

- Everyday communication conducted using emails, official documents and phone calls
- Participated in Life Insurance Association meetings
- Publicize life insurance association money laundering prevention, government policies and decrees and conduct related education and training
- Joined research meetings on the latest monitoring policies and accounting mechanisms

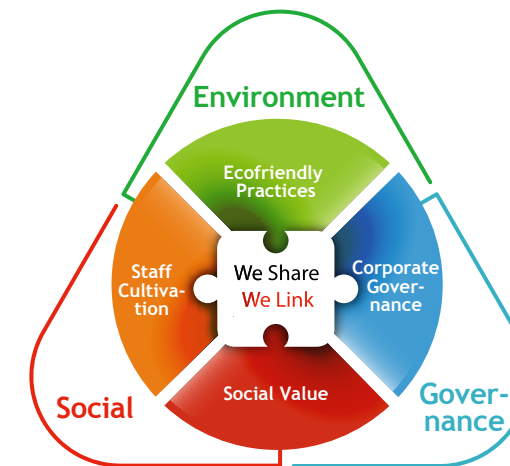
2016 Engagement Performance

- We provide annual reports on money laundering prevention education and training to life insurance associations
- Assisted monitoring agencies with policy research and passed on experience data to aid insurance industry innovation and progress; makes recommendations for improving monitoring and accounting systems from a company's perspective

Operational Philosophy and Development Strategies

Sustainable Development Goals

“We Share, We Link” is not only a core value of China Life but also the spirit behind our sustainable development. China Life has always believed that achieving CSR requires combining professional capacity and resources to make a greater positive impact on society. China Life’s vision is to “create the greatest benefits and value for policyholders, shareholders, employees and society in order to become the most reliable insurance company in Taiwan.” We aim to create comprehensive corporate governance and risk management mechanisms in order to minimize operational risk. The CSR Committee responds to the concerns of key stakeholders as it fosters sustainable development value from ESG perspectives. Combined, these efforts fulfill the promise of sustainable operations.



The life insurance industry has its finger on the pulse of society. Whether the ageing population, the widening wealth gap or climate change, the industry knows that anything that affects the environment, society or lifestyles and health could also impact our operations. Therefore, besides responding to the needs and benefits of stakeholders, we watch for problems in society and the environment and use our influence to give back to society by creating value.

China Life boasts many professional advantages that make it unique in the life insurance industry. It uses media reports, lectures and industrial-academic activities to clarify insurance concepts with the general population and close the insurance knowledge gap. As China Life helps customers prevent, distribute and transfer risk, we raise our own professional reputation. In terms of public welfare, China Life defies the myth that businesses only do charity to improve their image, instead holding fast to the views that people are central to the insurance industry and that care is insurance’s original motivation. China Life reads the pulse of society then promotes “public welfare based on current trends.” It uses education and cultivation, support for the disadvantaged, and ecofriendly measures to reduce the impact of an ageing population, climate change and the wealth gap. Finally, faced with resource shortages and environmental problems, China Life saves energy and uses green operational methods to enhance the positive impact of everyday operations.

In addition, in response to the 17 SDGs released by the UN in 2016, China Life has identified the nine SDGs that have the most direct impact on our operations. It then developed operational goals and policies to achieve sustainable development and management.

3

GOOD HEALTH
AND WELL-BEING

China Life Sustainability Strategies

- ◆Promote employee health management activities, including health lectures, corporate vegetarian days and Fat Combat Camps. Provide employees with a workplace environment conducive to health.

Corresponding Chapter(s) :
CH3 Develop – Cultivating Professional Staff

1

NO
POVERTY

China Life Sustainability Strategies

- ◆Expand micro-insurance to serve more disadvantaged groups. Provide basic coverage for accidental death or disability to lower the impact of accidents on household finances.
- ◆Combine corporate resources with the special characteristics of vulnerable groups to increase self-reliance among the vulnerable. This type of support will encourage the vulnerable to use their talents to earn a stable income.

Corresponding Chapter(s) :
CH4 Care – Building a Society for the Common Good

16

PEACE, JUSTICE
AND STRONG
INSTITUTIONS

China Life Sustainability Strategies

- ◆Ethical management and performance reviews of the Board of Directors continue. China Life also cooperates fully with regulator requests relating to the prevention of money laundering and terrorism financing, as well as the implementation of risk prevention plans.
- ◆IT investment was expanded to include ISO 27001 certification. At the same time, in accordance with BS 10012, China Life introduced PIMS. These advances led to comprehensive information security and protection and management of personal information.

Corresponding Chapter(s) :
CH2 Uphold – Prudent Governance and Ethical Management
CH4 Care – Building a Society for the Common Good

13

CLIMATE
ACTION

China Life Sustainability Strategies

- ◆In response to climate change and to combat global warming, China Life has set targets for annual reductions in electricity usage and greenhouse gas emissions.
- ◆Constructing green buildings to lower environmental impact. For example, the Taipei Academy development project is a candidate for a Gold Class Green Building Label.

Corresponding Chapter(s) :
CH5 Initiate – Advocating Friendly Environments

12

RESPONSIBLE
CONSUMPTION
AND PRODUCTIO

China Life Sustainability Strategies

- ◆The CSR Committee meets regularly to plan China Life’ s blueprint for sustainable development. Each year it publishes a CSR report that communicates sustainable performance and achievements to stakeholders.
- ◆Green service workflow helps to preserve natural resources and raise the resource usage rate. Efforts include reducing paper usage and increasing the recycling rate.
- ◆Suppliers are invited to sign the “Supplier CSR Commitment” in order to raise sustainability levels throughout the service supply chain.

Corresponding Chapter(s) :
CH1 Implement – Sustainable Strategies for CSR
CH5 Initiate – Advocating Friendly Environments

10

REDUCED
INEQUALITIES

China Life Sustainability Strategies

- ◆Increased investment in supranational organization bonds as a way of indirectly supporting infrastructure and social projects in developing nations, including projects targeting water resources, traffic, energy and human rights.
- ◆Conducts responsible investing by using CSR as a criterion when assessing investment targets. Invests in companies that value ESG principles and discloses related findings in research reports. Regular CSR performance reviews are conducted on invested companies. Adjustments to internal investment policies and decision-making scope are made based on changes and trends in domestic and foreign regulations.

Corresponding Chapter(s) :
CH2 Uphold – Prudent Governance and Ethical Management

8

DECENT WORK AND
ECONOMIC GROWTH

China Life Sustainability Strategies

- ◆Planned a management associates plan and the “IT Personnel Reserve Plan” to provide young employees with a strong, competitive work environment.
- ◆Continued to implement plans for employee cultivation and development. Total training hours and training hours per employee both increased. Also, in response to technological development trends, China Life built a digital learning platform that helps equip employees for the digital age.

Corresponding Chapter(s) :
CH3 Develop – Cultivating Professional Staff



Opportunities and Challenges

Domestic laws, foreign regulations, technology, demographics, and the climate are changing rapidly. China Life is keeping close watch so we can manage risks and identify opportunities. By monitoring and responding to the external environment, we pave the way to sustainable development and provide stakeholders with comprehensive information and services.

External Environment Opportunities and Challenges

- Emerging technology use
- Mature e-commerce platforms
- Adjustments to the directions for e-commerce operation

China Life Response

- Evaluates e-commerce market trends and studies consumer habits in order to design products that appeal to a new generation of consumers. These products allow China Life to expand the digital market and provide policyholders with more convenient, diverse product choices.
- Launch of the e-policy online issuance system reduced paper use and improved efficiency of policy issuance.
- Accelerated growth of e-commerce insurance led to more than 30,000 online members. In 2016, China Life's premium income from our e-commerce platform accounted for 48% of all online life insurance sales in Taiwan.

Society

External Environment Opportunities and Challenges

Demographic changes / Ageing population / Lower birth rate / Aged society / Reduction in the labor force population / Increased financial burden / Decreased economic growth / Changes to consumer behavior / Increase in elderly care needs

China Life Response

- With the population ageing, to prevent policyholders from facing economic hardship due to sickness in old age and to help elderly patients receive the care they need, in 2016 China Life introduced a special new product for injury and illness. Besides continuing to offer insurance for hospitalization, surgery and cancer coverage it strengthened long-term care products for patients facing certain diseases, incapacitation, dementia or physical or mental disability.
- While continuing to monitor changes to the population structure, China Life places great importance on the economic burden faced by the elderly, household elderly care and community elderly care. While focusing on insurance products and care for the elderly, China Life also offers comprehensive, diverse products that facilitate medical and long-term health care for policyholders.

External Environment Opportunities and Challenges

- Scarce education resources in rural communities
- The urban-rural development gap has led to a relatively high percentage of children in rural communities who are economically disadvantaged. There are more instances of children being raised by their grandparents; household imbalances; lack of cultural understanding; or a lack of everyday necessities.

China Life Response

- The "Read Across 319 Townships" program has injected resources into elementary schools in rural communities, raised education standards and decreased the urban-rural development gap.



Environment

External Environment Opportunities and Challenges

Climate change / Increase in the frequency and strength of natural disasters / Global warming / Rising temperatures / Increase in communicable diseases / Drought and bitter cold / Agricultural growth problems / Losses to agriculture, fisheries and personal property

China Life Response

- Charity fairs promote group buying of products made in hospitable environments by small-scale farmers. These channels help farmers to maintain a stable source of income.
- Health and hygiene messages are spread among employees and policyholders during peak seasons for communicable disease.

External Environment Opportunities and Challenges

Environmental protection / Green consumer trends / Green procurement

China Life Response

- Responded to the government's advocacy of green procurement by prioritizing the purchase of certified-green products.
- In 2016, NT\$9.56 million was spent on green procurement.



Corporate Governance

External Environment Opportunities and Challenges

- Legal enforcement by regulators
- Fees for insurance products should be sufficient, reasonable and fair
- Pricing for personal accident insurance should be more reasonable

China Life Response

- Acts in accordance with laws enforced by regulatory agencies by revisiting product design to ensure that products and development processes adhere to legal stipulations. Offers new insurance products that better meet market demands. By increasing diversity, these products provide additional benefits to policyholders.
- Acts in accordance with laws enforced by regulatory agencies to give policyholders the chance to make appropriate plans of protection based on need and to increase benefits.

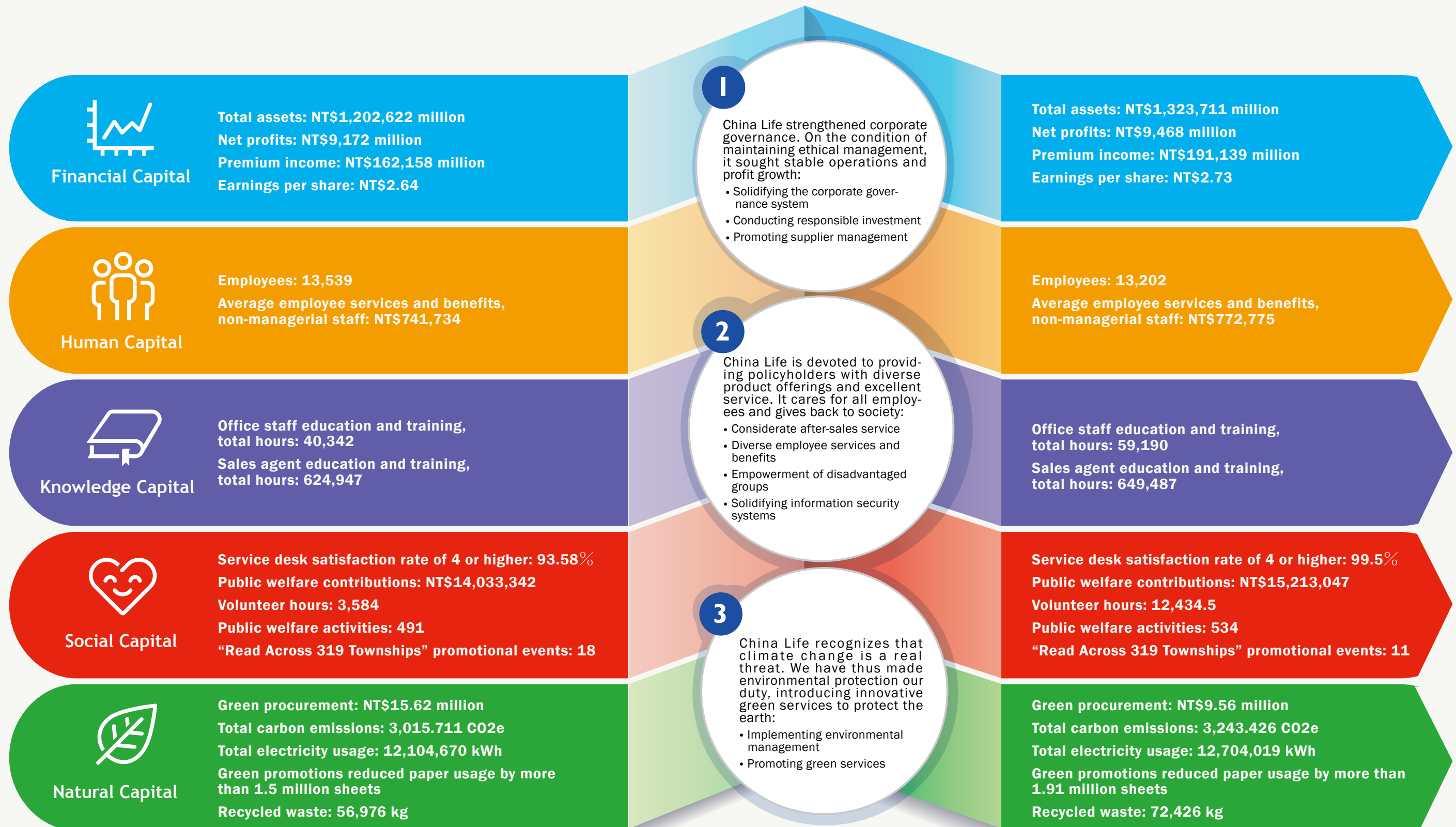


New Resource Allocation and Business Model

2015 Capital Invested

Strategic Plan

2016 Capital Output



Note: As a life insurance company, China Life requires high capital investments in human resources and knowledge to create value. Our main products and services are life insurance products, so we do not focus on disclosure of manufactured capital.

Chapter 2

Uphold Prudent Governance and Ethical Management



2017 Key Sustainability Goals

Better Money Laundering Prevention and Counter-Terrorism

- Evaluate risk of money laundering and terrorism financing

Responsible Investing to Support Sustainable Industries

- Use CSR principles to evaluate investment targets; China Life not only invests in companies that value ESG principles but also regularly evaluates their CSR performance; findings are disclosed in research reports and serve as an important consideration when making investment decisions
- Invest in the bonds of supranational organizations to support infrastructure development and social projects in developing nations, including projects targeting water resources, traffic, energy and human rights
- Attend shareholders' meetings of invested companies to ensure proper use and management of policyholders' assets; China Life's attendance rate is around 95%
- Adjust internal investment policies and decision-making scope based on changes to domestic or foreign laws, as well as global trends

Strengthen Corporate Governance and Ethical Management to Fulfill Commitments Made to Shareholders

- Evaluate the performance of the Board of Directors at least once a year
- Strengthen the understanding and awareness of ethical management concepts among employees and external stakeholders
- Continue to participate in corporate governance evaluations of TWSE/GTSM listed companies (fourth year)

The United Nation's SDGs

China Life has always adhered to ethical management values and sought to fully comply with regulator demands. We established both the "Ethical Corporate Management Best Practice Principles" and "Ethical Corporate Management Conduct Guidelines." We created mechanisms to prevent corruption and improper transfer of benefits. Following government policy, we established the "Comprehensive Money Laundering and Terrorism Financing Risk Analysis and Prevention Plan." In terms of corporate governance, we understand that accountability and transparency are a vital part of ethical management. Our investments include purchasing the bonds of supranational organizations, which helps fund infrastructure projects that raise the quality of life in developing countries, thus reducing inequality between nations.

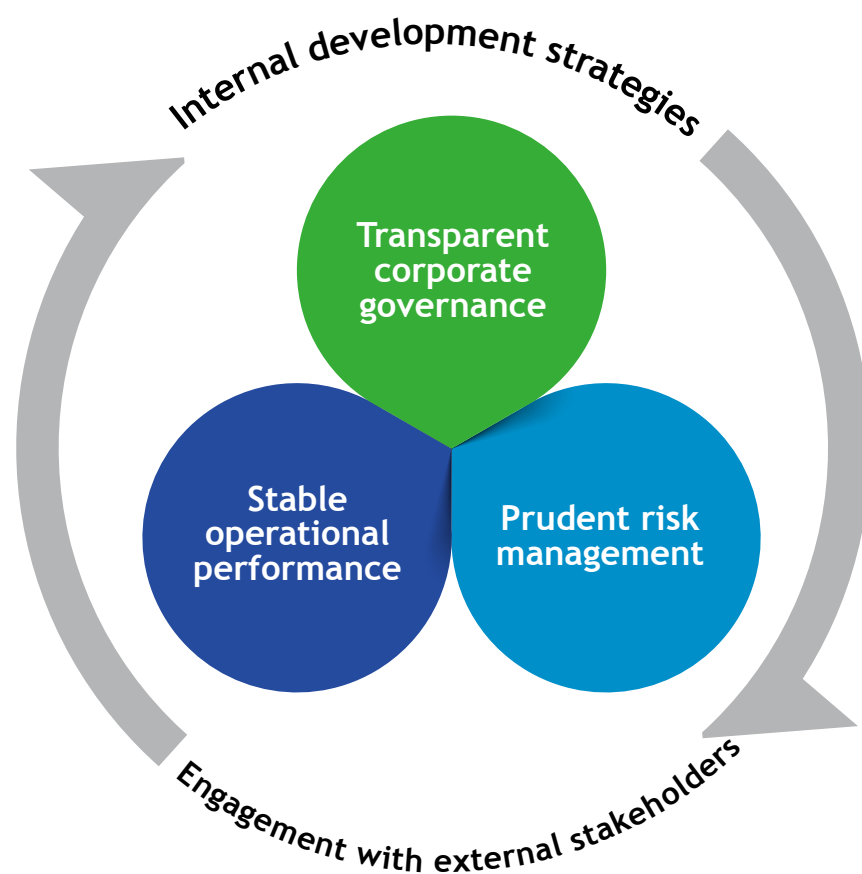


Chapter Key Points

- ◆ The only life insurance company to rank among the top 5% of the Corporate Governance Evaluation Awards for three consecutive years
- ◆ Awarded the highest grade in the Taiwan Corporate Governance Association's CG6010 (2015) Corporate Governance System Review
- ◆ Maintained the twAA long-term issue credit rating
- ◆ 100% completion rate of performance evaluations and self-assessments by the Board of Directors, functional committees, and individual board members, as well as peer reviews of individual board members
- ◆ Plans for a new Risk Management Information Platform, which will allow us to more accurately assess risk

Introduction

China Life has always insisted on business integrity and ethics. It is the foundation of our engagement with stakeholders and a natural extension of the values we promise to shareholders, policyholders and employees. It not only drives corporate growth but also serves as a building block for sustainable development. In terms of management and corporate governance, integrity is a core value of every operation we undertake and a tool for identifying and responding to internal and external risks. We use integrity to ensure people's rights and interests and to continue the remarkable business growth that has made our company a model member of the life insurance industry.



- 01 Agents**

In 2016, China Life launched online insurance applications and an e-document system. E-documents aid in our efforts to reduce paper waste and make policy-making and delivery more efficient. Policyholders benefit from a more comprehensive, diverse user experience.
- 02 Bancassurance**

We offer a diverse range of high-quality bancassurance products that provide comprehensive protection, along with retirement planning and wealth-building products, to satisfy all customers' insurance needs.
- 03 E-commerce**

Besides continuing to sell travel safety insurance and accident insurance, on May 16, 2016, China Life pioneered the online sale of interest-sensitive annuity, opening a new online market for financial planning products. Now customers can conveniently go online to buy insurance, plan for their retirement or children's education, and more.
- 04 Brokers**

Our diverse range of products encourages leading medium- and large-scale brokers to cooperate with us as long-term partners. Working together closely raises the quality of service and enables our partners and us to succeed.
- 05 Financial Services**

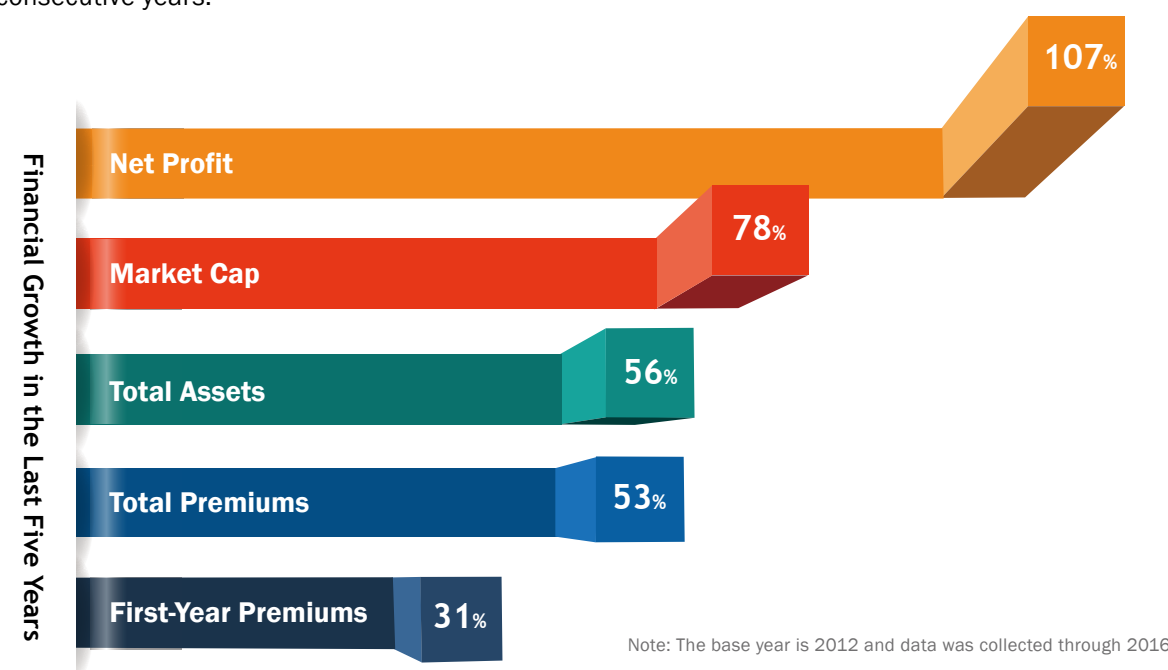
The Financial Services Department has developed new digital services available on our mobile platform. Advanced, thoughtful and fast assistance provides personalized VIP-level services to high net-worth individuals.
- 06 Group Insurance**

Corporate clients benefit from comprehensive group insurance planning. Visits to our business customers bolster the market by strengthening relations with policyholders and providing comprehensive, fast and convenient services.

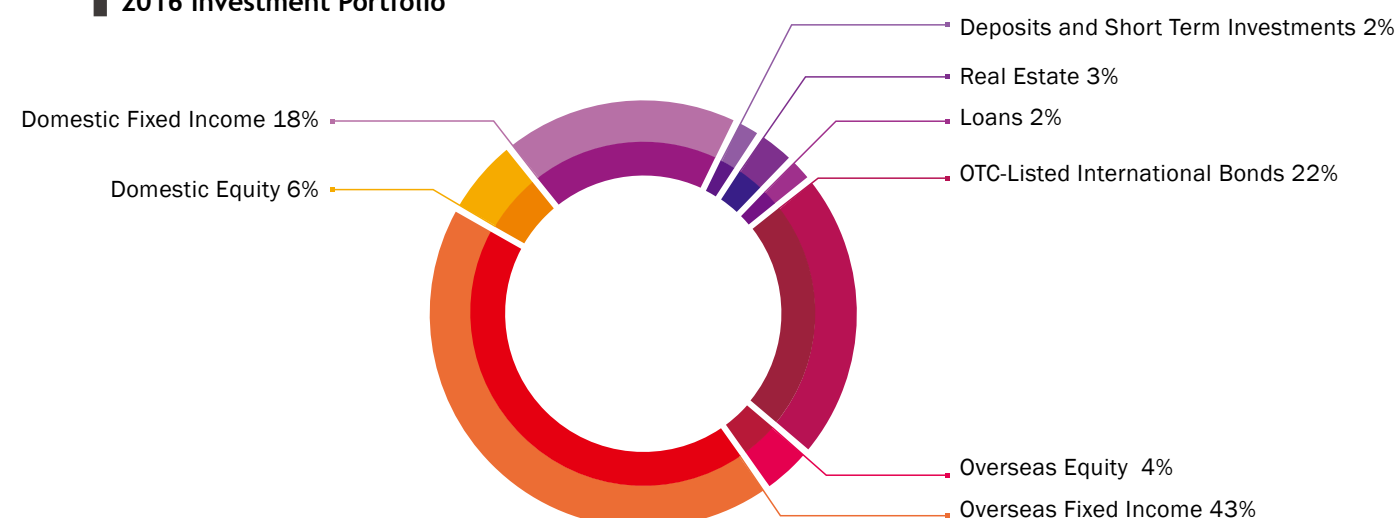
Stable Operational Performance

Financial Performance

In 2016, China Life again achieved record profits. First-year premiums and total premiums grew by 9% and 18%, respectively, to NT\$90.63 billion and NT\$191.14 billion. Net profits rose 3% to NT\$9.47 billion, for EPS of NT\$2.73, while market value was NT\$111.33 billion, and total assets were NT\$1.3 trillion at the end of 2016. Over the past five years, premiums, market value and assets grew by over 50%, while net profits more than doubled. The excellent performance is a direct result of our commitment to stable operations. China Life spares no efforts in developing products that cater to different groups and thus boosts sales. Our promise of financial stability, which protects the rights of policyholders and shareholders while ensuring healthy capital adequacy as well as appropriate asset and liability management, has gained recognition from regulators. It has also enabled China Life to become the only life insurance company in Taiwan to pay cash dividends for four consecutive years.



2016 Investment Portfolio



Key Financial Performance Indicators

Unit: NT\$ millions

	2016.12.31	2015.12.31	2014.12.31
Total Assets	1,323,711	1,202,622	1,107,268
Net Profits	9,468	9,172	6,512
Total Market Value	111,334	84,339	79,860
Total Premiums	191,139	162,158	154,455
First-Year Premiums	90,627	83,143	83,888

Economic Value Generated and Distributed

	2016	2015	2014
Operating Revenues	237,222,260	203,925,508	193,631,190
Net Profits	9,468,357	9,171,902	6,512,806
EPS (NT\$)	2.73	2.64	1.88
Value Distributed to Stakeholders			
Employee Pay and Benefits ①	2,600,650	2,386,948	2,116,636
Dividends			
Stock Dividend Payment (Surplus Year) ②	3,126,384	1,336,133	3,036,497
Cash Dividend Payment (Surplus Year)	2,779,008	2,004,088	1,214,599
Cash Dividend Per Share (NT\$)	0.8	0.6	0.4
(Refund) Income Tax Expense	(39,334)	702,298	386,275

Unit: NT\$ thousands

① The figures are listed according to employee benefits (categorized into operating expense) in the financial report

② Includes capital surplus transferred to capital and allotment

③ For more details of financial performance, refer to the 2016 China Life Financial Report. The report can be found on China Life's corporate website in the financial information section of the investor relations page (<https://www.chinalife.com.tw/wps/portal/chinalife/investor-relations/financial/financial-report>)

Premium Income by Product Type

	2016	2015	2014
Life Insurance	149,201,003	113,051,099	99,344,916
Accident Insurance	2,864,789	2,840,381	2,116,636
Health Insurance	17,970,880	18,661,260	18,178,551
Annuities	21,102,541	27,605,658	34,211,523
Total	191,139,213	162,158,398	154,454,879

Unit: NT\$ thousands

Note: Investment-linked products are classified to life insurance and annuity

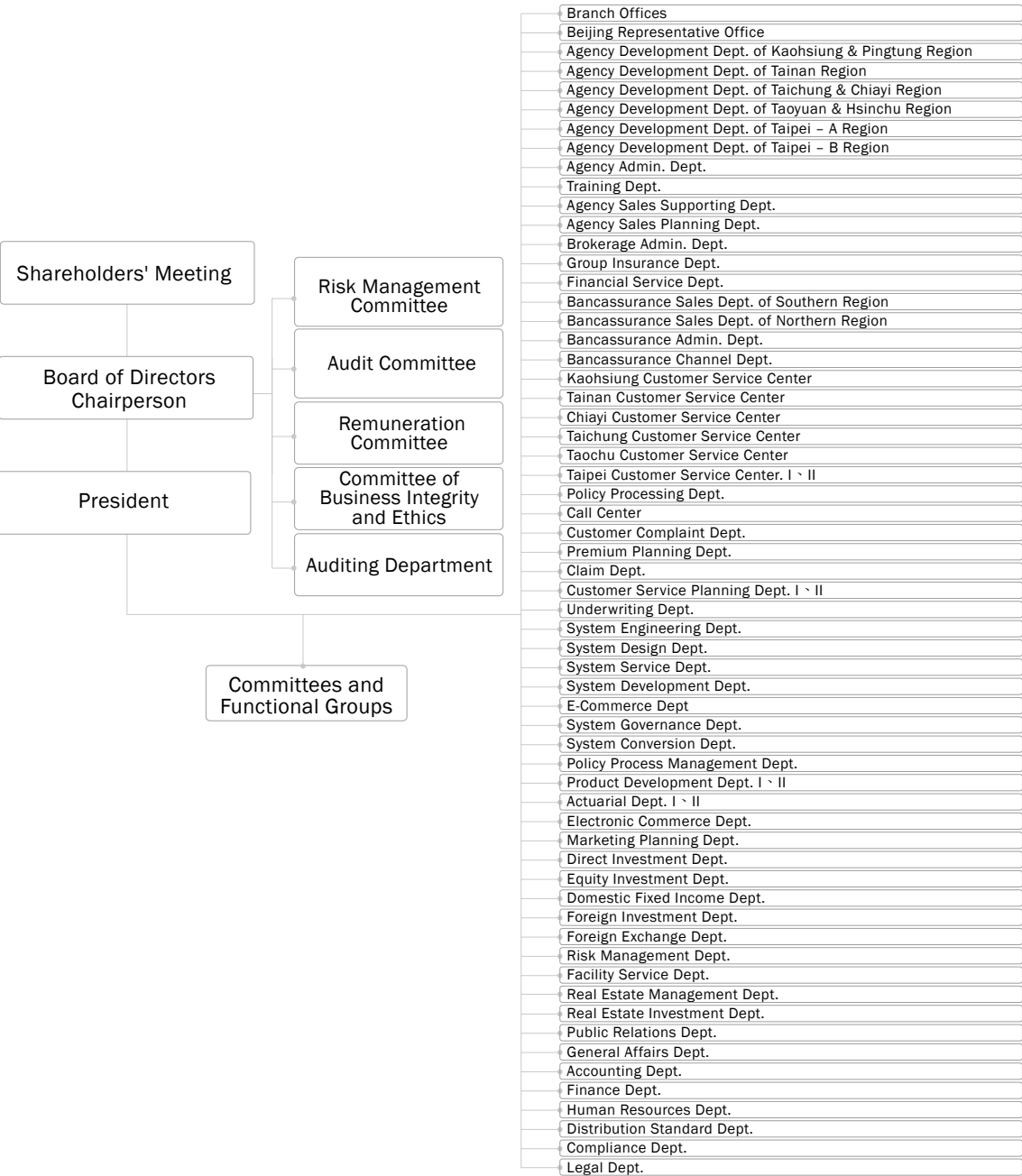
Transparency of Corporate Governance

Board of Directors and Functional Committees

Structure of the Board of Directors

The Board of Directors, the highest decision-making body of China Life, prudently examines and guides business strategy and steers the direction of the company. It is a model for the rest of the company to follow. To ensure healthy corporate governance and protect the general interests of the company, China Life added independent directors on June 13, 2008, at the 17th Board of Directors meeting. We established the Audit Committee and Remuneration Committee in August 2011. These committees joined the Risk Management Committee, which was established in January 2006, as functional committees overseen by the Board to provide stronger oversight and management. China Life also established the Committee of Business Integrity and Ethics and the Auditing Department to strengthen corporate governance.

China Life Organizational Structure



In 2016, the Board of Directors held 14 meetings in which it discussed operations and corporate governance issues with the company’s management team. Amid rapid changes in the industry and market, the meetings facilitate prompt reactions to sustainability issues raised by the general public and stakeholders. The nine members of the board enhance company performance by drawing on their strong academic and professional experience in areas including finance, banking, business management, risk management, insurance, statistics, actuarial analysis and law. Three of the directors are female, in line with the principle of maintaining a diverse board to promote gender equality and follow international trends and government policy.

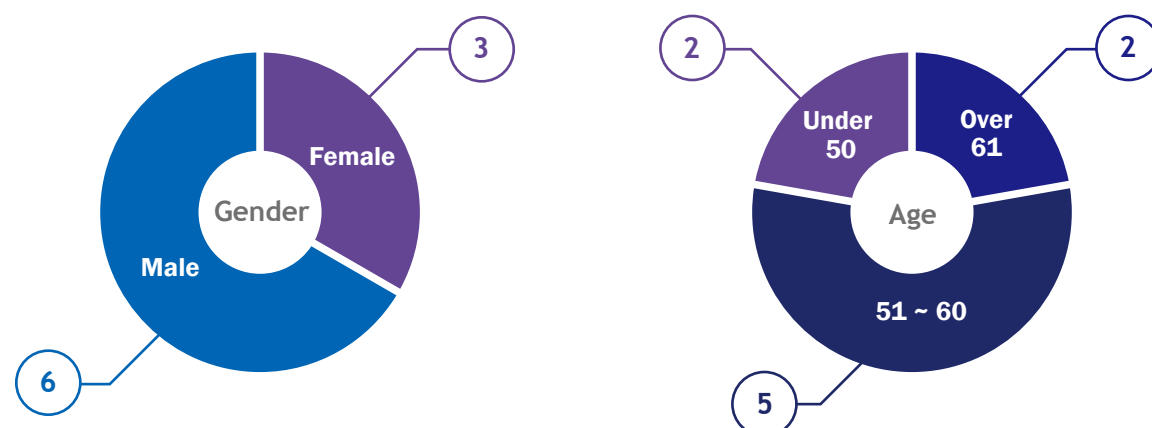
Board members continue to diversify and strengthen their professional experience, participating in education and training to stay abreast of industrial, economic and developmental trends in Taiwan and overseas. Should there be a conflict of interest involving a board member or a legal entity a board member represents, the board member is excused from voting in accordance with internal guidelines and corporate governance regulations and shall not be allowed to exercise the right to vote on behalf of other board members. The selection of directors and independent directors is carried out using a candidate nomination system, which adheres to the expectations of regulators and legal requirements. China Life also continues to optimize corporate governance. In the third Corporate Governance Evaluation Awards we ranked in the top 5%, making us the only life insurance company to do so for three years in a row.

In 2016, China Life underwent the Taiwan Corporate Governance Association’s CG6010 (2015) Corporate Governance System Review. Following written submissions, on-site inspections and interviews with intermediaries, we were awarded the review’s highest grade. Even under rigorous examination following the latest international standards, China Life was shown to have effective corporate governance.

Board of Directors

Name	Title	Gender	Diverse Backgrounds and Core Capabilities					
			Operations and anagement	Leadership and Decision Making	Finance and Banking	Law	Statist-ics and Actuary	Insur-ance
Alan Wang	Chairman	Male	V	V	V			V
Yu Ling Kuo	Director	Female	V	V	V			V
Tony T.M. Hsu	Director	Male	V	V		V		V
Stephanie Hwang	Director	Female	V	V	V		V	V
Anne Su	Director	Female	V	V				V
Jin-Lung Peng	Director	Male	V	V	V			V
Louis T.Kung	Independent Director	Male	V	V	V			V
Wei-Ta Pan	Independent Director	Male	V	V		V		V
Wen-Yan Shu	Independent Director	Male	V	V	V		V	V

Directors’ highest level of education completed: four PhDs, four master’s degrees, one bachelor’s degree



Board of Directors Performance Reviews

In 2015, China Life revised the “Performance Evaluation Approach of Board of Directors.” These reviews are used to evaluate the performance of the board and functional committees and to conduct self-assessments and peer assessments of individual board members. The reviews are conducted after the end of each year as a way of strengthening corporate governance.

2016 Performance Evaluation Results

Evaluation Items

Degree of participation in company operations, raising the decision-making quality of the board (functional committees), board (functional committees) composition and structure, selection and continuing education of directors (committee members), internal controls

Board of Directors and Functional Committees

✓ **All passed**

Evaluation Items

Understanding of corporate objectives and missions, knowledge of director duties, degree of participation in company operations, internal relations, operations and communications, professionalism and continuing education, internal controls, and other items

Self-Assessments of Individual Board Members

✓ **All passed ; Average score of 95.56 ; Graded as “excellent”**

Peer Review of Individual Board Members

✓ **All passed ; Average score of 96.33; Graded as “excellent”**

Ratio of Independent Directors and Operation of the Board of Directors and Functional Committees

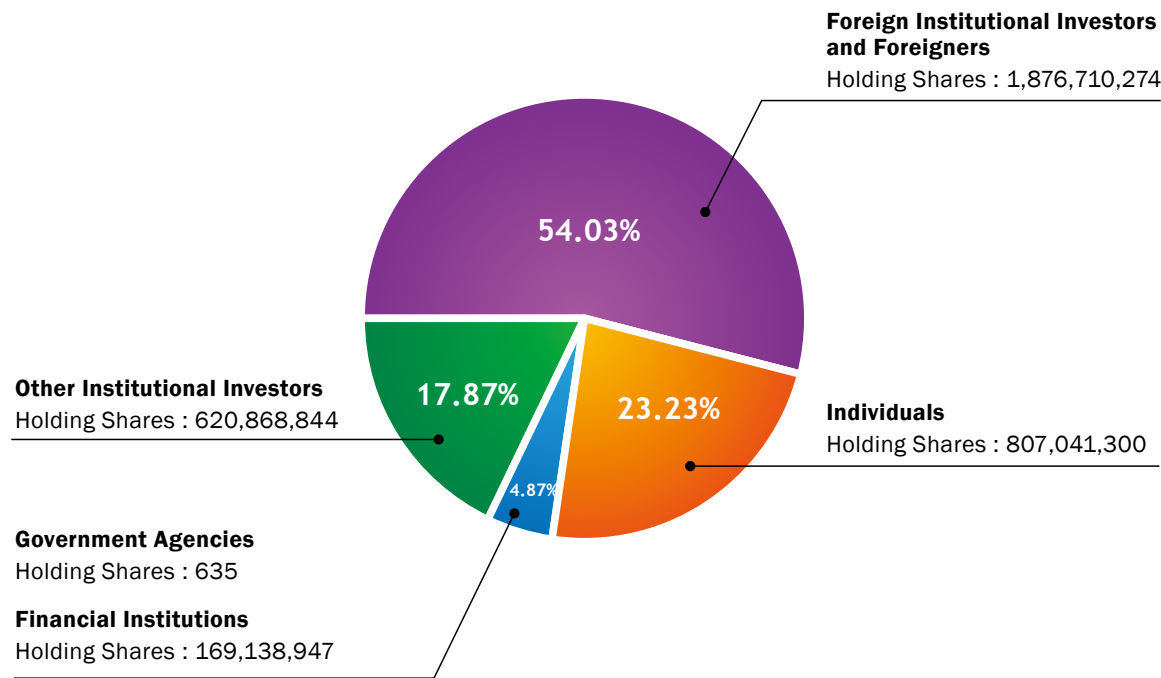
	Formation and Role	No. of Independent Directors / Total Members	2016 Track Record
Board of Directors	Headed by Chairman Alan Wang and consists of nine members, three of whom are independent directors. The board is tasked with approving business goals, budget review, profit distribution, change of capital, and internal policy review.	3 / 9	<ul style="list-style-type: none"> Held 14 meetings Passed a revision to the “China Life Guidelines for Board of Directors” Passed a revision to the “Corporate Governance Policy” Passed a revision to the “China Life CSR Policy” and “China Life CSR Principles”
Audit Committee	Consists of all independent directors and is responsible for monitoring and ensuring effective internal controls, compliance to relevant laws and regulations, and management of existing or potential business risks.	3 / 3	<ul style="list-style-type: none"> Held 10 meetings Meetings were held when items needed to be approved by the Audit Committee in accordance with organizational policies or regulations
Remuneration Committee	Consists of all independent directors and is responsible for assessing, setting and reviewing the compensation and performance of the Board of Directors and senior executive managers.	3 / 3	<ul style="list-style-type: none"> Held five meetings Policy setting relating to the compensation and performance of board members and senior executives as well as routine assessment, discussion and decision-making Revisions to the Articles of Incorporation, rules governing director compensation, mechanisms for sales agent performance and bonuses, and mechanisms for external distribution channel performance and bonus mechanisms
Risk Management Committee	<ul style="list-style-type: none"> Operates directly under the Board of Directors and consists of 12 members. Convened by an independent director with a banking, insurance and finance background. Responsible for setting and monitoring risk management policy. Ensures consistency, appropriateness, stability and transparency across all risk management mechanisms to establish a strong risk management culture. 	2 / 12	<ul style="list-style-type: none"> Held four meetings Established risk appetite and major risk limits Revised risk management regulations

Refer to the 2016 China Life Annual Report for more information regarding the actual operation of the Board of Directors and functional committees, shareholdings, important meeting conclusions, and continuing education plans.

China Life provides extensive information to both internal and external stakeholders. The independent auditors explain the status of financial report audits in semiannual and annual reports to the Audit Committee and discusses the findings of internal control testing and regulatory updates with independent directors. For foreign investors, extensive information is available in English, including an investor relation’s area that was launched in 2014 on the company’s corporate website. Translations of shareholders’ meeting reports and agenda updates, English news reports released at the same time as the Chinese-language version, and quarterly financial reports are also available. Thanks to these efforts, in combination with highly transparent financial reporting, prudent corporate governance and excellent operational performance, foreign investors show great confidence in China Life. At the end of 2016, foreign investors held more than 60% of China Life shares, one of the highest percentages among listed finance companies in Taiwan.

2015 and 2016 Semi-Annual Financial Reports	Released 15 days before the legal due date; the only life insurance or financial holding company in Taiwan that publishes before the legal deadline
2015 and 2016 Financial Reports	Released one month before the legal deadline and within two months of the end of the fiscal year
2016 Shareholders' Meeting Handbook, Supplementary Material and Annual Report	Released nine to 11 days prior to the legal deadline

Shareholding Structure of China Life



Note: Figures were listed according to the data on book closure day (July 27, 2016)

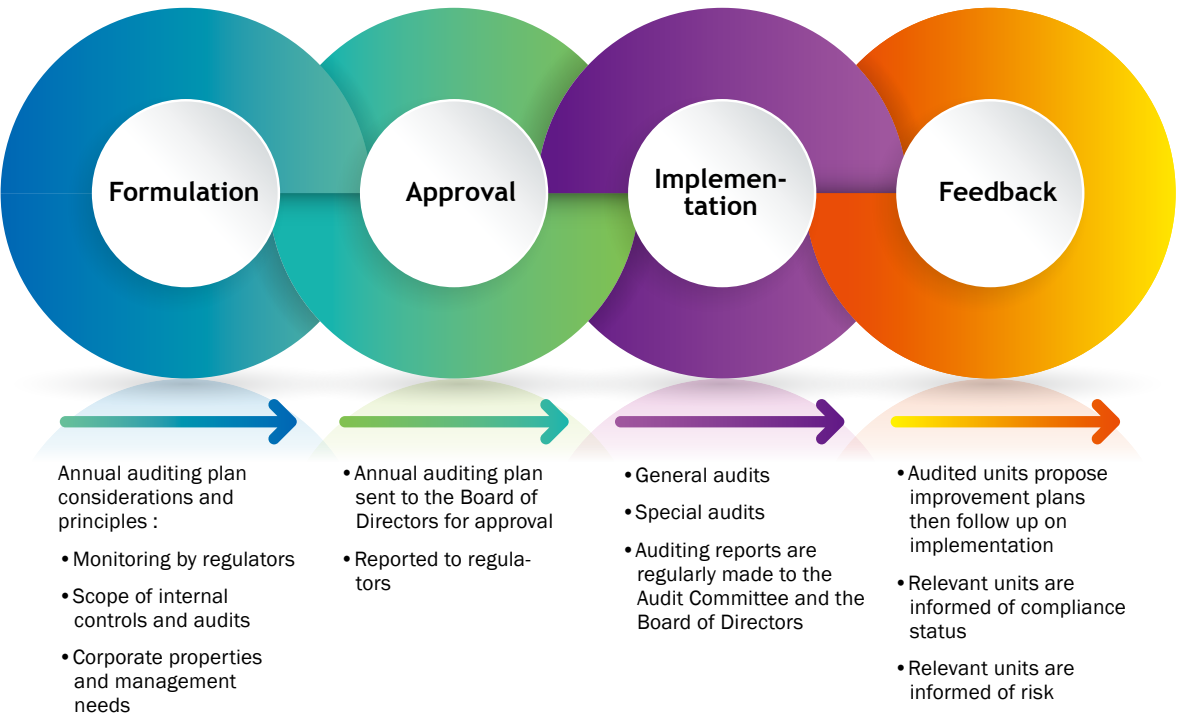
In 2016, China Life held its shareholders’ meeting in May to avoid the traditional peak season for shareholder meetings in June. The meeting took place near the Beitou MRT Station to allow easy access for shareholders.

Voting results of shareholders’ meetings are published on the Market Observation Post System (MOPS) to provide fast and transparent access. China Life emphasizes the quality and timeliness of information by releasing all financial reports and shareholders’ meeting results before the legal reporting deadline, as follows:

Internal Auditing

The internal auditing unit, which operates under the Board of Directors, organizes at least one general audit annually. It examines management units responsible for finances, sales and information according to the board-approved audit plan, the “Implementation Rules of Internal Control and Internal Audit Systems of Insurance Enterprises” and other regulations. It tracks and improves review opinions and deficiencies found by regulators, accountants, internal auditors and self-inspection personnel. The chief auditor reports to the Audit Committee and the Board of Directors at least quarterly, and directors communicate with staff responsible for internal control testing and auditing to ensure proper governance.

Internal Auditing Units



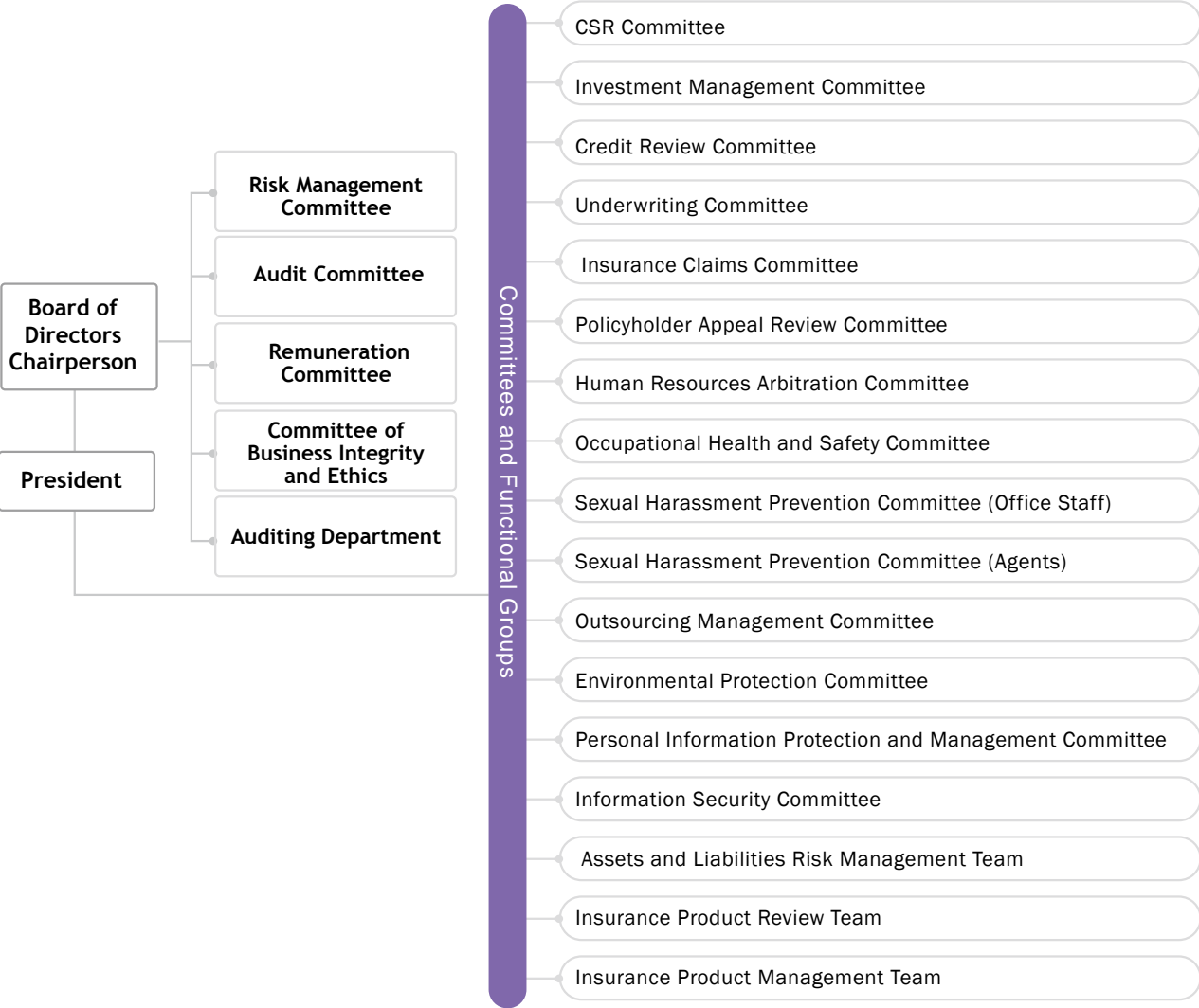
Implementation of Business Integrity and Ethics

Ethical Management Policies

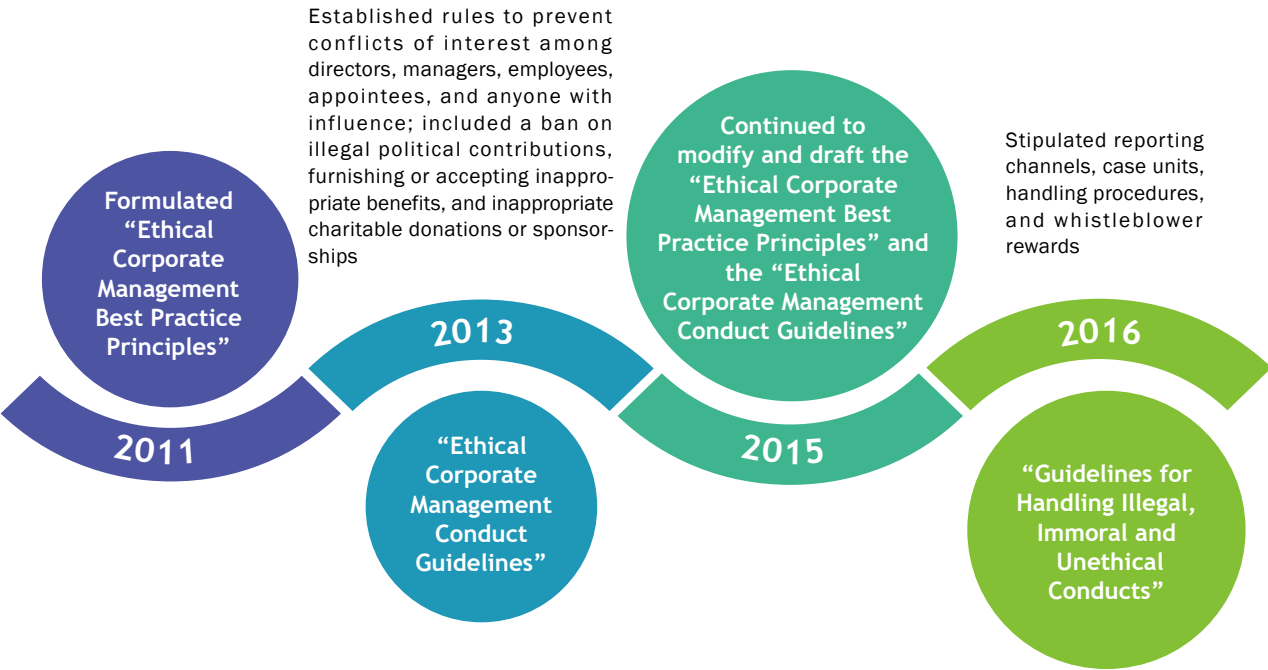
Believing that ethical management is a prerequisite of building value and sustainable development, China Life founded the Committee of Business Integrity and Ethics in March 2015. The committee formulates and supervises ethical management policies and deterrence plans. It reports annually to the Board of Directors and fosters an ethical corporate culture and robust ethical management.

Besides the Audit Committee, Remuneration Committee, Risk Management Committee and Committee of Business Integrity and Ethics, which are directly under the Board of Directors, China Life has many other committees and functional groups. These were established to enhance the operations of the organization and to formulate and supervise corporate policies and objectives.

Management Organizational Structure



Key Points of Ethical Management and Corruption Prevention



In order to build a more comprehensive ethical management system, China Life regularly publishes articles describing corporate virtue and ethics on both its internal network and corporate website, for employees, management and directors to use as a reference. As a show of commitment, directors and management are asked to sign the company's "Declaration of Ethical Management."

Besides requiring that high-level managers engage in ethical management, China Life urges all employees to uphold the same values. Online testing ensures that all employees have an acceptable understanding of this issue. By the end of 2016, 100% of agents and office staff had completed related training. Supervisors are obligated to promote anti-corruption measures within their department and ensure that employees are well informed. As a result of effective communication, there were no reported violations of the "Ethical Corporate Management Best Practice Principles" in 2016.



As China Life followed four key ethical management directions in 2016, it continued to respond to Transparency International’s 2007 appeal to enterprises across the globe to oppose corruption. Details are as follows:

Item	Description
Commitment of the Board of Directors and Managers to Ethical Management Policies	The “Declaration of Ethical Management,” which the Board of Directors and management are asked to sign each year, explicitly states the company’s commitment to ethical management policies.
Ethical Management Education and Training Outcomes	Promotion takes place among all sales agents and office staff. Online assessments ensure an acceptable level of understanding among all employees.
Ethical Management Business Activities	1.Before engaging in any commercial transaction, China Life shall consider the legality of the counterparty’s business practices and whether they are involved in any sort of unethical conduct, and shall avoid any dealings with counterparties so involved. 2.If a counterparty is involved in unethical conduct, China Life shall immediately terminate the business relationship and list the counterparty as dishonored.
Violation of Ethical Management Principles	On April 28, 2016, China Life established the “Regulations for Reporting and Handling of Illegal, Immoral or Unethical Conduct.” The regulations clearly state procedures for handling such violations and offer channels for reporting concerns, such as direct, documented or over e-mail (whistleblower@chinalife.com.tw).

Regulatory Compliance

When planning of new products or services is underway, compliance departments participate early in the process to assist with planning. In accordance with legal revision management systems, and to fully grasp compliance status with major legal revisions, compliance departments also conduct annual compliance reviews. They track requested improvements and arrange education, training and promotion.

Legal Revision Management System

In order to introduce a systematic mechanism for responding to legal changes and keeping related departments informed, compliance units at China Life developed and established the Legal Revision Management System. The system’s automated management tools produce and preserve digital records and trails that compliance departments and related units use to check and respond to ongoing cases. The system also produces management report forms that gather and analyze data, further raising efficiency and effectiveness. There are already plans to expand the system, which officially went online in January 2017, so it can be used for more compliance tasks.

Implementation of Legal Compliance

At the end of each year, legal compliance units draft plans for the following year then report them to the Board of Directors for approval. To raise understanding of various legal issues, in 2016 our compliance units held 31 education, training and promotion events targeting directors, high-level managers, departmental compliance managers, sales agents, new employees, and more. These covered topics such as confidentiality obligations, financial consumer protection, personal information protection, laws governing online life insurance applications, and money laundering prevention.

Whenever regulators identify and act on a violation, China Life reviews its internal operations and policies and makes revisions when necessary. We conform to all changes in the laws to ensure full compliance with solicitation, products, after-sales service, the protection of employee interests, and other operational procedures.

The FSC issued 48 disciplinary actions to members of the life insurance industry in 2016, resulting in total fines of NT\$42.84 million. Only one of the actions targeted China Life. It required three corrections relating to stakeholder data, notification of policyholders who did not receive payments on covered policy items, and stock transactions. Besides improving our process control management, we disclosed the incident on China Life’s corporate website. We were not subject to any fines, a remarkable achievement considering the extent of actions taken across the industry.

Prevention of Money Laundering

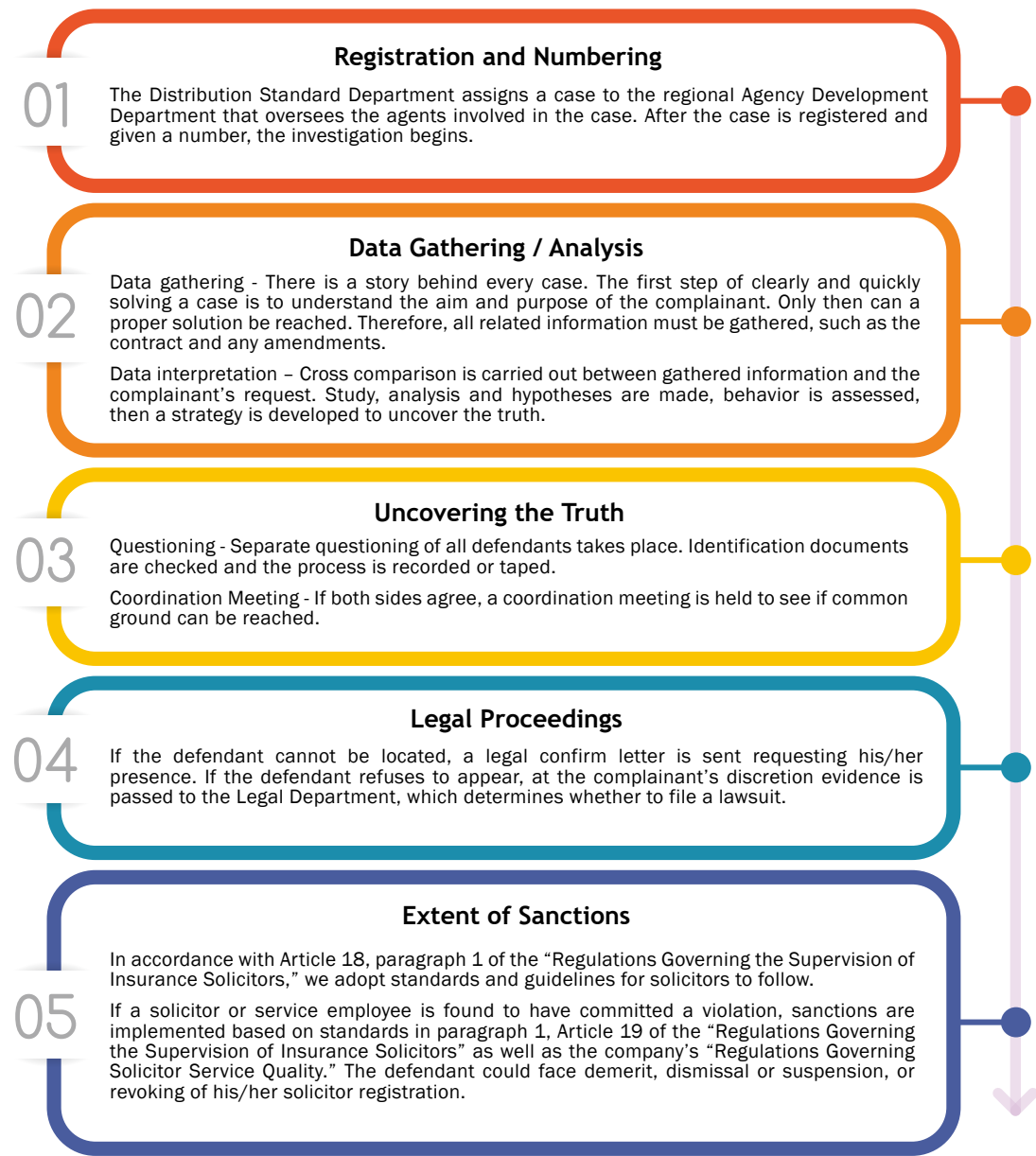
In 2015, China Life began an analysis of money laundering and terrorism financing risk then drafted corresponding management measures, which we started implementing in the second quarter of 2016. We completed our first company-wide money laundering and terrorism financing risk analysis report in the third quarter of 2016. Based on the report’s findings, we established the “Comprehensive Money Laundering and Terrorism Financing Risk Analysis and Prevention Plan,” which is periodically analyzed and reviewed to fully grasp the risks the company faces. In response to a March 2017 amendment to the “Directions Governing Anti-Money Laundering and Counter-Terrorism Financing in the Insurance Sector,” we strengthened customer identity confirmation and internal control systems. These advances have created a corporate culture effective at preventing money laundering and terrorism financing.

China Life continues to conduct money laundering and terrorism financing prevention education for office staff and sales agents. In 2016, we held four classes for office staff. These were attended by a total of 1,949 people, for a completion rate of 100%. For sales agents, 15 classes were attended by a total of 12,668 people (including staff who have left the company), for a completion rate of 93.34%. China Life Micro-Talk also produced an online training video that can be viewed at any time. These efforts ensure that our staff are equipped in their day-to-day work to prevent money laundering and financing of terrorism.

Improving Solicitation Quality

China Life established the Distribution Standard Department, which is tasked with improving the quality of solicitors by investigating and reporting solicitation and service disputes that arise from the courts, regulators, guilds, company departments and other places.

■ Case Management Procedure



Whenever China Life uncovers an incident that could affect the rights of policyholders, the Distribution Standard Department is notified. If during a post-sales interview a policyholder tells the call center that he or she does not fully understand a new policy, or if a policyholder says there is a problem with his or her personal information, or if the call center cannot reach a policyholder by phone, a case is opened. Careful management ensures that policyholder needs are prioritized.

Sexual Harassment Prevention

When a sexual harassment case emerged at China Life in 2016, the company launched internal prevention procedures and cooperated with outside investigators until the case's conclusion. In order to prevent such incidents from occurring again, we put even greater emphasis on education and advocacy. Office staff attended three courses covering human rights policy, ethical management, and fair treatment of customers,

with 1,945 people participating, for a completion rate of 100%, and 3,890 hours spent in the classroom. Sales agents took part in 15 courses, with employees learning the "Sexual Harassment Prevention Act" and the "Act of Gender Equality in Employment" in a course on solicitation methods and safety and health. There were 12,646 people who participated (including staff who have left the company), for a completion rate of 93.39%. Classes will continue in the future to safeguard the rights of employees and policyholders.

■ Sexual Harassment Prevention Procedure

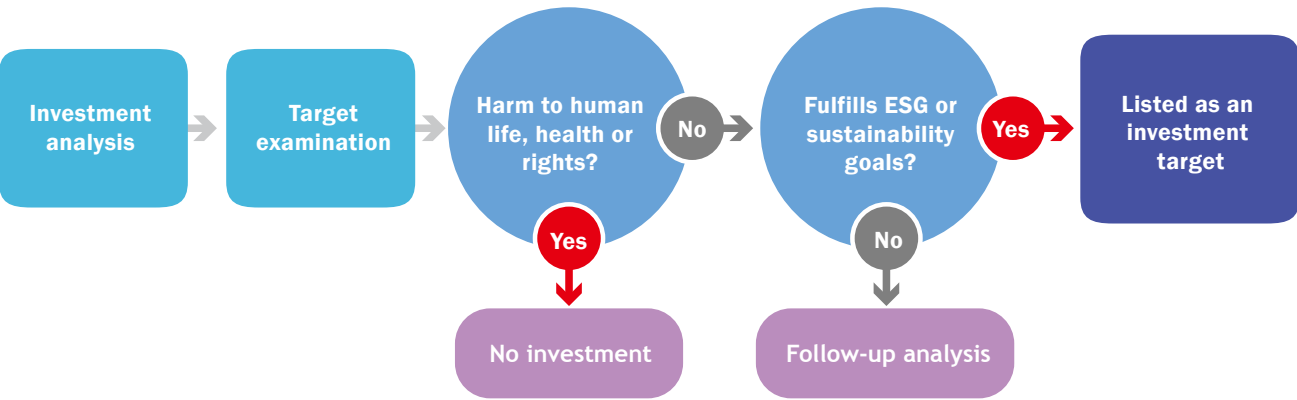


Corporate Sustainability

Responsible Investment

Ecological crises are becoming more serious by the day. Environmental pollution, climate change and energy supply-demand imbalances are growing. The industrial economy likewise faces many problems. Under these circumstances, in order to achieve sustainable operations and fulfill CSR duties, CSR has become a prerequisite of investment. CSR actions and attitude play a role in selecting investment targets. Analysis considers ESG positions and CSR scores, such as the Dow Jones Sustainability Index, in order to raise the percentage of companies in our portfolio that fulfill ESG standards and sustainable practices. Companies that harm human life, health or rights are not considered for investment.

Responsible Investing Flow Chart



China Life’s holdings of supranational organization bonds increased significantly from 2015 to 2016, with total investment approaching US\$500 million. Returns from these types of bonds are lower than bonds issued by other banks or companies; however, we made the investments in the interest of CSR. The investments are an indirect way of assisting infrastructure and social projects in developing nations, including projects targeting water resources, traffic, energy and human rights. We also participated in analyst meetings held by these organizations and joined business and finance discussions to further show support.

Participation in External Institutions

China Life participates in major sustainability and development initiatives conducted by external institutions. Besides taking part in institutes and associations that are closely linked to the insurance and finance industry, we maintain close contact with other life insurance companies, academia and government.

Participation in External Institutions

Institution / Association Name	Role
The Actuarial Institute of the Republic of China	Member
The Life Insurance Association of the Republic of China	Member
Taiwan Insurance Institute	Member
Insurance Anti-Fraud Institute	Member
Life Insurance Management Institute of the Republic of China (LIMI-ROC)	Member
Life Office Management Association (LOMA)	Member
Financial Planning Association of Taiwan	Member
Taiwan Insurance Law Association	Member

Rigorous Risk Management

Strong Risk Management Mechanisms

Risk Management Structure

Risk management is a vital part of the life insurance industry and a key operational priority of China Life. Internally, risk management starts at the highest levels of the company then spreads to all aspects of operation. Policies made at the top of the company are expanded upon so they are suitable for wide scale implementation. Besides fostering a positive culture, risk is carefully heeded in every department. In terms of organizational risk management structure, responsibility lies with the Board of Directors, the Risk Management Committee, the chief risk officer, the Risk Management Department, the Auditing Department and all operational departments. By communicating the importance of risk management from the top of the company on down, and by passing information on risk from lower levels of the company on up, China Life infuses risk management into the corporate culture and creates a net for capturing risk wherever it appears. The company then benefits from effective risk management.



Risk Management Policies

At China Life, we regularly review our risk management policies. We ensure they are suited to guiding risk management throughout the company and are representative of our goals and strategies and our organization and duties. They specify appropriate capital adequacy evaluations, risk appetite and risk limits. China Life’s major risk types and their management processes fit enterprise risk management global trends. They are the foundation of risk-based implementation and scope mechanisms.

Dedicated Risk Management Department

China Life established the independent Risk Management Department to act as the core of the company’s risk management efforts. Using interaction, communication and distribution of duties, the department spreads risk management requirements and outcomes to every operational unit of the company. The Risk Management Department is responsible for developing risk measurement models, planning and implementing risk monitoring systems, and providing related information to management, which can then make appropriate decisions in response to the risks the company faces. For example, management must

decide whether to avoid, transfer, hedge, control or shoulder risk, and the capital requirements to assure smooth operations. The Risk Management Department communicates closely with operational departments that bear risk. It helps the departments to identify or control risk, so they can act as a front-line defense, thus preventing risks from actually occurring and warning other departments of their presence.

Risk Management Information Platform

China Life established and operates a risk management information platform in accordance with guidelines for detecting operational risk. The platform examines key indicators, such as capital adequacy, asset quality, management capability, profitability, and liquidity, while incorporating related information, such as profit sources, foreign exposure, investment portfolio, off-balance-sheet items, citizen accounts and regulator requests. Managers, the Risk Management Committee, and the Board of Directors use these indicators to quickly grasp the company's exposure and risk management situation so that responses can be drafted and implemented. Since the trial launch of the platform in 2016, reviews and adjustments have been made to the risk indicators and standards following inter-departmental meetings and in reference to macroeconomic, financial market and oversight opinions raised by outside directors on the Risk Management Committee. Data accumulated through monitoring further helps to understand and evaluate the company's overall operational risks.



Risk Identification and Response



Risk and Control Self-Assessment Procedures

China Life established a risk and control self-assessment (RCSA) mechanism to enable building a culture of risk management, identifying everyday operational risks and developing comprehensive risk management strategies. The RCSA also evaluates internal controls, serves as a basis for risk indicators and risk quantification, and ensures fulfillment of corporate operational goals.

Key Risk Indicators

China Life has introduced 74 key risk indicators (KRI) that are used to quantify risks and trends the company faces. Monitoring of operational risk fluctuations makes it possible to respond early to risk changes in order to strengthen risk awareness among operational and risk management units. By monitoring the KRI, we can understand the goals and tolerance of various organizational units toward risk.

Loss Data Collection

Effective monitoring is the key to strong risk management. China Life has already built operational risk monitoring and abnormality reporting mechanisms. By using loss data collection (LDC), besides grasping actual exposure to operational risks, we can detect ways to strengthen management of hidden and operational risks. This facilitates risk identification and assessment to lower the possibility and impact of losses.

Prevention of Money Laundering and Terrorism Financing

In order to prevent money laundering and terrorism financing, China Life has built a risk management framework based on corporate governance and mechanism design, controls and procedures, risk management and independent auditing. We use information systems, process management and control, and employees' professional capabilities to incorporate the prevention of money laundering and terrorism financing into the company's organizational culture. External procurement of databases and internally built systems further strengthen our ability to identify potential violations. Careful employee recruitment, education and training further help to equip our employees with the knowledge and tools they need to prevent these illegal activities.

In 2016, China Life completed the "Comprehensive Money Laundering and Terrorism Financing Risk Analysis and Prevention Plan." The plan relies on analyzing data from policyholders, regions and products along with current control mechanisms. We also look at risk reports from local governments and warnings from international organizations to have the tools needed for full-scale risk analysis. Results are used to formulate corporate prevention plans that can stop these risks from becoming reality.



Preparing for Hidden Risks

Preventing Major Fraud and Financial Crimes

China Life established seven major categories of risk that are used for identification and information gathering purposes. The major fraud and financial crime category already fits several risks, including money laundering, financing of terrorism and internal/external fraud. RCSA is regularly used to identify financial crimes and major fraud. It analyzes whether internal controls in key operational workflows are effective, and also serves as a foundation of KRI and risk quantification, which are then used to determine financial crime and fraud trends in related units on a quarterly basis. The trends serve as an early warning for changes that are needed to guard against hidden risks. In 2016, we cooperated with investigators and police in cracking seven insurance fraud cases.

01 Abnormal Indicators

- Discover abnormal indicators
- Collect abnormal data
- Create and manage file
- Report

02 Data Analysis

- Start Big Data analysis
- Import analysis files
- Use i2 and Excel analysis
- Produce a group name list
- Organizational structure analysis

03 Gather Evidence / Investigation

- Investigate policyholders' medical records in medical institutions
- Visit the policyholders
- Gather information from other insurers
- Gather suspicious evidence
- Investigation

04 Insurance Anti-Fraud Center

- Investigation and analysis by regional claim investigation task forces
- Assistance from life insurance fraud specialists and a medical team
- Big Data abnormality analysis

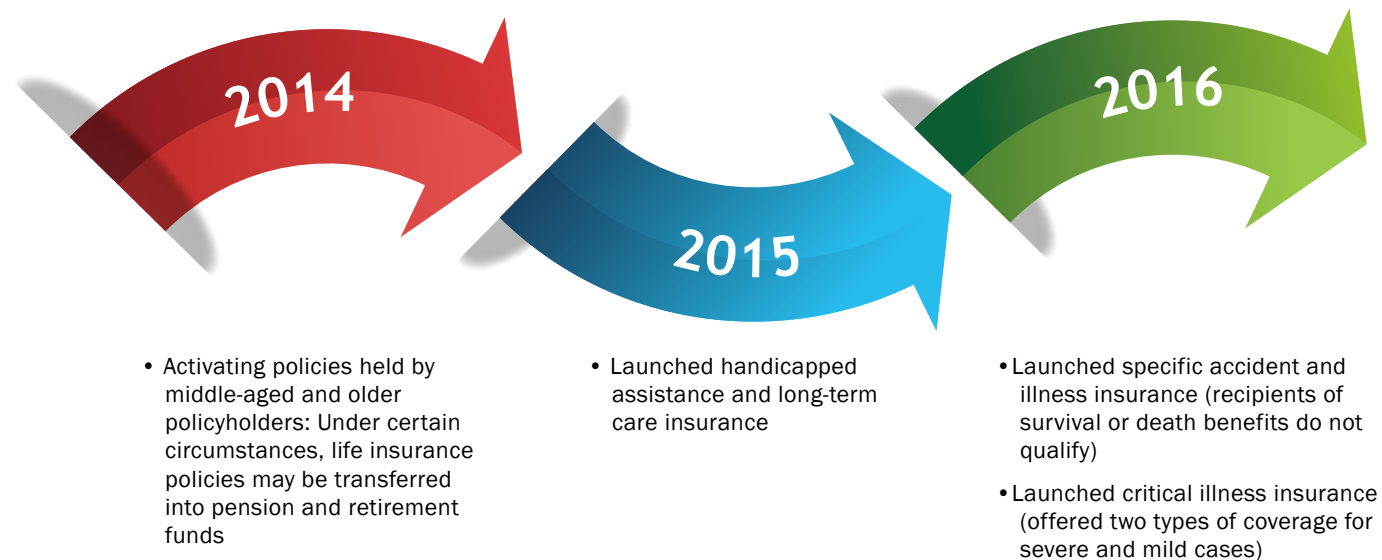
05 Send to Prosecutors / Police

- Notify prosecutors/police and serve as a point of contact
- Prosecutors/police gather evidence
- Provide additional evidence and analysis if necessary
- Determine whether there is incriminating evidence
- Prosecutors issue an indictment

Demographic Changes

In addition to managing internal risks, we are keenly aware of external changes and the problems and opportunities they bring. Health care, social insurance, and welfare expenditures attributable to Taiwan's ageing population have become pressing issues. Society must also find a way to care for seniors who face economic hardships owing to illness.

Products That Meet the Needs of an Ageing Population



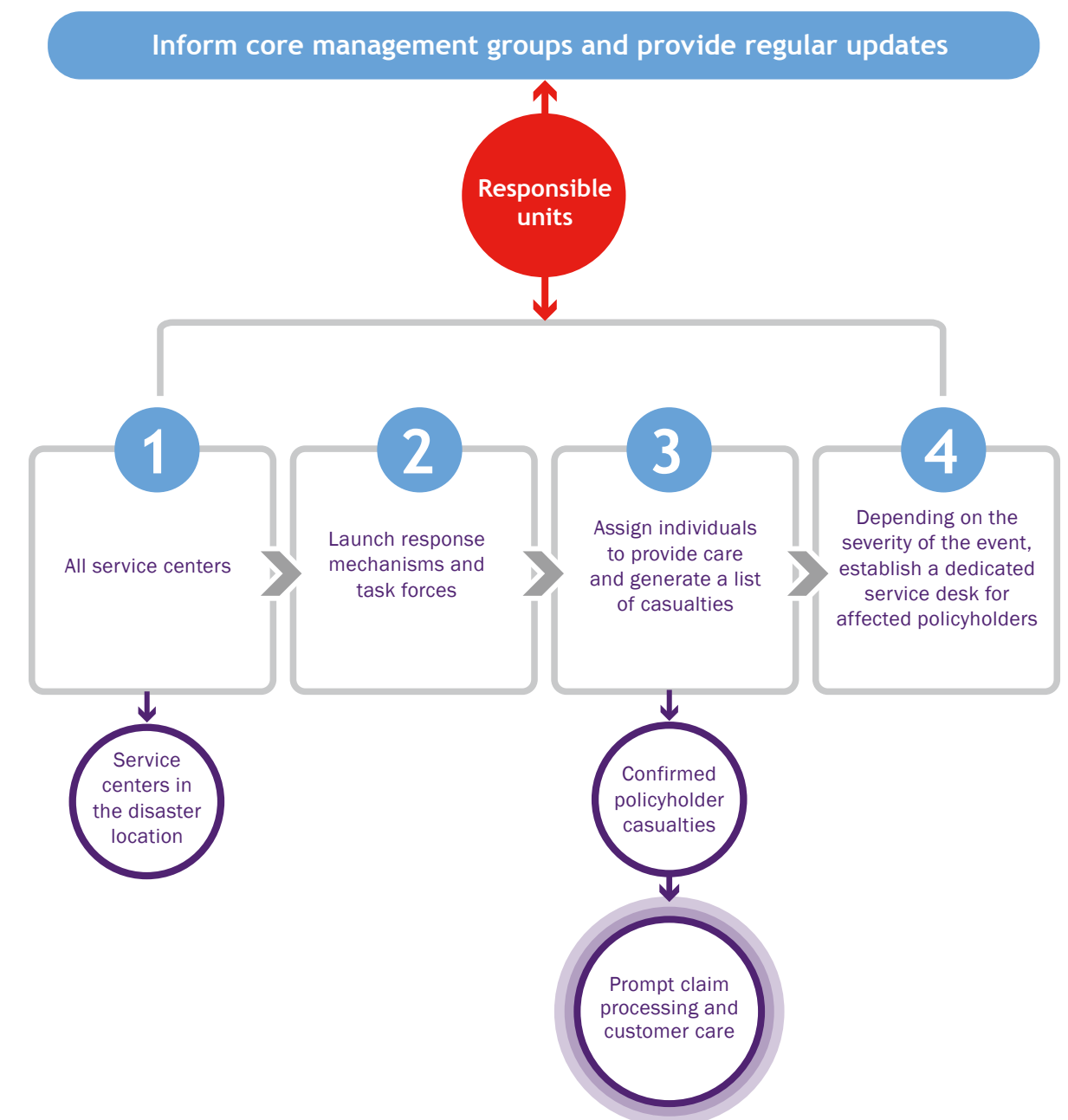
In the future, as demographic changes continue, we will closely heed problems ranging from the daily economic burden faced by the elderly to the needs of families and social institutions that care for the aged. China Life's diverse channels will further assist policyholders in preparing for retirement. We will raise quality of life for the elderly by focusing on their insurance needs, and thus fulfill our promise of suitable protections for all policyholders.

Risk of Climate Change and Major Disasters

As the climate changes, natural disasters are growing in both frequency and strength. According to recent scientific reports published by the UN's Intergovernmental Panel on Climate Change, as global temperatures rise, the rate and strength of extreme weather events will increase. These extreme events, together with the expected rise in sea levels, will cause more flooding, droughts and water shortages. Storm surges and flooding of seaside areas will become more common. Coastal erosion will cause loss of assets and damage to buildings and infrastructure. Injury, loss of life and disappearances are to be expected.

Under such daunting circumstances, China Life continues to uphold a spirit of care and concern. In 2012, we issued the "Guidelines for Policyholder Services for Natural Disasters," which we revised in 2014 to become the "Policyholder Service Methods." These methods are launched in times of major natural disaster, such as the deadly earthquake that struck southern Taiwan in 2016, or typhoons Nepartak, Meranti, Malakas and Megi, so policy claims and provision of services can be handled quickly. Policyholders can then benefit from care and protections in their time of greatest need.

Disaster Action Plan



Chapter 3

Develop Cultivating Professional Staff

2017 Key Sustainability Goals

Cultivating Professional Finance and Insurance Talents

- Implement certification courses from the international Life Insurance Marketing and Research Association (LIMRA) and increase the number of people trained by 20% YoY
- Continue to conduct the “Management Associates Plan” and summer internships for young scholars in order to enhance our image as an employer and develop future management talents
- Cultivate project managers and built a comprehensive project management system in order to improve overall operational performance
- Plan measures to successfully facilitate employee job transfers and advancement; conduct training in digitalization, development for supervisors, and strategic responses to trends

Diverse Worker Benefits to Build a Safe Workplace

- Launch the “Parent-Child Volunteer Train” to facilitate more positive interaction between employees and their children
- Conduct health management plans to strengthen employees’ physical fitness and promote health
- Hold finance and life insurance camps that are rated at least four points (out of five) by both parents and children
- Provide quarterly on-site healthcare and offer advice on preventing personal injury or illness and preventing ailments caused by exceptional workloads, and give consultations and guidance for maternal health

Open Labor-Management Communication Channels for Harmonious Relations

- Through a combination of education, training, complaint mechanisms, and confidentiality measures, create a friendly environment that safeguards employees, jobseekers, and others against sexual harassment; provide diverse hiring channels and job arrangements to ensure employment opportunities for disadvantaged groups
- In accordance with labor laws and to maintain harmonious working relationships, promote communication in labor-management meetings; maintain a wide variety of worker complaint channels to help employees solve work-related problems

The United Nation’s SDGs

China Life’s comprehensive human resources policies allow it to provide diverse, high-quality work opportunities that offer space for development. Measures have been put in place to govern hiring policy and human rights, talent cultivation and development, pay and benefits, and occupational safety and health. In terms of hiring and pay packages, we adhere to the principles of gender equality and equal pay for equal work. We ensure that women have the opportunity for promotion, as shown by the makeup of our Board of Directors, which currently has three female directors. Results show that China Life has made great progress in eliminating discrimination and guaranteeing human rights.



Chapter
Key
Points

- ◆ A great company to work for that continues to elicit smiles
- ◆ Added online micro-videos; a dozen talks with a total of 6,800 views helped sales agents quickly learn how to provide better service
- ◆ Started the “Management Associates Program,” which uses two-year rotations to cultivate excellent young talent
- ◆ Established a blueprint for talent cultivation which enables the systematic, sustainable development of professional staff and management
- ◆ Finance and life insurance camps for children of employees taught accurate insurance concepts and brought families closer together

Introduction

Our employees are one of China Life’s most important and valuable assets. They are also the foundation of our sustainable operations. In order to ensure appropriate use and allocation of all human capital, we scrupulously abide by the International Bill of Human Rights. We have excellent policies for assigning talent and a comprehensive training system to develop that talent. Our workplace environment is healthy and safe. We provide generous pay and benefit packages. Our employees are happy at work and inspired to continue advancing in their careers.



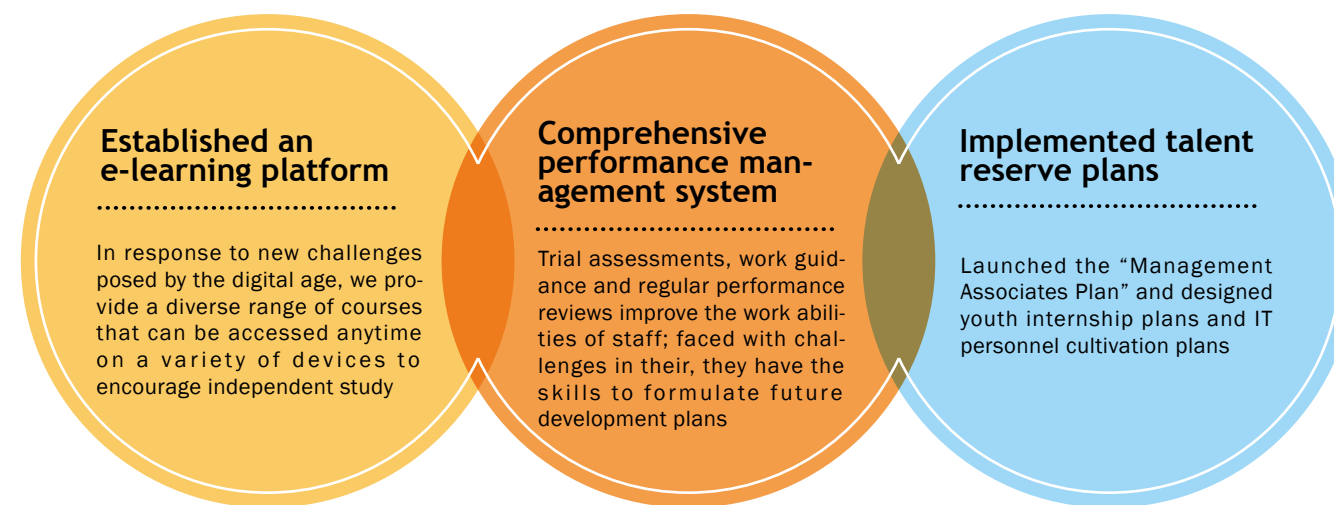
Equal Assignment

Creating diverse employment opportunities in which employees are treated equally is central to China Life’s employee recruitment policies. We do not discriminate on the basis of race, class, language, ideology, religion, political party, ancestry, birthplace, gender, sexual orientation, age, marital status, appearance, facial features, disability, or past trade union membership. Instead, we build a diverse workforce where everyone is treated equally. We will continue to maintain a mutually respectful workplace environment, in which the moral character of all employees is proper, impartial and inclusive.

Human Rights Guarantee



Personnel Cultivation and Development



Pay and Benefits

01 Performance-based pay and benefits

To ensure that our employment packages are competitive and to attract and retain talent, we adopt a performance-based pay policy

02 Performance benefits shared with employees

Performance benefits are shared with employees in the form of annual bonuses, stock grants, stock options, and other programs that bring employees together; depending on profits, employees may receive other monetary rewards

03 Equal pay and opportunities for men and women

Wages are primarily a product of a person's educational background, work experience, responsibilities, and performance; they are not affected by gender. Therefore, wages paid to men and women are evenly balanced, which is necessary to achieve gender equality.

04 Generous benefits and rights guarantees

Employees receive good benefits, are treated well, and are assured of guarantees made in the "Labor Standards Act," including: working hours, annual leave, maternity leave, pregnancy checkup leave, paternity leave, parental leave, household care leave, volunteer leave, pension plans and basic wage guarantees. Beyond these standard benefits, we offer access to group insurance plans, such as term life insurance, accident insurance, accident medical insurance, and hospitalization/medical treatment insurance. Bonuses are given during major holidays and employees' children qualify for scholarships. Wedding gifts are given to employees who marry, and consolation payments are made to employees in hospital. Preferential housing loans are available and allowances are given for births and marriages. Workplace perks include a rooftop garden, employee lounges, cafes, fitness rooms, changing rooms and showers, and table tennis facilities. Our efforts to promote a work-life balance have led China Life to be recognized as one of the best companies to work for by the Taipei Department of Labor.

05 Annual employee welfare plans

Each year the Welfare Committee introduces new employee welfare plans based on the year's budget. For example, they may offer birthday and holiday gifts, company trips, or sporting activities. A variety of social activities further help to enhance the work-life balance.

06 Excellent working spaces and facilities

Established designated breastfeeding rooms with all the equipment that women need to feel comfortable, and partnered with a daycare to offer corporate discounts to employees. These measures help parents solve their childcare needs, relieving them of pressure so they can focus on work and family.



Organization and Personnel Cultivation

Staff Structure

China Life's office staff and sales agents form the backbone of the company and are the driving force behind our continued progress.

Employee Categories





Office Staff				Sales Agents			
Product development, claims settlement, customer service, logistical support and management				Front line workers who directly interact with policyholders and the general public			
	2016	2015	2014		2016	2015	2014
Male	684	630	569	Male	3,927	4,099	3,495
Female	1,272	1,223	1,104	Female	7,319	7,587	6,508
Total	1,956	1,853	1,673	Total	11,246	11,686	10,003





Among office employees, 75% of staff are between 30 and 50 years of age. The average age is 38.8 years and the average length of employment is 6.74 years. The ratio of men to women is 35:65 overall and 52:48 in management positions. The proportion of women in management positions increased by three percentage points compared to 2015. Among sales agents, 56% of staff are between 30 and 50 years of age.



In terms of academic qualifications, more than 77% of office staff have a university or college degree and 15% have a PhD or master's degree. Approximately 58% of sales agents have a university or college degree.



Maintaining Workplace Safety and Health



Office Staff			Average Length of Employment (Unit: Years)			Sales Agents						
	7.19			6.50	Total		4.35			5.02	Total	4.78
		6.74										

Office Staff			Average Age (Unit: Years)			Sales Agents						
	40.25			38.01	Total		36.50			39.52	Total	38.47
		38.80										

Office Staff				
Age				Total
	<30	110	186	296
	30-50	461	1,024	1,485
	>50	113	62	175
Position	Department Manager or Higher	53	29	82
	Division Manager	129	138	267
	General Staff	502	1,105	1,607
Education	High School / Vocational School and Below	54	78	132
	University/ College	460	1,056	1,516
	Master's	169	138	307
	PhD	1	0	1
Unit: Persons				







Sales Agents				
Age				Total
	<30	1,332	1,625	2,957
	30-50	2,048	4,293	6,341
	>50	547	1,401	1,948
Position	Operational Manager	1,262	2,493	3,755
	Agents	2,665	4,826	7,491
Education	High School / Vocational School and Below	1,309	3,039	4,348
	University / College	2,381	4,094	6,475
	Master's and Above	237	186	423
Unit: Persons				







New Staff and Turnover

The number of office staff at China Life has grown over the past three years. In 2016, we welcomed 442 new members, bringing the total at the end of the year to 1,956, for growth of 103 persons compared to the same period in 2015.

Also in 2016, office staff turnover increased by 1.8%. China Life monitors the reasons employees leave so we can take steps to increase our retention rate.

Breakdown of New Staff Over the Past Three Years







Office Staff						
	2016		2015		2014	
						
<30	67	109	59	120	49	78
	3.43 %	5.57 %	3.18 %	6.48 %	2.93 %	4.66 %
30-50	93	165	110	175	52	109
	4.75 %	8.44 %	5.94 %	9.44 %	3.11 %	6.52 %
>50	4	4	6	1	4	1
	0.20 %	0.20 %	0.32 %	0.05 %	0.24 %	0.06 %
Total	442		471		293	
	22.60 %		25.42 %		17.51 %	

Sales Agents						
	2016		2015		2014	
						
<30	561	590	929	1,143	680	792
	4.99 %	5.25 %	7.95 %	9.78 %	6.80 %	7.92 %
30-50	367	663	650	1,287	480	925
	3.26 %	5.90 %	5.56 %	11.01 %	4.80 %	9.24 %
>50	45	96	102	210	65	143
	0.40 %	0.85 %	0.87 %	1.80 %	0.65 %	1.43 %
Total	2,322		4,321		3,085	
	20.65 %		36.97 %		30.84 %	

Notes:

- Ratio of new employees = total number of new employees / total number of employees at the end of the year x 100%
- The ratio of new sales agents includes commission-based personnel

Employee Turnover Rate Over the Past Three Years

Office Staff						
	2016		2015		2014	
						
<30	40	74	25	57	29	55
	2.06 %	3.81 %	1.36 %	3.10 %	1.73 %	3.29 %
30-50	65	151	75	117	39	106
	3.34 %	7.77 %	4.08 %	6.37 %	2.33 %	6.34 %
>50	5	5	12	2	5	1
	0.26 %	0.26 %	0.65 %	0.11 %	0.30 %	0.06 %
Total	340		288		235	
	17.49 %		15.69 %		14.06 %	

Notes : The employee turnover rate = number of resigning employees / the total number of employees at the end of that year x 100% (does not include fixed-term employees)

Notes ① : Includes eight retirees and three dismissals

Sales Agents						
<30	500	591	495	587	532	645
	4.45 %	5.26 %	4.24 %	5.02 %	5.32 %	6.45 %
30-50	507	855	503	788	502	783
	4.51 %	7.60 %	4.30 %	6.74 %	5.01 %	7.83 %
>50	113	177	79	186	76	143
	1.00 %	1.57 %	0.68 %	1.59 %	0.76 %	1.43 %
Total	2,743		2,638		2,681	
	24.39 %		22.57 %		26.80 %	

Note : The employee turnover rate = number of resigning employees / the total number of employees at the end of that year x 100%

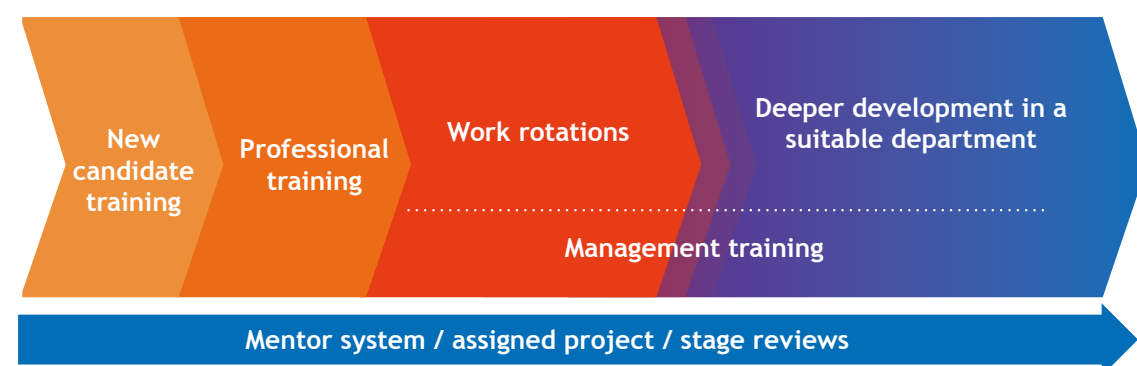
Attracting Talent

China Life continues to expand office staff in the belief that a company's employees are one of the most important elements of sustainable corporate development. In 2016, we put greater effort into talent recruitment activities and for the first time implemented the “Management Associates Plan,” which seeks to develop cross-departmental management-level talent who are prepared to step into larger roles as generational changes take place. In order to target new entrants to the workplace, we also visited campuses across Taiwan to join recruitment fairs and corporate seminars. We recruit students from all academic disciplines in order to build a diverse workforce.

Management Associates Program

The “Management Associates Program” is a comprehensive program that seeks to identify, cultivate and retain talent. It specifically targets graduate-level students of all academic disciplines from Taiwan and abroad. Management Associate (MA) candidates undergo a structured selection process broken into three stages. Candidates that make it to the third stage are interviewed by the chairman and president of the company, in order to ensure that the best talents are chosen.

Selected candidates spend two years in the program. In the first stage, they rotate through various departments in order to develop a wider understanding of the insurance industry. In the second stage, they spend more time in a single department that matches their skills. Here they develop their talents and strengthen their management capabilities. MA candidates also attend operational strategy meetings and carry out assigned projects. Through such close interaction with the company's strategic core, they quickly become familiar with the insurance industry's unique characteristics and develop the talent needed to become future top-level management.



In order to ensure that top talents remain committed to China Life, MA candidates receive a competitive pay package. Those who complete the two-year program and pass all stage reviews are assigned to a new position based on their potential and performance. Their continued development nurtures a new generation of talented employees to take over management of the company in the future.

IT Talent Reserve and Retention Plan

We continued to implement the IT Talent Reserve and Retention Plan that we launched in 2015. We worked directly with top domestic universities to recruit new graduates and workers with less than one year of experience who specialized in information technology and digital fields. Through a combination of courses offered by lecturers from inside and outside the company, as well as on-the-job training and an apprentice system, these young talents are cultivated into professional technicians and industry knowledge workers with the skills needed to operate core information systems. Since the plan's implementation, participants have demonstrated great enthusiasm for study and work, earning the praise of both supervisors and mentors.

Campus Recruiting

In order to enlist more innovative, enthusiastic youths, China Life actively recruits students at major universities from the very beginning of the campus-recruiting season. In 2016, it hosted two seminars and six recruitment fairs, and received nearly 1,000 resumes from student jobseekers.

Our chairman and president personally led a high-level management team to the National Taiwan University Vision 2016 series of recruitment activities. Besides sharing the vision of China Life and introducing our corporate system and job openings to students, they used the opportunity to discuss the current business environment and employment market. The event presented a great opportunity to show students the professionalism and enthusiasm of China Life. Meanwhile, our senior executive vice president led a group to a recruitment fair at National Chengchi University to share work experiences and offer career recommendations.



Besides mobilizing top-level management and human resources departments for the recruitment fairs, supervisors from central and southern Taiwan also joined in and offered support. The large showing of key team members demonstrated China Life's commitment to acquiring top talent.

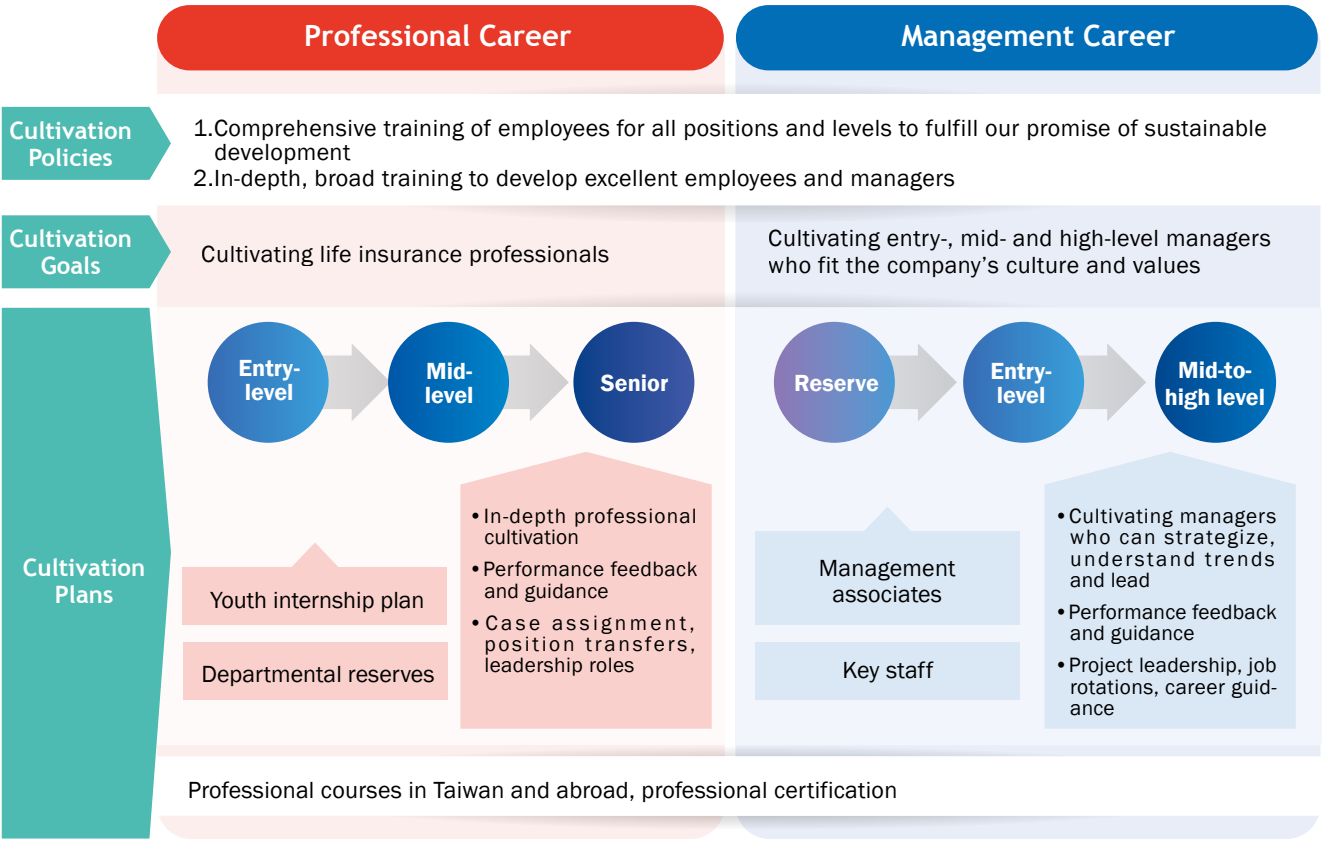
Corporate Seminars

At corporate seminars, the vice president of the Human Resources Department personally introduces China Life's “Management Associates Plan” and describes job openings. Company supervisors speak at their alma maters to describe their job learning experiences and give career recommendations. Students not only become acquainted with China Life but also begin to understand the diverse range of professional departments that contribute to a life insurance company. They learn how a financial services enterprise needs people with a diverse range of skills who together can build an innovative business if the company hopes to break free of traditional modes of operation and advance in the digital technology age.

Sustainable Development of Employees

External environmental challenges and changes led China Life to continue to introduce new plans for cultivating a diverse group of employees. In 2016, we spent a total of NT\$103.1 million on education and training, and the average hours in training spent by each employee rose by 9% compared to 2015. Between

classroom courses and e-learning tools, our development programs were in-depth and broad in scope. They allowed us to foster professional staff and supervisors suited to all positions and levels, so we could fulfill our promise of sustainable operations.



Staff Training Hours Over the Past Three Years

	2016			2015			2014		
Office Staff			Total			Total			Total
Number of employees	684	1,272	1,956	630	1,223	1,853	570	1,103	1,673
Total training hours	23,134	36,056	59,190	15,164	25,178	40,342	14,341	21,996	36,337
Average training hours per person ①	34	28	30.3	24	21	21.8	25	20	21.7
Sales Agents			Total			Total			Total
Number of employees	3928	7,318	11,246	4,099	7,587	11,686	3,495	6,508	10,003
Total training hours	249,238	400,249	649,487	231,214	393,733	624,947	177,345	325,400	502,740
Average training hours per person	64	55	57.8	56	52	53.5	51	50	50.3

Note ① : Training hours from 2014 - 2016 includes classroom training and e-learning

	2016	2015	2014
All Staff	Total	Total	Total
Number of employees	13,202	13,539	11,676
Total training hours	708,677	665,289	539,077
Average training hours per person	53.7	49.1	46.2

Professional Career Development

Cultivation of professional employees and management is extremely important to China Life, which is why we continue to increase our training budget. We use traditional classrooms and e-learning platforms to teach four main subjects: operations management (including fintech), professional skills, new recruit training, and general skills and knowledge. Employees at all levels receive the training they need to continue to advance their professional abilities. Besides the opportunity for continuing education, the employees communicate with industry peers, better understand market trends, and raise their professional competitiveness.

Course Type	Explanation
Operational Management (Including Fintech)	<ul style="list-style-type: none">■ Operational strategy■ Fintech trends■ Professional skills for new supervisors and lower-level supervisors
Professional Capabilities	Professional skills and knowledge <ul style="list-style-type: none">■ Supervisors and senior staff in all departments pass on knowledge and experiences tailored to particular departments or fields Disciplinary courses <ul style="list-style-type: none">■ Courses on underwriting, claims, accounting, audits, actuarial science and other professional topics
New Recruit Training	New recruit training <ul style="list-style-type: none">■ Risk management policies, personal information protection policies, special characteristics of products, branding, and corporate culture Centralized training, learning team construction and cooperative spirit New recruit professional skills training <ul style="list-style-type: none">■ Covers professional skills associated with channels, logistical support departments, and professional training autonomously planned by the investment team, as well as systematic learning models
General Skills/ Knowledge	Disciplinary training <ul style="list-style-type: none">■ Money laundering prevention, personal information protection, information security laws, business integrity and ethics, and principles for fair customer treatment in financial services Human Rights Promotion <ul style="list-style-type: none">■ Employees take this course to learn about their rights, benefits and communication channels for labor management Personal skills and other topics <ul style="list-style-type: none">■ Computer tools and applications; health topics

New rules governing incentive programs for office staff that undertake professional examinations stipulate rules for exam holidays, registration subsidies and bonuses. The incentives encourage the pursuit of Life Office Management Association (US) certification and professional certification in new fields. Over the past three years, the number of people who passed examinations and obtained certification has been on the rise. At the end of 2016, there was an average of 1.69 certificates per employee, up 14.97% compared to the end of 2015.

■ Professional Certificates Held by Office Staff Over the Past Three Years

Professional Certificates Held by Office Staff	2016	2015	2014
Actuary Examination	130	100	64
Investment, Risk Control, Auditing Certification	7	5	5
Underwriting, Claims Settlement Certification	69	58	43
Life Insurance Management Examination	3,097	2,553	2,036
Total	3,303	2,716	2,148
Average Certifications Per Person	1.69	1.47	1.28

In response to the challenges posed by fintech, in 2014 China Life launched a highly flexible mobile e-learning platform available 24 hours a day. Employees can easily use their mobile device to access a diverse selection of online learning material that covers topics ranging from laws and professionalism to communication and trends. The results have been remarkable. By the end of 2016, we had created 446 e-classes and employees had spent 36,177 hours studying online. Also in 2016 we used the e-learning platform to build a social learning health site. Employees that join health promotion activities can log into the website and discuss nutrition, sports and weight loss. This encourages them to manage their own health and to build professional relationships with employees in different departments.

Nurturing Future Managers

Nurturing talent does not happen overnight. Rather, the key is daily systematic progress and action. China Life views talent cultivation as the foundation of business operations and the driving force behind advancement. We will continue supporting talent cultivation, in order to develop future management candidates from within.

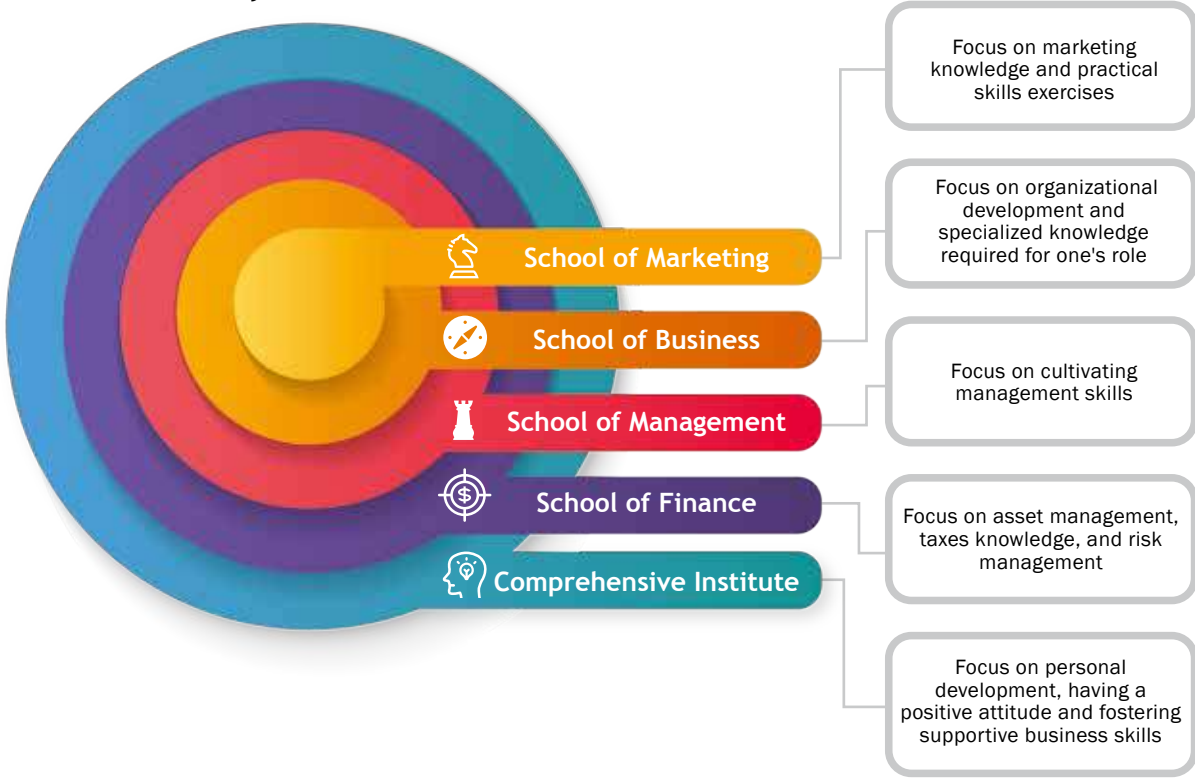
Employees benefit from a comprehensive performance management system, which includes exams for new recruits, daily work guidance and annual performance reviews. One-on-one communication between supervisors and employees offers a chance for feedback and guidance. The objective is to add employee performance and encourage employees to continue taking on new challenges. A management system is also in place. Once annual performance reviews are completed, employees that perform well and show strong potential are noted. When an opening arises, they are recommended for key positions or promotion to management, where they benefit from additional learning. At China Life, 100% of employees regularly take part in these performance and career development programs.

In 2015, China Life proposed the “Key Talent Development Plan.” After confirming participants and development models, we began systematic employee cultivation. The plan continued into 2016, with the goal of building a reserve of management professionals who learned from internal and external lecturers, online learning platforms and project discussion. Participants studied industry knowledge, system management, general management and interpersonal relations. Systematic teaching and follow-up ensure that our employees grow together with the company.

Five Schools of China Life University

Sales agents receive comprehensive training from China Life University. Systematic lessons tailored to new recruits and agents of all levels allow us to build a knowledgeable, skilled sales force.

■ China Life University



We have created clear training objectives and goals for directors, managers, assistant managers and other positions, so employees clearly understand their specific role within the company. Participants develop a shared culture and vocabulary that makes them stronger employees, while new recruits gradually improve their finance, insurance and management skills and generally achieve a high level of proficiency within five years.



e-Learning Platform - Agent e-Academy Training

In response to digitalization trends, China Life established e-Academy, a digital platform for training sales agents. This e-Academy offers valuable instruction covering product knowledge, marketing skills, management skills and legal issues. In 2016, the e-Academy offered 110 pieces of e-learning materials and 25 e-books that agents could access anytime, anywhere to enhance their product knowledge and develop new business areas.

Digital courses on the e-Academy are tailor made for adults. After researching employee learning needs and operational flow, we built an appropriate e-learning framework.

There are eight categories of e-Academy classes: product knowledge, marketing skills, business management, financial information, practical sales and marketing, mobile device applications, certification examinations, and regulations training. Lessons are delivered via digital courses, online tests, multimedia learning tools and e-books.

Category	Description
Product Knowledge	Training courses provided one week before new products are listed help agents to fully understand the product content, ensuring a smooth launch
Marketing Skills	Product marketing lectures, as well as a 36-lesson course and project series for new recruits to develop strong professional skills
Business Management	Wealth management university introduction, including the company's six major workflows and six major management skills
Financial Information	We cooperate with security investment trust companies on a quarterly basis to produce a forum on financial trends; agents obtain the latest financial information and take courses on investment-linked products
Practical Sales and Marketing	New e-books provide valuable teaching tools, such as the insurance baby, the sailboat theory and selling skills training; the tools aid with sales and marketing
Mobile Device Applications	Practical skills for tablet computers, including hand gestures, e-book use, information sharing and email
Certification Examinations	Three types of certification tutoring courses, including life insurance sales, investment-linked insurance policy sales, and sales of foreign currency non-investment-linked policies
Regulations Training	In accordance with regulations, we provide benchmark fund, regulations, and money laundering prevention courses annually, so agents are equipped with knowledge of the law and understand regulations

China Life Online Micro-Videos

In 2016, e-Academy underwent a transformation with the addition of online micro-videos. The micro-videos are four to eight-minute classes on topics such as recruiting, marketing, products, iPad basics and legal issues. By 2016 we had produced 12 micro-videos which had a total of 6,800 views. Their advantages include:

- ◆ Breaking big topics down into easily digestible parts. Users enter keywords in order to begin learning. Unlike past classes, employees do not need to listen to the entire class in order to get to their topic of interest.
- ◆ Appealing to technologically savvy students with short attention spans. Classes are just four to eight minutes long so students can access them whenever they have a spare moment. In a sense, we have taken knowledge and put it into our employees' pockets for easy access wherever they go.
- ◆ Focusing on popular issues and topics. Micro-videos spark discussion and make students enthusiastic about learning.



In 2016, China Life joined the digital simulation revolution. Rapid development of digital technology has led to the availability of new sales and marketing tools and apps. Instead of just listening, users dive deep into simulations and practice reacting. This has many advantages:

- ◆ Simulated Environments: Through simulated environments, agents can understand the full environment, functions and framework of the tools they use.
- ◆ Prompt Feedback: As users practice in simulated situations, they are alerted of mistakes and guided to the correct response, allowing them to quickly become more proficient.
- ◆ Testing: After users practice on the simulations and gain feedback and guidance, they take tests. If they're not satisfied with their progress, they can start again.



China Life has a strong team that has always protected its agents and policyholders. By using our comprehensive training system, our team remains equipped to provide the best services for customers. As trends change and technology progresses, so too does China Life. We constantly propose new and innovative ideas, whether in the areas of digital marketing or e-recruiting, and subsequently invest in the areas that can best bring our agents into the digital age. We created educational digital training tools. Using technology and the Internet, we added new learning experiences. As our organizational structure evolves, e-learning offers our agents expanded study options and a superb environment for joint learning. Besides strengthening the desire to learn, we have used professional judgment and innovative models to create new concepts of

employee cultivation. These concepts have opened up a new age of organizational strategies and energy that is exclusive to China Life.

Improving Sales Agent Quality

LIMRA Professional International Courses

In 2016, for the first time we adopted a pair of courses from the International Life Insurance Marketing and Research Association (LIMRA): the Pacesetter Management Skills Seminar and the Agency Management Training Course. LIMRA is the world's most trusted life insurance association. It offers authoritative international training courses that can quickly improve management effectiveness in mid- to high-level sales managers. For China Life, LIMRA offers the best path for teaching marketing management. It focuses on five critical areas of field management: planning, recruiting, selection, training and performance management. These skills raise the operational performance of our teams so we can succeed in today's competitive environment.

After training is completed, sales managers track performance. Analysis from six months before training and six months after shows that our key development indicator, growth rate, improved after training was completed. In 2017, China Life will continue to use LIMRA courses to strengthen operational management and the retention rates and effectiveness of district office staff. By taking these measures to improve everyday management, we can increase organizational scale and fulfill China Life's annual objectives and realize our mid- to long-term development strategies.

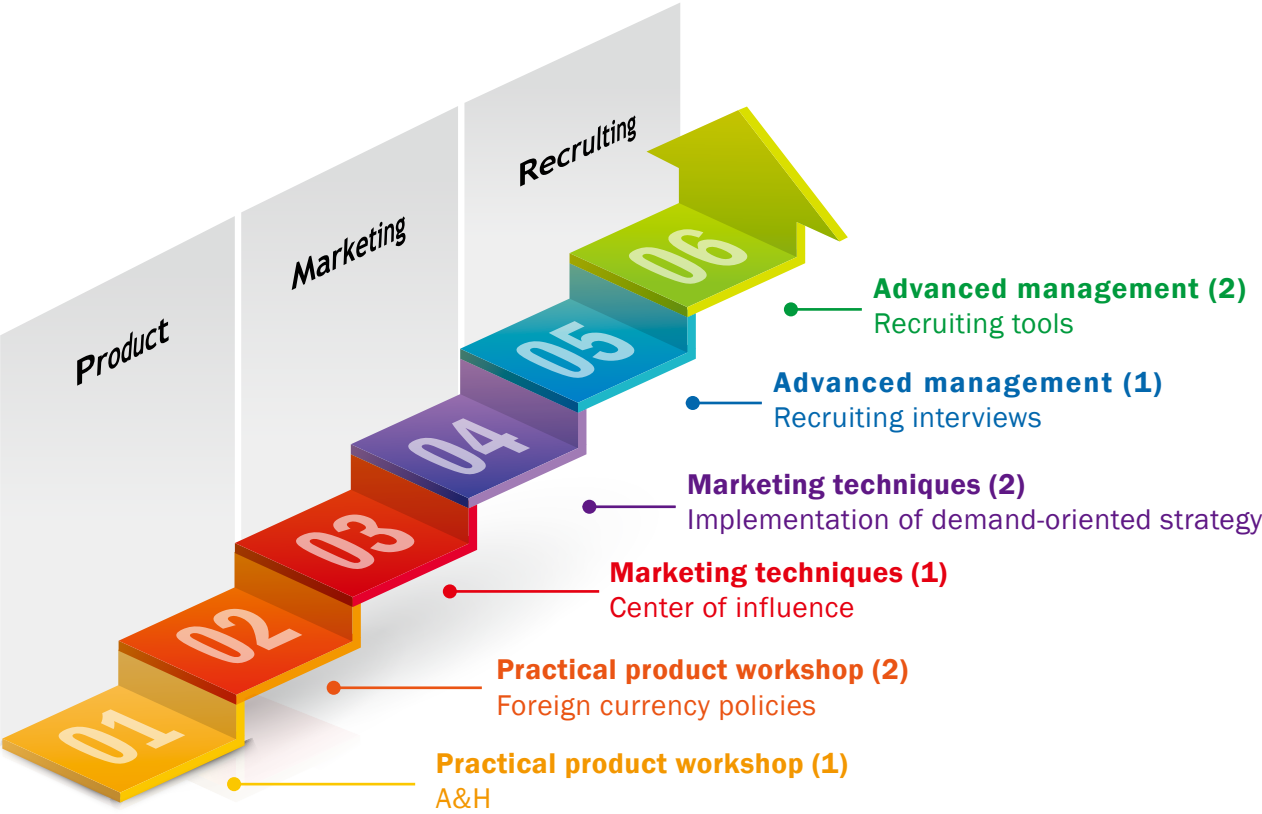
Core Team Classes

Sales managers praise our Core Team classes, which focus on cultivating high-potential sales agent managers who will become the next generation of district managers. Students who join the program enhance organizational development and scope, turning their district offices into models for others to follow. Training content includes the "Professional Capacity Training Plan," "Recruiting and Talent Selection," "Training and Guidance" and "Leadership and Guidance." These strengthen operational growth at district offices, which leads to future development. Agency channel vice president Anne Su served as the primary coach of the training course and each month gave students practical guidance. Senior staff, managers of top performing district offices, management professionals and other top instructors teach the classes.

Performance in 2016 was outstanding. The number of agency teams built by student managers grew by 19.3%, with a member growth of 33.2%, both outperforming other managers at the same level. The courses have led to the establishment of two new district offices, showing how they aid top sales agent managers in becoming district managers. Strong student performance has helped the rest of the organizational team to thrive.

Supervisor Promotion and Cultivation Plan

In order to raise the retention rate of sales supervisors, China Life launched the Supervisor Promotion and Cultivation Plan. The six-month plan includes six series of classes that strengthen supervisors' abilities in three major areas: products, skills and recruiting. Improved post-class duties and tracking mechanisms further raise production capacity and organizational development.



Rules Governing Solicitation Quality

China Life has always safeguarded the relationships between sales agents and clients. It is our belief that high-quality solicitation raises the professional image of our sales agents, leading customers to develop greater trust in the company. Therefore, besides using premium persistency ratios (80% over the course of 13 months) as a benchmark in annual bonus competitions, we established membership rules for joining the Policy Quality Club. Seven selection criteria are used to select the best sales agents in terms of business promotion, customer service, insurance knowledge and professional behavior. Qualified members become models for their peers to follow. The program enables our sales agents to provide policyholders with the highest quality of insurance services.

Friendly Workplace

Comprehensive Salary Structure

China Life believes developing a salary system that is competitive and fair is the key to attracting talented individuals to work with us.

To ensure that our bonuses and salaries are competitive, we adopted a performance-oriented pay policy for sales agents and office staff alike. The salaries we offer our employees are higher than the minimum wage standards stipulated by the government. In response to legal revisions, and to enhance the competitiveness of our digital financial services and the quality of our policyholder service, China Life has invested heavily in human resources. At the end of 2016, our number of employees and overall wages had grown significantly compared to the end of 2015. The average salary was up approximately 3.5%. Key factors for determining salary include academic achievements, work experience, position and performance. Gender did not play a role, keeping a balanced salary ratio between men and women, which is an important factor in achieving gender equality.

Comparison Between the Salary Range of New Recruits and the Government Mandated Minimum Wage

Office Staff		2016	2015	2014
Entry-Level New Recruits	Salary Range	The minimum wage was NT\$20,300; adjustments were made based on experience and education		
	Ratio of Salary to Minimum Wage	1.01 : 1	1.01 : 1	1.05 : 1
New Administrative Personnel with a University Degree	Salary Range	The minimum wage was NT\$28,000; adjustments were made based on experience and education		
	Ratio of Salary to Minimum Wage	1.40 : 1	1.40 : 1	1.45 : 1

Sales Agents		2016	2015	2014
Low-Level Supervisor	Salary Range	Salary is paid according to the income item stipulated in the labor contract; the monthly minimum wage shall not be lower than the hourly rate stipulated by the central authority		
	Ratio of Salary to Minimum Wage	1 : 1	1 : 1	1 : 1

Salary Ratios for Employees of Various Levels

Position Rank	Basic Wage Ratio (Women:Men)	Annual Bonus Ratio (Women:Men)
Department Manager or Higher	1.06 : 1	1.23 : 1
Division Manager	0.92 : 1	0.9 : 1
General Staff	0.9 : 1	0.9 : 1

Number of Non-Managerial Employees and Their Average Annual Employee Wages and Benefits, with Comparison to Previous Year

Number of Non-Managerial Employees			
Item / Year	2016	2015	2014
No. of Non-Managerial Employees	1,607	1,528	1,375
Average Non-Managerial Annual Employee Wages and Benefits, with Comparison to Previous Year			
Item / Year	2016	2015	2014
Average Wages and Benefits	NT\$772,775	NT\$741,734	NT\$738,900
Increase Compared to Previous Year	4.18%	0.38%	4.03%

Diverse Employee Welfare Mechanisms

From new recruits to senior staff, we work tirelessly to ensure everyone feels a sense of belonging and family. We start with staff welfare and protection, including basic welfare programs, corporate pension plans, safe workplace environments, parental leave and scholarships for the children of employees. We also established staff clubs across Taiwan to ensure that all employees enjoy the welfare and care they deserve.

Welfare Item	Description	Usage
Vacation and Leave	New employees receive annual leave in their first year	431 employees
Volunteer Leave	In order to encourage employees to give back to society by joining public welfare activities, we offer one day of volunteer leave each year	261 employees
Employee Insurance	Labor insurance, national health insurance and group insurance (covering life insurance, accident insurance, family/hospital medical insurance, and accident medical insurance)	Labor insurance payments: 99 Group insurance claims: 648

Welfare Item	Description	Usage
Employee Loans	Favorable employee interest rates for housing and scooter loans	Housing loans: 24 Scooter loans: 8
Staff Clubs	Subsidies are provided to support the establishment of diverse staff clubs; these allow for employees to enjoy comprehensive lifestyle planning that covers more than just work	939 subsidies
Health Examinations	We offer health examinations as part of the care we show toward our employees' physical health; in 2016, total subsidies were NT\$4,051,800	1,153 subsidies
Company Trips	To promote work-life balance, we encourage employees to attend company trips; the welfare committee offers travel subsidies to support this	There was no company trip in 2016
Employee Health Management Plans	We promote a series of activities and lectures through employee health management plans; participants are able to gain a better understanding of health risks, which helps them to develop good lifestyle habits and healthy behaviors	1,001 plans
Finance and Life Insurance Camps for Children	We planned finance and life insurance camps for employees to bring their children and show how their workplace is an interesting, happy place	55 participants
Scholarships for Employees' Children	To encourage the children of staff to study hard, we provide educational scholarships; total subsidies in 2016 were NT\$3,099,600.	1,168 scholarships
Holiday Bonuses and Year-End Party	In addition to bonuses for Dragon Boat Festival, Mid-Autumn Festival and birthdays, we organize annual parties and lucky draws to celebrate the Lunar New Year	Birthday bonuses: 1,804 Dragon Boat Festival bonuses: 1,760 Mid-Autumn Festival bonuses: 1,789 Year-end party prizes: 1,956
Bonuses	Year-end bonuses, employee bonuses (decided at shareholders' meetings), bonuses for reaching designated goals, professional examination bonuses	Year-end bonuses: 1,842 Employee bonuses: 1,669 Bonuses for reaching designated goals: 126 Professional examination bonuses: 156
Other Items	Labor pensions, wedding and funeral gifts, special allowances for hospitalization, establishment of employee common rooms and gym; beyond their work, we want to ensure that our employees maintain a healthy mind and body	Wedding and funeral gifts: 552 Special allowances for hospitalization: 532

Finance and Life Insurance Camps for Children

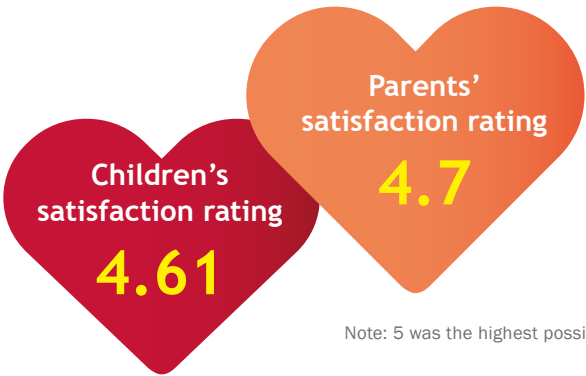
With two-income families becoming the norm, children often have little understanding of their parents’ jobs and do not understand the hard work that their parents do everyday. In order to increase interaction and communication between employees and their children, China Life established a novel parent-child experience: finance and life insurance summer camps. Children participate by accompanying their parents to work. They see their parents’ work environment and join exciting finance and life insurance games and food safety DIY classes. The interaction not only brings families closer together but also creates a happy workplace.

Starting from the perspective of financial education, the camp turns professional finance and life insurance ideas into engaging and fun classes. Using a Monopoly-type game and other activities, students learn the meaning of words and phrases like insurance, finance and financial fraud. They develop positive values toward insurance and money. For younger children, we offer food safety classes and activities. The children study different types of food and learn how to select healthy foods from the food pyramid. From a young age, they learn how to care for themselves and how to maintain a healthy body. The activities are both fun and educational. One boy who took part happily said: “Monopoly is a lot of fun, and it teaches you the importance of saving.” A shy young girl said: “Dad, thank you for your hard work. I love you.” The father responded with a warm hug.



Two days of events turned what is normally a serious and quiet office into a rambunctious place filled with the laughter of children. Our company chairman was very enthusiastic about the event and joined to hand out certificates of completion. The venue was brimming with excitement. The honest and sincere atmosphere filled everyone’s hearts with joy.

Activity Satisfaction Rating

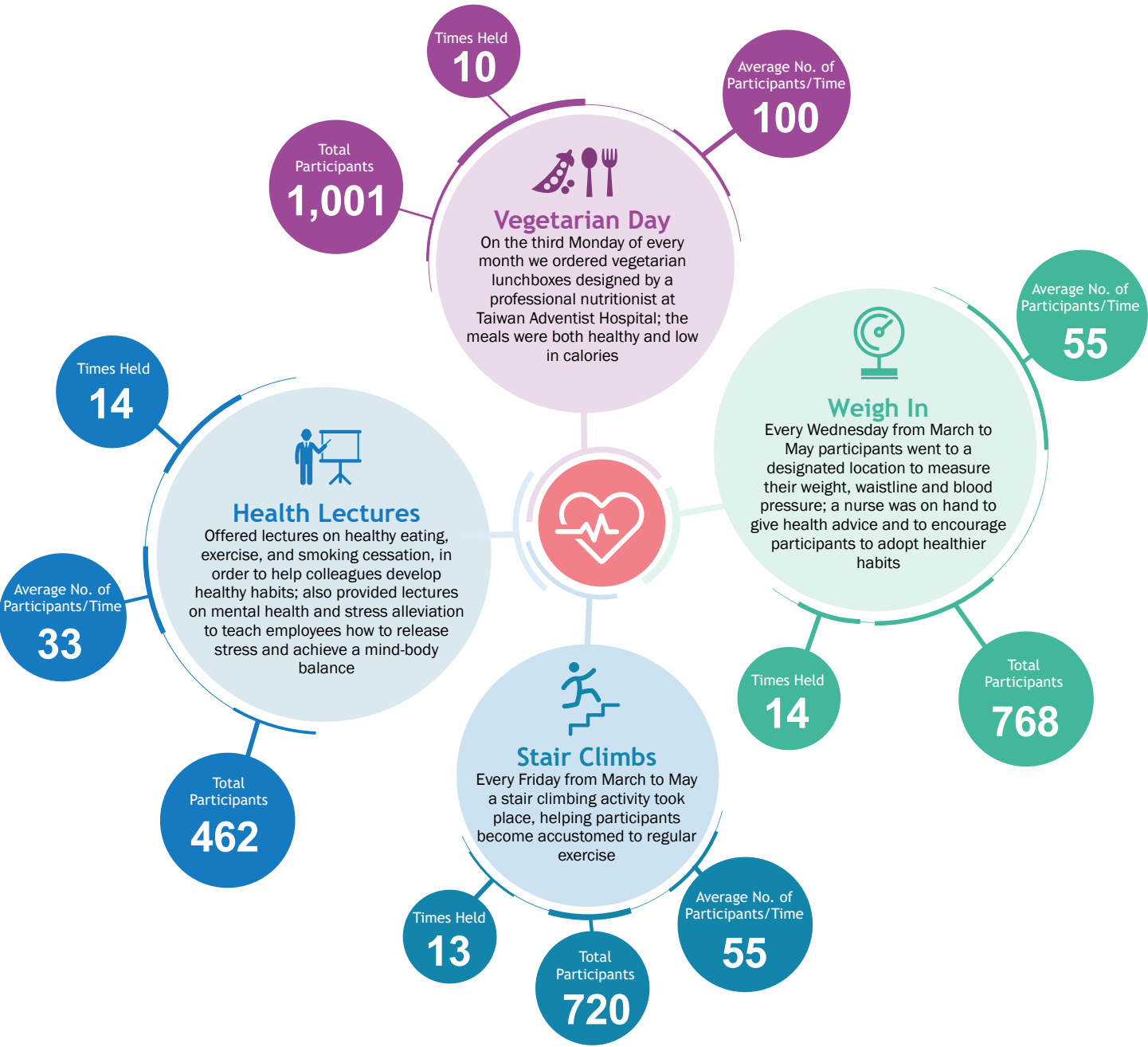


Note: 5 was the highest possible

Employee Health Management Programs

Activities and lectures offered through employee health management programs give our employees the opportunity to recognize the health risks present in their life and work. Wielding this knowledge, they can develop healthy habits and a healthy lifestyle. Programs include self-management of health, nutritious eating habits, regular exercise and strategies for dealing with pressure. The objective is to improve employees’ health while strengthening team spirit.

In 2016, China Life also promoted Fat Combat Camps in which we urged employees to eat healthy, exercise regularly and step on the scales. Incentives included participation prizes and awards for the most weight loss. Of the participants, 60 who weighed in before and after the camp saw their total weight fall from 4,212 kg to 4,091 kg, for a total loss of 121 kg, or 2 kg per person.



■ Work-Life Balance Lecture Themes and Locations

2016 Classes Held 14 times	2015 Classes Held 16 times	2014 Classes Held 6 times
Lecture Themes	Lecture Themes	Lecture Themes
Healthy eating, exercise, mental health, stress alleviation, and smoking cessation	Health promotion, parent-child relations	Self-growth, life appreciation, health maintenance and care
Locations	Locations	Locations
Taipei, Taoyuan, Taichung, Tainan, Kaohsiung	Taipei, Taoyuan, Taichung, Tainan, Kaohsiung	Taipei, Taichung, Tainan, Kaohsiung

Retirement Benefits

In terms of retirement benefits, China Life adheres to the “Labor Standards Act” and the “Labor Pension Act.” In accordance with government regulations, we established the “Labor Retirement Reserve Supervisory Committee.” For employees using the old pension system, a certain percentage of their gross monthly salary is reserved for their retirement fund with the Bank of Taiwan. For employees using the new pension system, 6% of their monthly salary is deposited into a retirement fund account at the Bureau of Labor Insurance.







In addition to allocating a retirement reserve fund in accordance with the above provisions, we opened a retirement fund account at CTBC Bank. Between fixed deposits into the latter fund and additional provision of retirement reserve funds based on actuarial analysis results, we ensure our employees’ retirement rights. At the end of 2016, there was a surplus of NT\$303,737,240 in the two funds, which was sufficient to meet employee pension requirements.







Support for Parents

Family is at the core of a stable society. For those who must put their career on hiatus in order to take care of their children, we offer our full support and compassion by offering unpaid parental leave. In 2016, a total of 27 office staff and 64 sales agents requested unpaid parental leave. About 93% of office staff that requested unpaid parental leave were women, though the percentage of men rose. Women also made up the majority of sales agents requesting unpaid parental leave at 86%.

In recent years, retention rates of office staff who take unpaid parental leave has been satisfactory, including a 62% return to work rate in 2016 with an 82% retention rate. Among sales agents in 2016, the return to work rate was 68% and the retention rate was 88%. The retention rates over the past three years for office staff have remained above 80%, with men having a 100% rate. These numbers show that China Life’s efforts to promote a work-life balance are sufficient to encourage even families with difficult childcare burdens to choose to return to and stay at work.

■ Unpaid Parental Leave

Office Staff	2016		2015		2014	
						
Number of Applicants	2	25	1	18	1	20
	Total 27		Total 19		Total 21	
Return to Work Rate (%)	100	60	50	67	0	37
	Total 62		Total 65		Total 37	
Retention Rate (%)	100	80	0	86	100	78
	Total 82		Total 86		Total 80	

Sales Agents	2016		2015		2014	
						
Number of Applicants	9	55	9	73	14	66
	Total 64		Total 82		Total 80	
Return to Work Rate (%)	75	67	80	81	50	61
	Total 68		Total 81		Total 59	
Retention Rate (%)	83	89	86	93	43	76
	Total 88		Total 92		Total 71	

Notes:

1. Return to work rate = The number of employees who returned to work/the number expected to return to work x 100%
2. Retention rate = The number of employees retained 12 months after returning to work from the previous year/the total number of employees returning to work from the previous year x 100%

Workplace Safety and Health



On-Site Health Care

As part of our efforts to provide a safe and comfortable working environment, major service counters across Taiwan provide free blood pressure monitoring devices and automated external defibrillators (AED). We have obtained AED safe location certification and have 125 staff certified in first aid spread across our various offices. Emergency medicines and equipment are also available.

In accordance with worker health protection regulations, we enlist nurses to provide information on health promotion and guidance, prevention of workplace illness and diseases, first aid, and emergency responses. Additional information on communicable disease prevention and health promotion is sent via mail or the company’s internal network. We have enlisted certified doctors from Linkou Chang Gung Memorial Hospital, Taichung Veterans General Hospital and Kaohsiung Chang Gung Memorial Hospital to work with our company’s nurses to conduct quarterly on-site health care visits to companies in Taipei (Dunbei Building, Zhuoyue Building, Taiping Building), Taichung (Royal Household Building) and Kaohsiung (Mingcheng Building). In 2016, there were 20 such visits.

Health Promotion Activities

In order to protect all employees against the ravages of influenza, China Life adopted a “discover early, treat early” policy. Furthermore, on November 11, 2016, we cooperated with the Songshan District Health

Service Center to offer our employees free health services, including blood cholesterol, blood pressure and blood sugar testing, pap smear tests, mammograms, oral cavity cancer screenings and colorectal cancer screenings. The services were also opened to neighborhood residents, and the center arranged for people over 50 to receive subsidized influenza vaccinations. A total of 194 people participated.

Occupational Health and Safety Committee

The Occupational Health and Safety Committee is a standing committee headed by a committee chairperson and containing six other members. Three members, or 42.9%, are labor representatives. In 2016, the committee held regular meetings on March 4, June 17, September 23 and December 15, as well as an extraordinary meeting on March 22, to review and recommended health and safety policies and proposals. China Life also established an occupational health and safety management unit that is responsible for drafting, planning, overseeing and implementing related measures, as well as overseeing implementation by other departments. Measures the unit formulated in 2016 included the “Illegal Harassment in the Workplace Prevention Plan,” “Ergonomics Hazard Prevention Plan,” “Prevention of Illness Caused by Exceptional Workloads” and “Maternal Health Protection Plan.”

Workplace Leisure Facilities

In order to encourage staff to exercise, China Life built a gym at our Taipei headquarters. At the Kaohsiung Mingcheng Building we added common rooms, a gym, aerobics classrooms, changing rooms and shower facilities.

Occupational Safety Performance

	2016		2015		2014	
Injury Rate	0.0004	0.0011	0	0.0002	0	0.0012
	Total	0.0015	Total	0.0002	Total	0.0012
Occupational Disease Rate	0	0	0	0	0	0
	Total	0	Total	0	Total	0
Absence Rate	0.08	0.29	0.05	0.26	0.07	0.26
	Total	0.38	Total	0.31	Total	0.33
Loss of Day Rate	0.0021	0.0048	0	0.01463	0	0.01326
	Total	0.0069	Total	0.01463	Total	0.01326
Number of Deaths	0	0	0	0	0	0
	Total	0	Total	0	Total	0

Notes:

- 1. Injury Rate = Total number of accidents / total number of working days
- 2. Occupational Disease Rate = Total cases of occupational disease / total work days
- 3. Absence Rate = Combined total of injury leave, sick leave and menstrual leave / total working days
- 4. Loss of Day Rate = Injury leave days / total working days

Unit: Percentage (%)

Travel Rewards

In order to encourage better performance by sales agents, China Life offers overseas travel awards on a semiannual basis to top performers. Over the past five years, a total of 8,872 trips were rewarded, covering each of the world's continents

Guaranteeing Labor and Human Rights

Human Rights Policies

In order to implement policies that promote equality and diversity, and to build a harmonious workplace environment, all employees must take classes that promote human rights. The classes cover the following topics:

- ◆ **Working and Freedom of Association Rights of Our Staff:** We work to protect our staff's honor and privacy. To safeguard their rights and interests, the company formulated work regulations that were reviewed by the authorities.
- ◆ **Achieving Work-Life Balance:** We provide various welfare benefits for our staff and advocate family life and leisure. Our policy to not force workers when they are unable to work reduces employee stress and improves performance.
- ◆ **Multi-Cultural and Equal Employment Opportunities:** We do not discriminate on the basis of race, class, language, ideology, religion, political party, ancestry, birthplace, gender, sexual orientation, age, marital status, appearance, facial features, disability, or past trade union membership.
- ◆ **Labor-Management Communication Channels:** We established labor-management meetings to promote harmony. Employees can use this mechanism to fully express their views.

China Life's efforts to promote gender equality in the workplace include the establishment of the Sexual Harassment Prevention Committee. If a worker is the victim of harassment, he or she can file a complaint through a special unit or via a hotline. Employees can use these channels to understand related punishments and learn about their rights so that they can protect themselves and put an end to sexual harassment.

Employment of the Disabled and Minorities

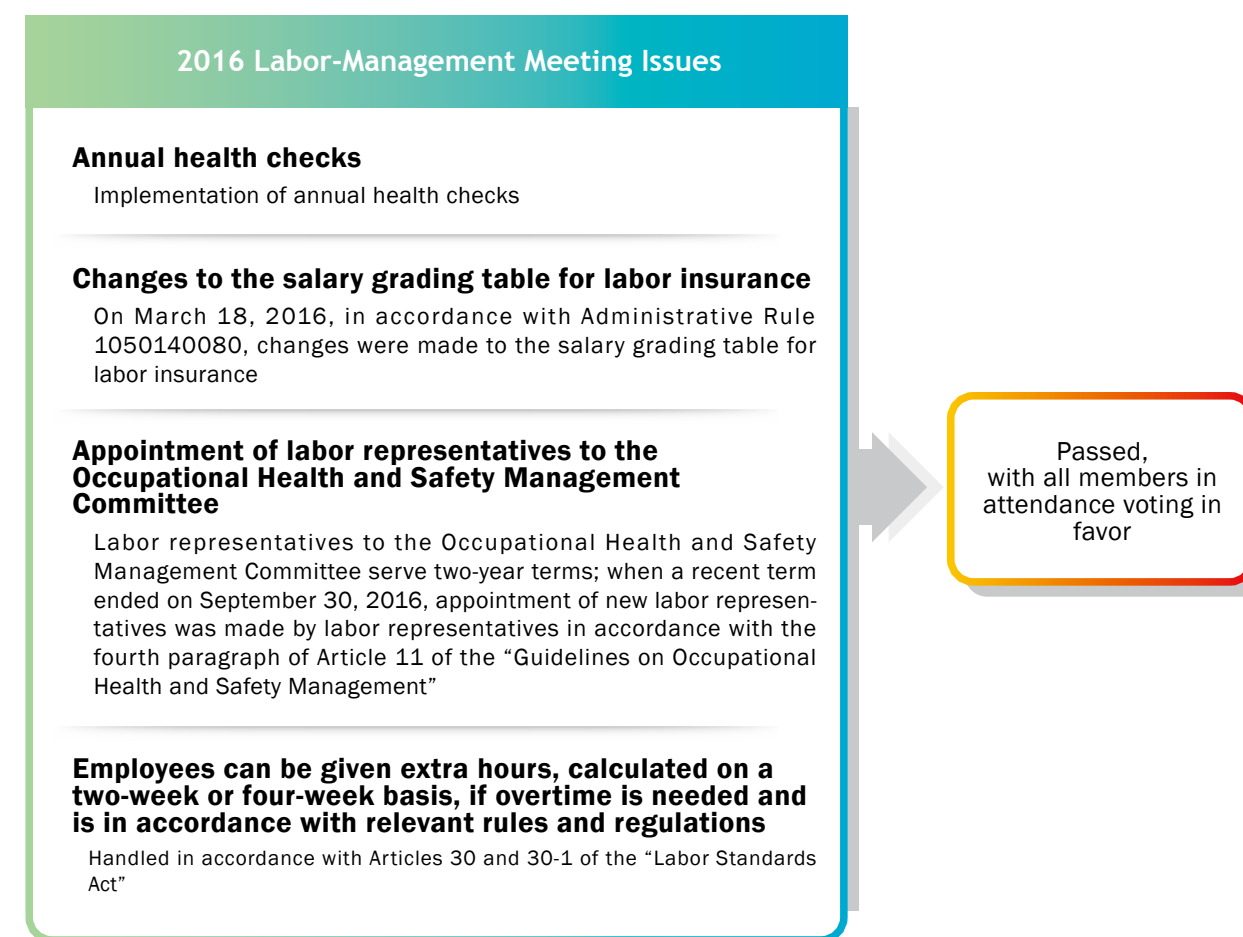
Disabled employees enjoy the same rights and opportunities as all other employees. We prioritize a portion of job openings for people with disabilities and understand the assistance they require in the workplace. Hence, we provide disabled-friendly restrooms, passages, parking spaces, and elevators, as well as Braille signs, large computer monitors, text magnifiers and signal lights for the visually impaired. We also provide extra encouragement to the disabled, including urging them to register for professional certification, so they can raise their professional competitiveness.

China Life had 75 disabled employees in 2014, 66 in 2015 and 68 in 2016. Among disabled employees in 2016, 33% had worked at China Life for one to five years and 67% had been at China Life for more than five years. Some of the latter had been with us for 13 or 14 years or more.

We also actively seek to employee Taiwanese minorities beyond the government quota. At the end of 2016, China Life employed 58 indigenous people.

Harmonious Labor-Management Relations

In order to promote good communication and interaction between general employees and managers, China Life holds a labor-management meeting every quarter. This meeting is for both sides to raise issues and encourage healthy two-way communication. Issues discussed in 2016 included implementation of annual health checks, changes to the salary grading table for labor insurance, distribution of work hours, and appointment of labor representatives to the Occupational Health and Safety Management Committee. Agreements were reached following extensive discussion. Furthermore, each week the chairman convenes a meeting with system managers and above and the highest-ranking managers of each business line. Each month the president convenes a company-wide departmental manager meeting. These are considered important and official internal communication channels.



We also have an open complaint channel to ensure that all voices are heard. If an employee encounters any problems at work, he or she can file a complaint addressed to managers at any level or the Human Resources Department. The company then responds to and handles the case. In 2016, China Life was subject to nine labor inspection cases, including a finance and insurance industry special case and an attendance management case. After providing relevant information to the labor authorities, we passed all inspections.

Chapter 4

Care

Building a Society for the Common Good

2017 Key Sustainability Goals

Comprehensive After-Sales Service to Provide Meticulous Care to Policyholders

- Create a new version of our e-commerce platform with a high-quality, responsive web design that makes it easy for customers to find information
- Include claims application information on payment notices to safeguard the rights of policyholders
- Make our webpages accessible to the disabled and obtain certification
- Conduct satisfaction surveys at service counters and add satisfaction surveys at care counters; maintain satisfaction rates of near 100%

Strengthen Information Security Systems and Carefully Manage Personal Information of Policyholders

- Establish the first mobile offices in the industry to strengthen data security and raise office efficiency
- Pass BS 10012 Personal Information Management certification

Utilize Core Capabilities of the Insurance and Finance Industries to Give Back to Society

- Build a social welfare platform; every year select 50 artworks created by children or people with mental disabilities to tell a story
- Promote micro-insurance products, with the goal of increasing the number of policyholders by 500 from the previous year
- Hold eight finance and insurance educational activities in rural elementary schools, so children develop a better understanding of these important topics

The United Nation's SDGs

China Life seeks to fulfill its CSR duties and build greater inclusiveness in the financial industry. We offer micro-insurance products to economically disadvantaged groups, and seek to provide these services to more disadvantaged groups and households through cooperative efforts with city and county governments and social welfare organizations. We always stand together with policyholders. Whenever our policyholders face an emergency or a disaster, we immediately offer a helping hand, so they can quickly get back on their feet. In light of demographic changes and educational problems, we use our “Read Across 319 Townships” program to raise the quality of education in rural areas that lack educational resources. Our hope is to use education to change the lives of children.



Chapter
Key
Points

- ◆ The first life insurer to integrate a personal information management system into district offices, leading to a comprehensive network to protect personal information
- ◆ Promotion of online insurance purchasing platforms; premium income from our e-commerce platform accounted for 48% of all online life insurance sales in Taiwan in 2016
- ◆ The “Love to Go” volunteer team participated in 534 activities in 2016, contributing a total of 12,434.5 hours of volunteer service
- ◆ Over the course of four years, close to 4,200 people participated in the “Read Across 319 Townships” program

Introduction

Strong policyholder relations are the key to increasing trust among current policyholders and essential in attracting new customers. China Life therefore seeks to increase our value proposition by enhancing our after-sales services, and by strengthening our personal information and data protection systems. These measures make customers more loyal, thus encouraging them to stay with the company. When major disasters occur, our care and emergency assistance helps policyholders deal with the difficulties they face. We are committed to providing services that satisfy while upholding the principle that people always come first. We make long-term investments to promote social participation. Our continued social impact allows us to achieve our brand mantra of “We Share, We Link.”

Strengthening Policyholder Relations

Providing Diverse Products

In order to provide tailored products and services that meet the needs of different customers, China Life is constantly researching trends in international and domestic market. We develop and design our products according to legal regulations and principles of fairness. Integrity, professionalism and stability are the core principles of our service. We are committed to providing the most suitable insurance products catering to all needs. In 2016, China Life continued to promote traditional products like multi-currency single and regular premium policies; annuity products suited to retirement planning; health insurance that can improve medical treatment quality and care needs; and investment-linked policies that help holders fulfill both their investing and risk management needs. Our diverse range of products offers suitable options for people of all stages of life.

China Life Insurance Product List

<div><div>Child / Student (24 Years or Younger)</div><div><div>Needs</div><ul style="list-style-type: none">Basic personal insuranceBasic life insurance</div><div><div>Insurance Products</div><ul style="list-style-type: none">Investment-linked insurancePersonal accident insuranceHealth insurance</div></div>	<div><div>New Graduate (25-34 Years)</div><div><div>Needs</div><ul style="list-style-type: none">Protection planningSmall sum financial planning</div><div><div>Insurance Products</div><ul style="list-style-type: none">Term life insurance with lower insurance rates and higher coverageWhole life insurance with increasing sum insuredWhole life insurance with endowment planInvestment-linked insuranceAccident insuranceHealth insurance</div></div>	<div><div>Parent (35-44 Years)</div><div><div>Needs</div><ul style="list-style-type: none">Protection planning / investment planning / loansWealth management / child education fund</div><div><div>Insurance Products</div><ul style="list-style-type: none">Interest-sensitive life insuranceWhole life insurance with increasing sum insuredWhole life insurance with endowment planInvestment-linked insuranceHealth insurance, long-term care insurance</div></div>
<div><div>Middle-Aged / Elderly / Children's Wedding (45-64 Years)</div><div><div>Needs</div><ul style="list-style-type: none">Protection planning / retirement planning / wealth planning / wealth transferWealth management / children's venture fund</div><div><div>Insurance Products</div><ul style="list-style-type: none">Interest-sensitive life insuranceWhole life insurance with increasing sum insuredWhole life insurance with endowment planInvestment-linked insuranceHealth insurance, long-term care insuranceAnnuityUniversal life insurance</div></div>	<div><div>Overseas Traveler</div><div><div>Needs</div><ul style="list-style-type: none">Travel protection</div><div><div>Insurance Products</div><ul style="list-style-type: none">Travel insurance</div></div>	
	<div><div>Foreign Resident</div><div><div>Needs</div><ul style="list-style-type: none">Wealth management</div><div><div>Insurance Products</div><ul style="list-style-type: none">Insurance products for OIU</div></div>	
<div><div>Retiree (65 Years or Older)</div><div><div>Needs</div><ul style="list-style-type: none">Wealth transfer/health care/long-term careImmediate annuity/asset planning/investment</div><div><div>Insurance Products</div><ul style="list-style-type: none">AnnuityUniversal life insuranceHealth insurance, long-term care insuranceInsurance policy conversion</div></div>	<div><div>Economically Disadvantaged Groups</div><div><div>Needs</div><ul style="list-style-type: none">Basic personal insurance</div><div><div>Insurance Products</div><ul style="list-style-type: none">Accident micro-insurance</div></div>	

Promoting Micro-Insurance

Assistance for the Economically Disadvantaged

In order to provide disadvantaged groups with basic accident insurance to cover death and disability, in 2014 China Life introduced micro-insurance products. Micro-insurance products have lower premiums, lower coverage and are easy to understand. They come in three types: accident micro-insurance, collective accident micro-insurance and group accident micro-insurance. The premise of micro-insurance is to provide basic accident insurance covering death and disability that is still affordable for people with low incomes. With the protection of micro-insurance, families can avoid the sudden severe financial impact that a major accident could cause.

China Life is committed to the spirit of CSR. In order to care for the disadvantaged and ensure they enjoy the safeguards of basic insurance, we cooperate with the Garden of Hope Foundation, the United Way and the Yilan County Government to provide micro-insurance. This joint effort brings insurance to every corner of Taiwan that is in need of extra care, providing a strong shield for disadvantaged families.

Expansion of Diverse Channels

In order to expand our micro-insurance business, China Life seeks to increase cooperation with diverse channels. In 2016, 13 banks were offering China Life micro-insurance policies and had made micro-insurance one of their key promotional products. In addition, in response to government policies to protect disadvantaged groups, for two consecutive years we cooperated with the Yilan County Government to promote micro-insurance services. These efforts gave economically disadvantaged households the chance to enjoy the benefits of basic accident insurance to cover death and disability. With this safeguard in place, high medical costs or other expenses due to an accidental death or disability do not put a severe financial burden on a family. Instead, in times of crisis, they can get the safeguards and financial support they need. At the end of 2016, more than 6,000 people were under the coverage of China Life micro-insurance.

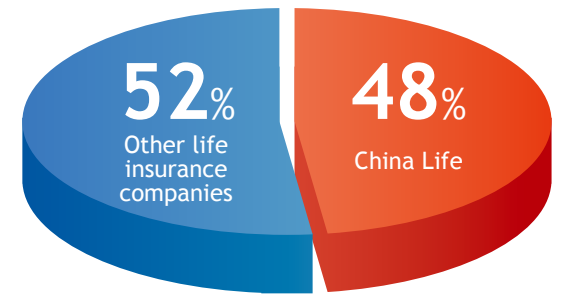
Online Insurance Purchasing Platforms

Since June 22, 2015, China Life's e-commerce platform has provided a convenient 24-hour channel for purchasing insurance products. Recognizing that many people find purchasing life insurance to be a difficult, complex process, we meticulously built a website designed around the user experience. We made life insurance policies simple to read and understand, so customers can easily go online to select and pay for the most suitable policy for them.

We have offered travel safety insurance and accident insurance products since the launch of our e-commerce platform. In order to expand beyond these traditional offerings into the field of insurance financial management products, on May 16, 2016, we pioneered the online sale of interest-sensitive annuity. Policyholders can choose this policy as the funding source to achieve their retirement or children's education dreams.

As of December 31, 2016, China Life's premium income from the e-commerce platform accounted for 48% of all online life insurance sales in Taiwan.

Premium Income from Life Insurance e-Commerce Platforms in Taiwan

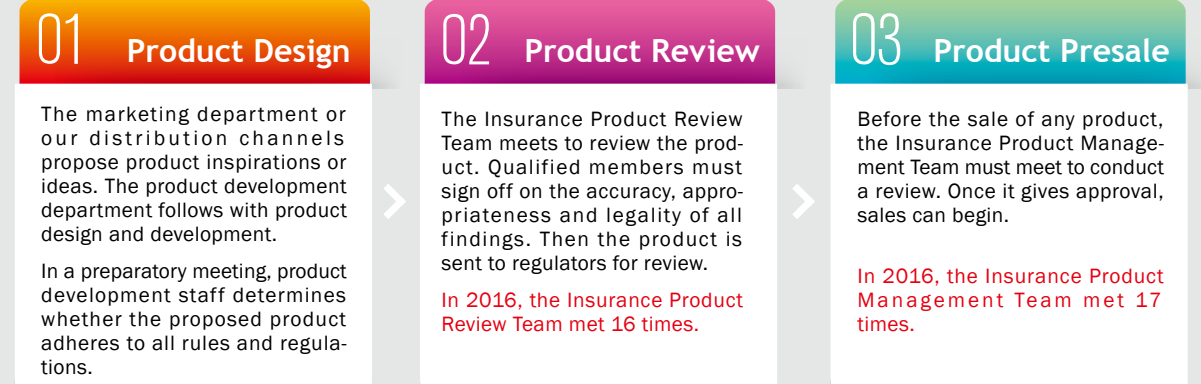


New Product Planning

China Life provides diverse products and services that fulfill the needs of various customers. In order to ensure that new products meet all rules and regulations, before the sale of a new product begins, it must pass three stages: product design, product review and product pre-sale.

After the launch of a product, the Insurance Product Management Team meets at least once every six months to determine whether the “Regulations Governing Presale Procedures for Insurance Products” have been met. The team makes changes when needed. When releasing new services or new insurance products, or when making major changes to insurance products that regulators determine need approval, corporate compliance managers offer their opinions on whether the changes are legal and adhere to internal rules and regulations. The products must conform to the “Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises” in order to be sure they comply with the law and protect the rights of consumers.

New Product Launch Process



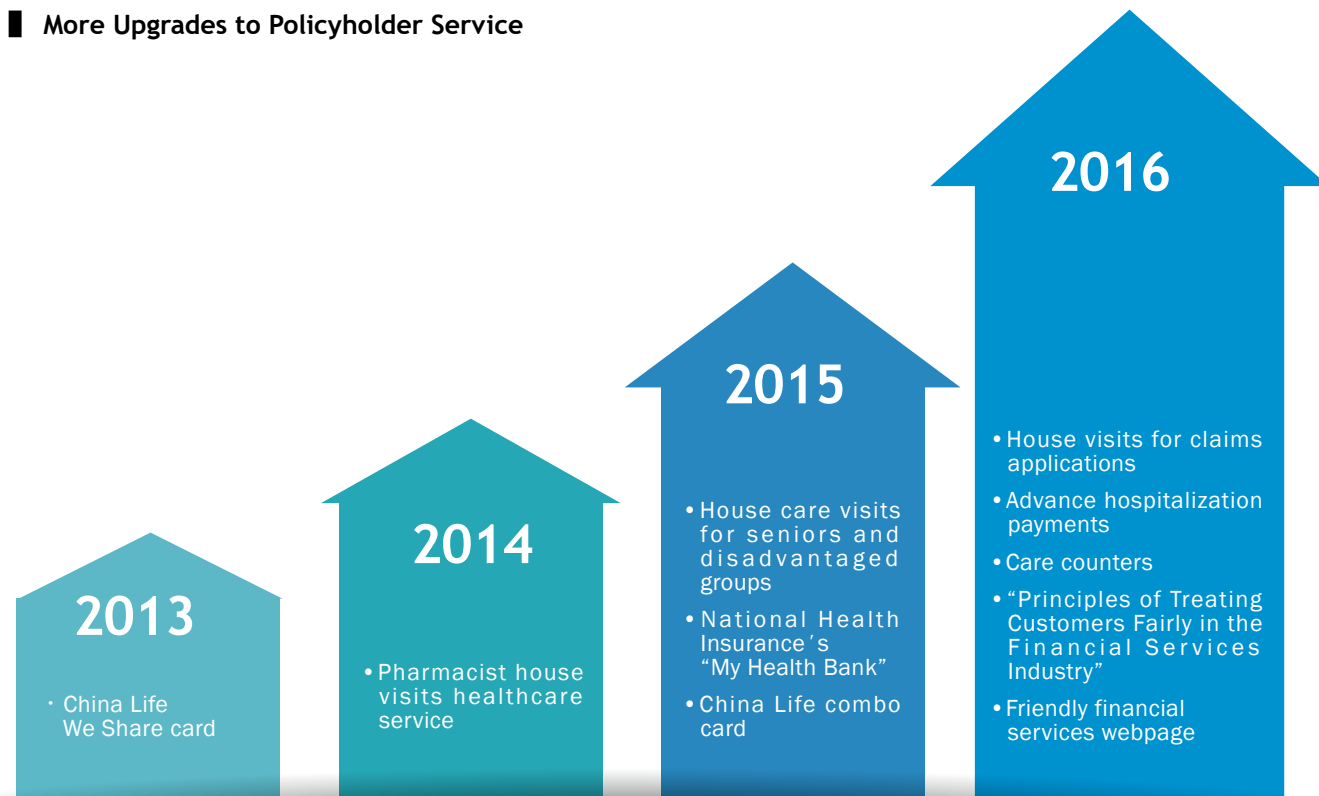
Sincere Customer Care

In June 2016, China Life announced the “Principles of Treating Customers Fairly in the Financial Services Industry.” Using a combination of internal promotion, education and training, we implemented the principles as a way of raising recognition among financial service workers of the need to protect consumers while improving knowledge of related laws. The principles increase consumer confidence in financial services, thus

aiding sustainable development of the industry. To guarantee the basic rights of people with disabilities and assure them of fair and reasonably convenient financial services, in August 2016 we added a new friendly financial services page to China Life's corporate website. In 2017, we plan to make it even easier to access this page so as to build a friendly environment that accommodates the financial needs of the disabled.

In the future we will continue to uphold China Life's mantra of “We Share, We Link” by providing even more high-quality, innovative and diverse insurance services. Our policyholders will enjoy not only additional guarantees but also greater convenience and preferential treatment. The result will be a win-win situation for China Life and its policyholders.

■ More Upgrades to Policyholder Service



Widening the Scope of After-Sales Service

Services at Contracted Medical Treatment Centers and Clinics

At the end of 2016, China Life had signed cooperative agreements with 1,244 medical treatment centers and clinics, 34 of which were located in difficult to access rural areas. In 2017, with the help of our nationwide district offices, we will expand our contracted institutions, including adding more in rural areas. Policyholders will benefit from more diverse and wide-ranging medical treatment services and resources.

- ◆ To make it easier for policyholders to get the treatment they need, China Life continues to work with clinics across Taiwan; together, we provide comprehensive medical treatment and resources to more customers

- ◆ Many of our customers use apps to find nearby medical treatment centers; China Life thus continues to improve and update searches of contracted institutions on its app as well as GPS functionality

Second Medical Opinion Referrals

China Life recommends policyholders with long-term personal insurance who are diagnosed with cancer get a second opinion to gather more information on both the diagnosis and treatment options. We have an ongoing cooperation with the Koo Foundation Sun Yat-Sen Cancer Center for second opinion referrals, and, depending on place of residence, provide transportation subsidies to ease the financial burden on patients who do not live near the center. In 2016, 10 patients applied for these subsidies and together received a total of NT\$13,000.

House Visits for Seniors and Disadvantaged Groups

In 2016, China Life offered many caring measures for disadvantaged groups (the visually impaired, people with speech and language impairments, people with disabilities, and people with mobility problems) and seniors (65 years or older). We provided house visits for claims applications and delivery and collection of application documents. When applying for a claim, customers could choose to have the money transferred to their bank account or a check delivered to their home. In 2017, we provided 73 house visits, including 57 for claims settlements.

Advance Hospitalization Payments

In the past, when policyholders applied for medical treatment claims, the full process was handled post-treatment. Following discharge and the completion of treatment, the policyholder would ask the hospital for his or her medical record and receipt then apply for a claim. Only after this process was completed would the policyholder be able to receive their payment. Policyholders, however, may have had to pay hospital fees during the course of treatment. In consideration of the difficulty this could pose and in the interest of meeting policyholder needs, China Life decided to provide a better system. Since June 2016, we have offered advance hospitalization payments. Policyholders who are hospitalized with a disease or accidental injury and who meet certain conditions can apply for payment upon being admitted for treatment. After receiving an application, China Life dispatches a staff member to the hospital to check on the policyholder and collect his or her documents. Advance payments of up to NT\$60,000 are offered. In 2016, 11 policyholders used this service, and we issued NT\$321,800 in advance payments.

National Health Insurance's "My Health Bank"

China Life seeks to increase self-management of health among our customers. With this interest in mind, and in the hope of improving service to policyholders and encouraging positive health attitudes, since 2015 we have cooperated with the National Health Insurance Administration, Ministry of Health and Welfare to promote "My Health Bank." Computers and professional assistance are offered at five service centers across Taiwan (Taipei, Taoyuan, Taichung, Tainan and Kaohsiung). People can use their National Health Insurance card or their Citizen Digital Certificate to check their medical records on "My Health Bank," thus promoting the goal of self-managed health.

Care Counters

To make it easier for elderly policyholders with mobility problems to make inquiries, since March 1, 2016, we have offered care counters at service centers in Taipei, Taoyuan-Hsinchu, Taichung, Chiayi, Tainan and Kaohsiung. The counters are tailored to provide priority service to the elderly, people with mobility issues or policyholders in need of extra assistance. Specially trained counter staff provide considerate service covering various insurance needs. Besides reducing wait times, the staff go the extra mile to provide caring, enthusiastic help. Policyholders appreciate the fast, personalized service, and in turn develop greater trust and appreciation for the company. In 2016, the counters served people 237 times.



Service Counter Satisfaction Surveys

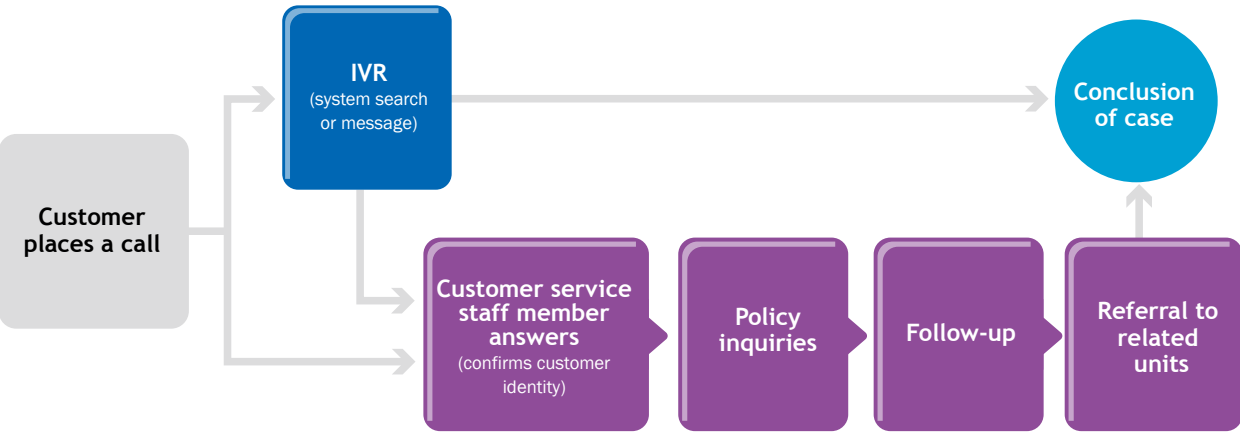
To measure customer satisfaction at China Life's service counters, our staff ask them to rate their experience between 1 (lowest) and 5 (highest). In 2016, 99.5% of respondents gave a score of at least 4. This gives us a reference point to make further improvements in our general service counters.

Starting from 2017, we have begun to ask customers to rate their satisfaction at our care counters. We hope satisfaction at the care counters is also 4 or above.

Friendly Phone Service

Our call centers offer a diverse range of services and act as a bridge between customers and the company. Policyholders can also make inquiries on China Life's corporate website, in line with new communication practices. As customer service staff provide assistance, they also collect recommendations from customers. In 2016, they compiled a total of 918 customer opinions and provided these to related departments to serve as a reference for making improvements.

Phone service is available weekdays from 08:00~22:00 and weekends from 08:00~20:00. Outside of regular service hours, customers can search for information using the interactive voice response system (IVR) or leave a message. Typically, we respond to messages the following day. For holidays lasting three days or more, we notify related units and re-route calls that come outside of regular calling hours to an overseas urgent assistance hotline. An emergency hotline is always available for customers to speak to a representative to ensure that customer access to China Life remains open 365 days a year.



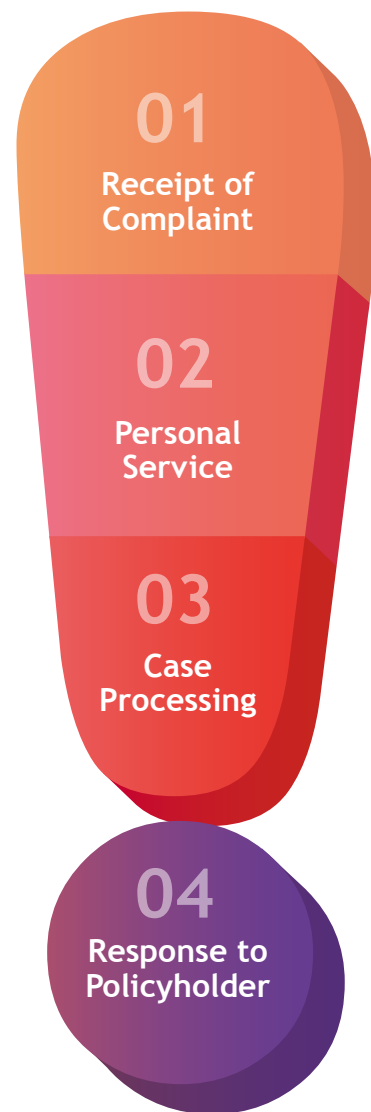
Customer Complaint Mechanisms

We promise to enhance our service by accepting various opinions and suggestions. We provide a variety of customer complaint channels and have a comprehensive complaint management process to let customers voice their concerns and obtain desirable solutions.

Ever since 2013, China Life has held weekly cross-departmental meetings to handle complaints. Supervisors from various departments discuss how to fix problems and designate steps that can be taken to prevent the problems from happening again. We include the volume of customer complaints and complaint processing times in the key performance indicators index for customer-service related departments. Through the fourth quarter of 2016, all relevant departments had successfully reached targets for reducing the volume of customer complaints and shortening processing times.

Customer Complaint Channels:

- ❖ Local customer service centers
- ❖ 0800 customer service line: 0800-098-889
- ❖ Service e-mail: services@chinalife.com.tw
- ❖ China Life website comment section
- ❖ Postal Address: Customer Complaints Department, 11F, No. 122 Dunhua North Road, 105, Songshan, Taipei
- ❖ Fax: 02-87121097
- ❖ External Complaint Channels: Regulators, the Financial Ombudsman Institution, consumer ombudsman officers in city and county governments, etc.



Customer Complaint Handling Procedures

Complaints can be filed through different channels; China Life contacts the policyholder within 24 hours

Relevant departments discuss the complaint and respond within 30 days or notify the customer if they need more time

Case progress is regularly updated via telephone, SMS or in writing; no effort is spared in handling the case and solving the dispute

From 2013 to 2016, more than 200 types of cases were recorded. The top three types and our response were as follows:



In 2016, the volume of customer complaints decreased and responses became more efficient.

1.The volume and rate of complaints filed with the Financial Ombudsman Institution have significantly decreased over the past four years. The average number of working days spent dealing with cases has remained within one day over the past three years, the best in the industry. There were only 96 cases in 2016, consisting of 65 claim cases and 31 non-claim cases.

Financial Ombudsman Institution Complaint Statistics

Year	Number of Cases	Total Number of Contracts Signed	Complaint Rate ❶	Average Processing Day(s)
2015	135	15,402,054	0.0876506	1
2016	96	16,060,558	0.0597737	1

Note : The Insurance Bureau announced that all cases having a processing time of zero days are counted as one day. Hence, our 2015~2016 average processing time of one day was the best in the industry.

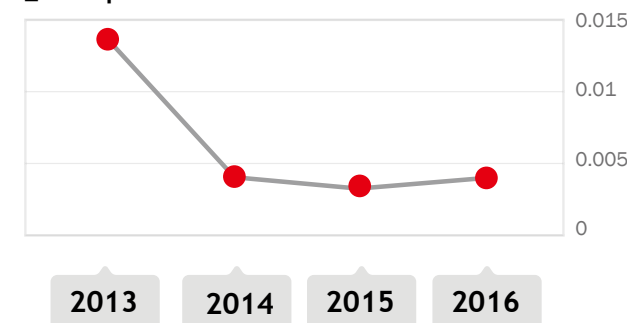
Note ❶ : Complaint rate = (No. of complaints / No. of contracts) * 10,000

2.Over the past four years, the Insurance Bureau's comprehensive data on complaint scores shows great improvements in processing and response efficiency. The latest ranking released in March 2017 placed us sixth in the industry.

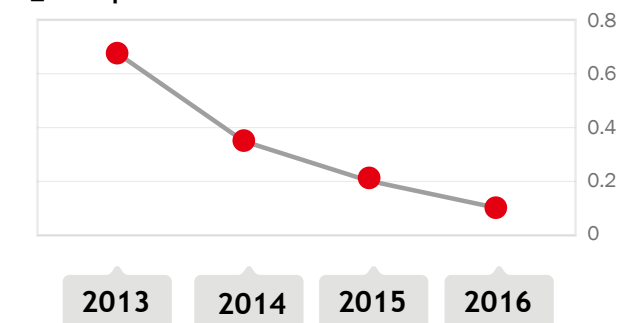
Insurance Bureau's Comprehensive Complaint Scores and Performance Statistics

	Complaint Rate for Non-Claims Cases ❶	Complaint Rate for Claims Cases ❷	Industry Ranking
2016	0.0047	0.1228	6
2015	0.0039	0.2136	6
2014	0.0049	0.3913	8
2013	0.0131	0.6746	15

Complaint Rate for Non-Claims Cases



Complaint Rate for Claims Cases



❶ Complaint rate for non-claims = (No. of non-claim complaints in current period weight / effective no. of contracts in current period) * 10,000
❷ Complaint rate for claims = (No. of claim complaints in current period weight / effective no. of total claims) * 10,000

Emergency Disaster Relief

Natural disasters and major accidents have a direct impact on the insurance industry. For policyholders and people in communities and environments affected by disasters and major accidents, work stops, lives can be crippled and families can be torn apart.

When typhoons and other major disasters occur, China Life proactively provides comprehensive support to policyholders by activating a variety of response mechanisms. These mechanisms were crafted to assure fast, considerate and convenient care and to help the victims of disasters overcome the crises they face.

Policy Incentives

- Insurance documents that are lost or damaged due to a typhoon or other major disaster are replaced free of charge
- 3-months interest free policy loans
 - One application following Typhoon Nepartak
 - Nine applications following Typhoon Megi

Premium Extensions

- Policyholders affected by a disaster can apply for payment deferral periods to be extended by an additional three months
- Three applications following a major earthquake in Tainan

Expedited Insurance Claims

- Expedited claims settlements are offered for those who die or suffer injury in typhoons or other major disasters
- Once reasons for a claim are confirmed, China Life shall prioritize the claim and payment without waiting for an application from the policyholder
- 18 policyholders benefited from claim settlements without making an application following a major earthquake in Tainan

Mortgage Relief Measures

- Affected mortgage customers can apply for a three-month deferral of principal payments

Free Replacement of Insurance Documents

- Free replacement of insurance documents for customers in disaster hit areas

Flexible Adjustments to Travel Safety Insurance

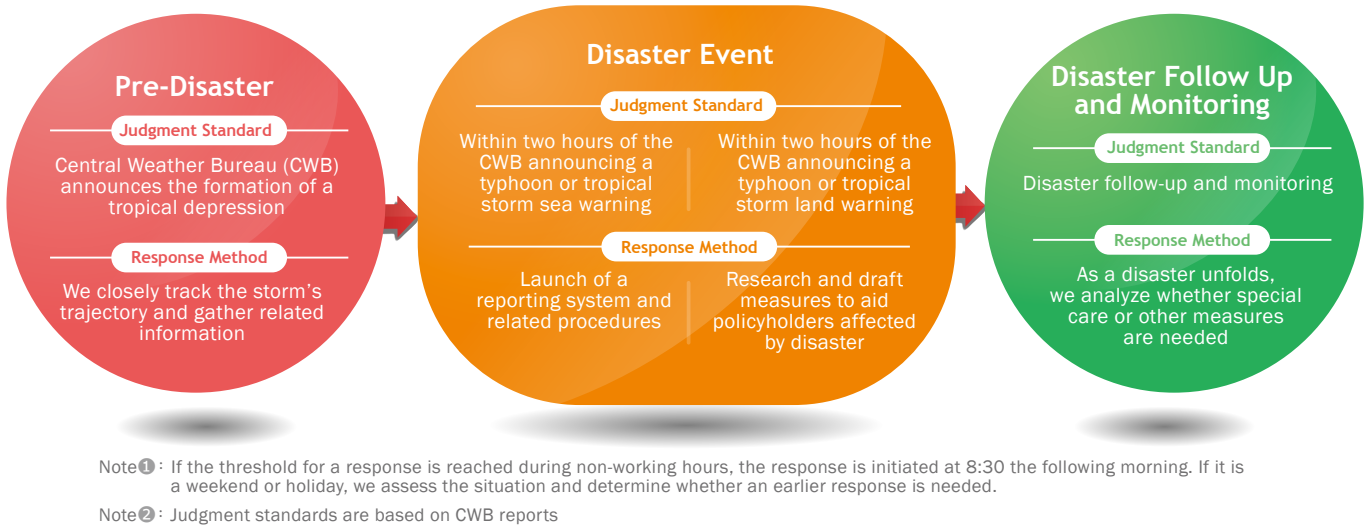
- Travelers whose plans are affected by a typhoon can apply to cancel or postpone their travel safety insurance

Individual Case Management

- Policyholders who apply for disaster assistance that exceeds the scope of the above measures can ask for assistance from their regional customer service center or the customer service hotline

Note : Depending on the severity of a disaster, limitations and practices of the above service response measures can be modified

In order to ensure that policyholders receive services and care as quickly as possible during typhoons, and that internal/external communication and alerts are handled smoothly, we established the following standards:



Six Emergency Relief Measures

In 2016, Taiwan was struck by typhoons Nepartak, Meranti, Malakas and Megi. To varying degrees, they caused flooding, farming and fishery damage, and personal and property losses across Taiwan. For each disaster, in order to provide prompt policyholder services and disaster area relief, China Life implemented six emergency relief measures: premium extensions, policy loan incentives, mortgage relief, flexible travel safety insurance adjustments, insurance service incentives and expedited claim settlements.

Caring for Policyholders

When a deadly earthquake struck southern Taiwan in February 2016, China Life President Yu Ling Kuo promptly traveled to the area to personally lead a task force consisting of staff from headquarters and the regional office. The task force obtained a list of the injured then sent staff to local hospitals to provide affected policyholders with assistance.

Following the earthquake, we donated NT\$10 million in assistance and launched the “Major Disaster Care and Service Measures for China Life Policyholders.” We actively offered settlement claims to 18 victims and established a disaster center headed by the task force. The center directly sent relief goods to victims.

Strengthening Information Security Control

Information Security Framework

China Life places great importance on information security. We have fully integrated information security management mechanisms. We adhere to ISO 27001 standards, and selected information infrastructure and operational management of key systems have passed ISO 27001:2013 certification. Better information security management and protection means long-term operations and uninterrupted service. Personal information is always safe, so our customers do not need to worry it will be lost or their rights infringed upon.

In 2016, China Life added or revised approximately 70 documents that serve as the basis of the policies, scope, controls and procedures that govern our information security systems. In accordance with ISO 27001, we used the plan-do-check-act cycle to build an information security management system (ISMS). We will continue to ensure effective operations and improve risk assessments, checks and measurements associated with information security.



Information Security Committee

In order to ensure maintained operation and effectiveness of ISMS, China Life's Information Security Committee is in charge of information security management and operations. In meetings held since 2016, the committee reviewed distributed denial-of-service, upgrades to encryption services, introduction of ISMS control range and scope, blocked transmission of e-mails containing personal information, and distributed denial-of-service drills. It assessed operational results related to the handling of risk as well as information security checks and indicator measurements.

Comprehensive Upgrades to Personal Information Security

Besides providing products and services that meet policyholder needs, China Life cautiously handles the personal information of shareholders at every stage of operations. It ensures that appropriate care is taken when handling information and respects the personal privacy of policyholders.

Full Legal Compliance

In accordance with the "Personal Information Protection Act" and rules governing the maintenance of personal information security by non-governmental agencies designated by the Financial Supervisory Commission, in 2013 China Life established the "Personal Information Files Security Plan and Disposal Measures of Personal Data Files Upon Termination of the Business." Besides making necessary adjustments in accordance with legal revisions, we ensured that all departments that manage information security introduce detailed rules and regulations relating to the above security plan and disposal measures. As part of plans to regularly check personal information measures and conduct related internal audits, all employees must adhere to both government and corporate personal information protection goals. We always act in accordance with relevant laws when gathering, handling and using personal information. The laws not only serve as a reference for sales agents and office staff when carrying out everyday duties, but also act as a safeguard for policyholder privacy and company assets.

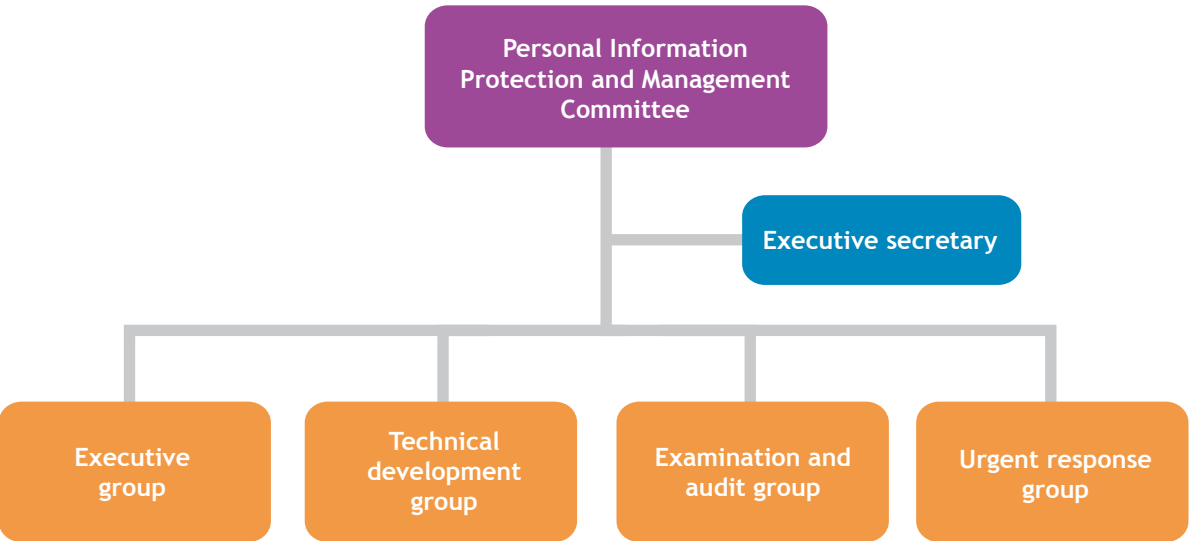
Adherence to International Standards

China Life's commitment to protecting our customers' personal information is shown by our efforts to strengthen management of personal information protection. In 2016, using information security management mechanisms as a foundation and BS 10012 : 2009 as a reference, we introduced a personal information management system (PIMS) that considers all aspects of operations, including the gathering, handling and use of personal information. It covers all departments at corporate headquarters, all branch offices, and two district offices, making us the first life insurance company in Taiwan to introduce PIMS in its district offices. Between our information security measures and personal information protection management practices, we believe that our mechanisms for managing personal information and protecting information security adhere to international standards. Confirmation could come by the end of 2017 when we expect to pass BS 10012 : 2009 certification.

Strengthening Personal Information Protection and Management Capabilities

In order to strengthen personal information security maintenance mechanisms and operational efficiency, and to integrate all related management resources, in the second half of 2016 we established the Personal Information Protection and Management Committee. Convened by the company's president, the committee

is responsible for promoting, managing and overseeing the effectiveness of our personal information management mechanisms. It meets biannually to discuss personal information protection, technical development, oversight of management mechanisms, and the handling of related incidents. It also reports on the overall state of personal information protection at the company.



The primary duty of personal information protection is to clearly identify and demarcate personal information scope within the organization. Therefore, in 2016, China Life worked with a consultancy to conduct a personal information inventory. We adopted a systematic, structured approach to take a new inventory of the work processes of each operational department to determine impact on the collection, handling and use of personal information. We then used this information as a reference for the design of the company’s personal information protection and management mechanisms. We also used the nine principles in the APEC Privacy Framework, together with BS 10012 and ISO 27001 rules governing personal information protection and information security, to conduct a privacy impact analysis. This provided a comprehensive evaluation of our personal information protection capabilities. Finally, taking a risk-based approach, we relied on risk analysis and measurement to consider all potential personal information risks then used that information to strengthen related corporate governance. In 2016, there were no incidents of intentional encroachment on the privacy rights of customers or loss of customer’s personal information.

Information Security and Personal Information Protection Education and Training

In order to strengthen information security recognition and capabilities, China Life conducted more than 10 personal information training and education events in 2016. One event, joined by all employees, focused on e-learning, including key information-security knowledge and personal information protection requirements. Besides raising awareness of personal information attack methods using extortion software and social

engineering, it provided training on related prevention methods. Several employees underwent ISO 27001 training and were certified as lead auditors.

2016 Information Security Education and Training Plan

Course Name	Target Students
Information Assets Collection and Risk Management Methodology	Project Implementation Teams
Practical Risk Assessment	Project Core Teams
ISO 27001 Standards Training	Project Core Teams
Business Continuity and Operations Management	General IT Staff
Introduction to ISO 20000 International Standards	General IT Staff
Introduction to Information Security Internal Audit Methods	Project Core Teams
Information Security Awareness e-Learning	General Staff
Web Application Security	E-Commerce Technology Department, System Services Department

In order to teach company staff about their responsibility to protect personal information and to strengthen related management systems, China Life relies on a combination of education and training. Classes make personal information protection management part of the corporate culture while at the same time raising, strengthening and maintaining staff awareness. In 2016, we held 10 such courses with 23 total events.

Personal information protection is extremely important to China Life. Whether the information relates to policyholders, employees, or cooperative partners, rigorous protection is required. We adhere to the “Personal Information Protection Act” and other regulations. In 2016, compliance units held 17 educational and training events on personal information protection regulations. Specialized solicitation training units regularly taught all sales agents related information. These steps ensure that all employees adhere to our personal information protection and management requirements.

Joint Social Participation

Creating Shared Values Through CSR

When conducting CSR, we take inspiration from our mantra “We Share, We Link,” fulfilling our promises to society and enacting positive change. We use company resources to contribute to public welfare activities and projects that aid society. Our stakeholders expect players in the life insurance industry to make people the focus of all operations. So China Life observes social trends and the needs they create, and then plans long-term public welfare strategies. We see three main directions and practices of social welfare activities: education and cultivation; assisting the disadvantaged; and benefiting the environment. By concentrating on these areas, we express our corporate influence from the inside out and fortify our ideas of sustainable operations from the outside in. For every public welfare activity, we seek the greatest results.

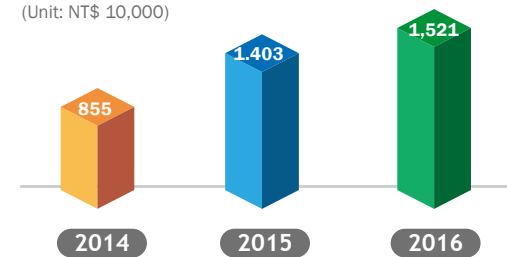
Promoting Social Participation to Expand Goodwill

China Life believes there are three main directions of social welfare participation: education and cultivation, assisting the disadvantaged, and benefiting the environment. We implement social welfare concepts and goals, so we can reach out to more groups that need assistance. With all office staff and sales agents contributing, in 2016 we conducted or participated in 534 social welfare activities.



Public Welfare Contributions

(Unit: NT\$ 10,000)



- 01**
 - Started in 2015
 - Donated secondhand computers and equipment to three rural elementary schools
- 02**
 - Sponsored establishment of fun classrooms in rural communities
 - Educational grants for disadvantaged families in rural areas
 - Hosted Children's Day care activities
- 03**
 - Sponsored reading prize activities for four consecutive years
 - Through books, children were taught to express themselves orally and in writing, and learned good money management skills
- 04**
 - Accepted a Ministry of Education request to produce videos honoring teachers
 - Videos shown at the Excellent Teacher Awards and through other major channels
 - The videos have more than 10 million views
- 05**
 - Conducted for more than 10 consecutive years
 - In 2016, we sponsored 10 universities and colleges
- 06**
 - Visited 56 rural elementary schools in 2016, with more than 4,200 people participating

Education and Cultivation

At China Life, we are committed to building a beautiful future for the next generation. With people central to everything we do, we operate based on the spirit of helping others. For years we have closely heeded educational problems among people in rural areas. We use corporate resources to improve the study environment for rural students. We help students develop new skills and increase their potential, so knowledge can germinate, grow and thrive. We hope to use education to show students how to move to higher socioeconomic levels and bravely chase their dreams. As we brighten prospects and fill children with hope, we are instilling more care and energy into students from rural areas.

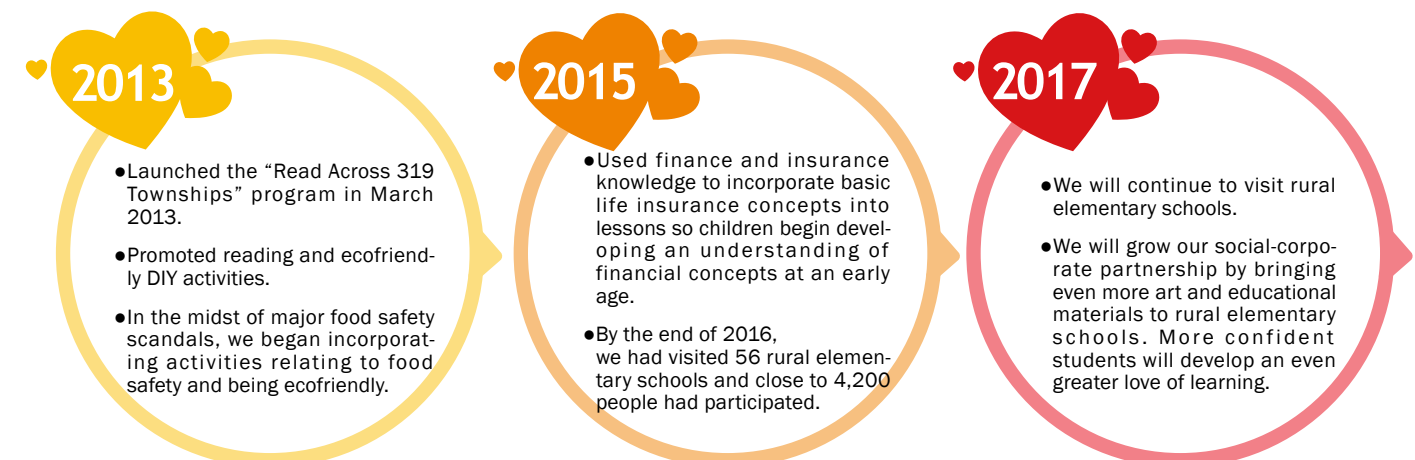
Establishing a Presence in Rural Communities with the “Read Across 319 Townships” Program

Amid economic and environmental changes as well as an evolving social structure, it can be difficult for children of recent immigrants with cultural differences or children from low-income households to get a good education. Their challenges are partially a symptom of the developmental gap between cities and rural areas, which has led to a shortage of educational and cultural resources in the countryside. Children in rural areas are often raised by their grandparents and may have trouble adapting to society or fitting in with others. These factors combine to make the educational environment more challenging in rural areas.

Recognizing this problem, in 2013 China Life launched the “Read Across 319 Townships” program. Over four years, close to 4,200 people participated in the program as volunteers donated nearly 4,000 hours of their time. We visited elementary schools across the country, bringing us closer to our goal of reaching all of Taiwan's 319 townships. We encouraged students to use books as a foundation and integrated modern teaching materials into their lessons, making students more eager to learn, and raising their knowledge and competitiveness. In DIY classes, we see children's abundant ingenuity. As they pour creativity into their work, we see their eyes fill with confidence. Starting in 2017, China Life will offer even more activities to expand children's ideas of what is possible. Increasing the scope of art and educational lessons will make children even more ready to contribute to society.

As fintech becomes more popular globally and digital financial services rapidly spread in Taiwan, digital information is having a greater impact on consumers. In 2017, we will build an online public welfare platform to showcase China Life's history of public welfare achievements. Through this long-term, focused communication channel, stakeholders will gain a better understanding of our social participation. The general public will also be able to access the site, giving even more people the chance to appreciate China Life's social contribution and the investments we make to help others.

China Life's Read Across 319 Townships Program Timeline



■ Micro-Film: “Thank You Teacher for the Hope You Bring to Rural Communities II”



While conducting the “Read Across 319 Townships” program, China Life discovered that there is a major developmental gap between urban and rural schools. Rural teachers, however, work just as hard as their urban counterparts to keep children smiling and their hearts filled with hope. So in 2015 we produced a micro-film titled “Thank You Teacher for the Hope You Bring to Rural Communities.” The micro-film shows our appreciation for teachers and asks everyone to support and encourage teachers working at rural schools.



Key Project

To boost the general public’s appreciation for teachers, in September 2016 the Ministry of Education held a series of special teacher appreciation activities.

The ministry especially liked China Life’s video “Thank You Teacher for the Hope You Bring to Rural Communities,” naming it one of the best short videos for showing respect to teachers. The video was later shown at the Excellent Teacher Awards and via other channels, such as Facebook, television advertisements, outdoor advertising and MRT advertising. It has received more than 10 million views.

Influence of the Video

In 2016, we released “Thank You Teacher for the Hope Your Bring to Rural Communities II,” a micro-film based in Taitung’s Yongan Elementary School.

(<https://youtu.be/tg-XWuAHvgE>)

The video was posted online and was the inspiration behind an interactive game among China Life fans. On December 28, 2016, one week after the video was uploaded, it had already reached 30,000 people and had 15,000 views. More than 1,000 people had directly engaged with the video through likes, comments, or shares.

Cultivating Public Welfare Seeds – “Socially-Minded Young CEO” Plan

What is a socially minded CEO? China Life believes that the new generation of leaders needs more than just superb business management capabilities and vast global ambitions. They must also be invested in improving society. New leaders should have a special set of characteristics, including a chivalrous nature, in order to become the socially minded CEOs that the world needs.

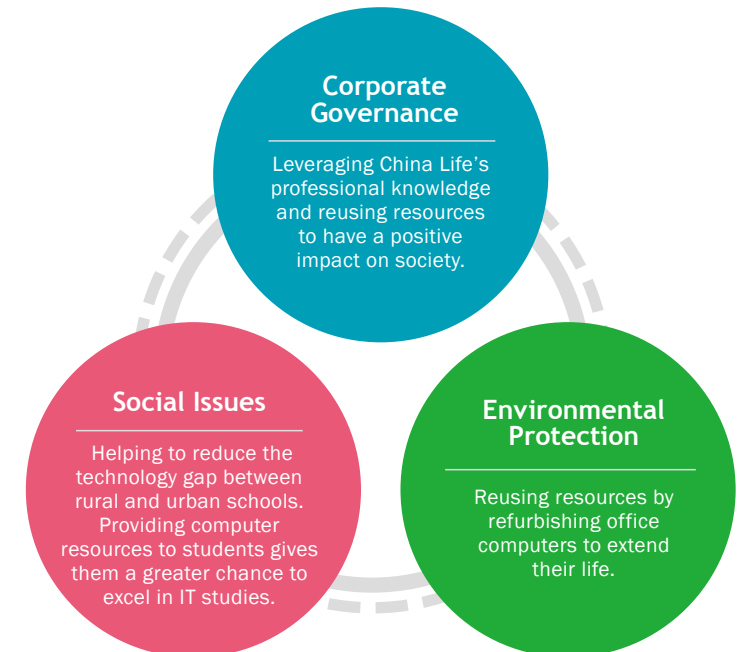
In order to encourage students at domestic colleges and universities to spend more time on activities that benefit our society, since 2007 China Life has supported the “Socially-Minded Young CEO” program at domestic campuses. Our hope is that this small investment will allow the altruism inherent to the insurance industry to thrive on university and college campuses. If we work together, we can do good for society.

Each year we sponsor programs that address important and pressing needs. Over the past two years, we primarily invested in programs addressing environmental issues and rural needs. Programs specifically focused on Taiwan’s rural elementary schools, disadvantaged groups, protecting the environment, and supporting local farmers. Activities touched on topical issues, such as food safety education and environmental protection. In 2016, we sponsored students at 10 universities and colleges who sought to join public welfare activities.

Resources Know No Boundaries – Donating Secondhand Computers to Rural Areas

In order to get the greatest value out of our resources, since 2015 China Life has donated repaired secondhand computers from our office to rural elementary schools. We even personally visit the schools to help with installation and testing. The program has reduced the technology gap between urban and rural schools. Besides facilitating the reuse of old computers, it benefits disadvantaged students. There are three main objectives:

- ◆Corporate Governance: Leveraging China Life’s professional knowledge and reusing resources to have a positive impact on society.
- ◆Environmental Protection: Reusing resources by refurbishing office computers to extend their life.
- ◆Social Issues: Helping to reduce the technology gap between rural and urban schools. Providing computer resources to students gives them a greater chance to excel in IT studies.



In 2016, we planned to set aside 20 secondhand computers to donate to rural elementary schools in 2017. We even provided a two-year warranty on the hardware so schools could feel secure.



Helping the Disadvantaged

China Life considers the special characteristics of disadvantaged groups when determining how to allocate resources to help the disadvantaged achieve self-sufficiency. We encourage everyone to exercise their talents and create new products in order to achieve stable sources of income. We hope that our small investments can initiate wider social change. If more people care for and support the disadvantaged, their public welfare contributions will contribute to a richer, more beautiful society.

Shining a Light on Innocent Dreams – Yu-Cheng Foundation’s Painting Competition for the Mentally Challenged

Since 2009, China Life has eagerly encouraged the mentally disabled to let their artistic gifts shine through the Yu-Cheng Social Welfare Foundation’s painting competition. The competition provides an exclusive stage for the mentally disabled to use painting as a channel to display their innate artistic talents and potential. As these artists pour emotion into their work, they find new confidence within. There are more than a hundred works in each competition. Every painting shows the extraordinary gifts and abilities of the person who created it, and demonstrates the power of the artists to make their feelings resonate.

Paintings and other items from the competition have been displayed at the China Life headquarters. Upon entering our meeting rooms, employees and guests see the diverse collection of thoughtfully crafted artworks. Viewers can appreciate the talent of these mentally disabled artists and take inspiration from their bravery in not being defeated by a disability.

- 01

 - Founded in 2012
 - Provide one paid day of leave for volunteer work
 - Information on over 600 volunteer activities to help the disadvantaged each year
 - Volunteer service totaled 12,434.5 hours
 - 534 events
- 02

 - Sponsored a trip to perform in Austria
 - Invited to perform at the company’s year-end party and performance awards ceremony
- 03

 - Sponsored the Chung Yi Foundation’s “dandelion children” plan for two consecutive years
- 04

 - Sponsored for eight consecutive years
 - Exhibition space for award-winning paintings was established in office meeting rooms

- 05

 - Dual public welfare concept
 - Purchased agricultural products from local farmers to provide direct assistance to disaster victims
- 06

 - Has benefitted more than 6,700 people
- 07

 - Collected more than 16,000 receipts
- 08

 - Donated NT\$10 million
 - Launched expedited claims and emergency care services
 - Helped victims rebuild
- 09

 - Provided direct assistance to disadvantaged groups
 - Indirectly raised social abilities of people with autism
- 10

 - Sponsored an artistic healing plan for four consecutive years

2013 - 2016 Activity Timeline

Supervisors at China Life proposed purchasing paintings from the competition as a way of helping Yu-Cheng Foundation to raise funds.

The paintings were printed on China Life i-Cash cards so policyholders could also admire the thoughtfully crafted, diverse artworks.

With the help of China Life, over 100 award-winning paintings from eight years of the competition were gathered and displayed in a special traveling exhibition. The artists joined to discuss their work with members of the general public. Besides providing another opportunity for these artists to display their works, the competition gave the general public a chance to learn more about the mentally challenged. In this friendly setting, people learned about the many contributions that people with mental disabilities make to society .

Compassion for the Disadvantaged – Donating Receipts

China Life considers donating receipts, which are used in a government-run lottery, to be one of the simplest, most direct forms of support for social welfare organizations. As more and more people donate their receipts, they gather compassion, which social welfare organizations turn into limitless hope.

Since 2015, China Life has placed receipt collection boxes on all floors of its buildings. Employees can use these boxes to donate their receipts to worthy causes. As the government rolled out its e-receipt policy, China Life encouraged employees to use the “compassion code” option when making purchases as a way of continuing to donate their receipts while aiding environmental protection efforts.

In 2016, we helped the Life Insurance Educational Foundation gather 1,891 receipts. All proceeds from winning receipts went toward scholarships for children from rural areas and the planning of related activities. During a special outdoor concert to promote micro-insurance and other forms of insurance for an ageing society, we managed to gather more than 16,000 receipts in one day. Proceeds went to the Huashan Social Welfare Foundation to help care for senior citizens.

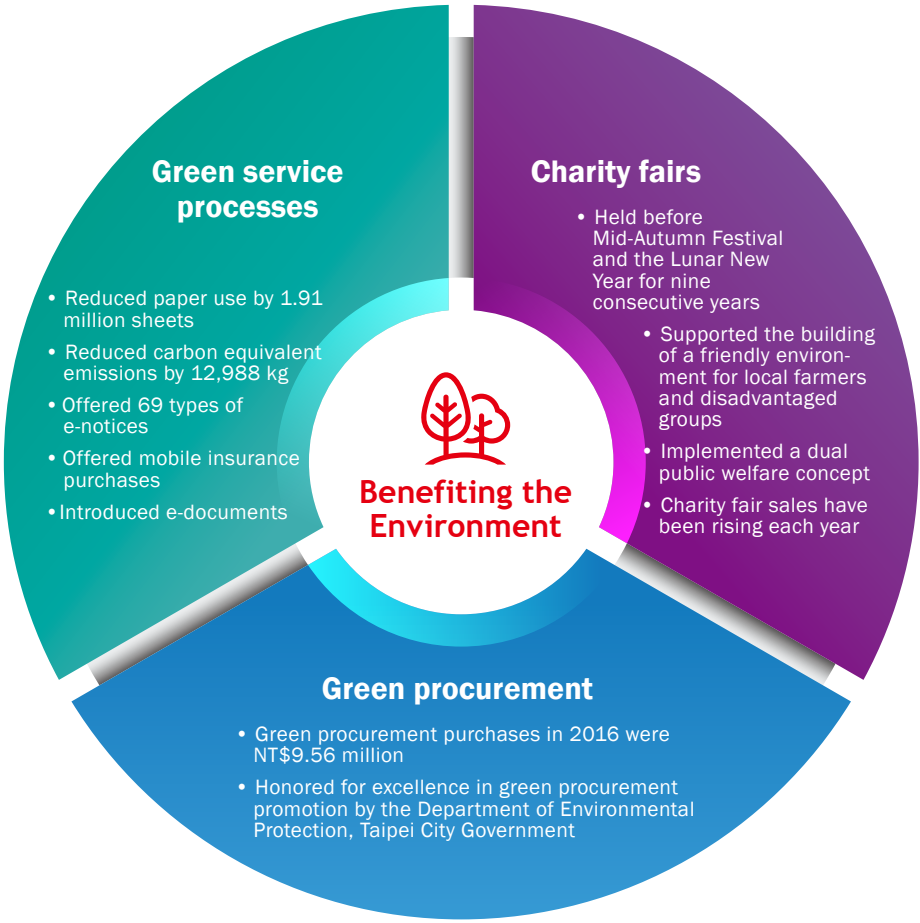
Showcasing Taiwan’s Most Sincere Voices – The Bleinders Perform in Europe

The Taiwan Choral Music Center recruited visually impaired singers to form an a cappella group called The Bleinders. Each member’s voice is infused with pure, sincere emotions and rich, penetrating tones that express limitless hope and love. In order to make it possible for more people to hear their music, China Life sponsored a trip for the group to perform in Austria. Besides supporting the arts, we wanted The Bleinders to let the world hear Taiwan’s most sincere voices perform.

The Bleinders also performed for China Life’s year-end party and our annual sales agent awards meeting. Besides providing a stage for visually impaired artists to perform and realize their dreams, our employees were able to experience this group’s impressive vitality up close and live. Through art sponsorships, China Life helps the disabled overcome their obstacles and do more than they ever imagined was possible. As they show their potential, these special performers showcase Taiwan to the world.

Social Welfare Sponsorship to Support the Disadvantaged

China Life has been committed to promoting social welfare and supporting disadvantaged groups for many years. We learn the needs of the disadvantaged then use sponsorships and donations to foster self-sufficiency and build a more supportive society. Past sponsorships supported a public welfare letter ad campaign by the Chung Yi Social Welfare Foundation, organic food donations for typhoon victims in Taitung’s Hongye Village, a talent competition hosted by the Autism Society of Taiwan, a NT\$10 million donation to the Tainan City Government to help with rebuilding following the February 6 earthquake, and reading activities hosted by the Tzih Huai Social Welfare Foundation.



Benefiting the Environment

The life insurance industry is highly aware of environmental risks and their effects of people’s health. As global climate change becomes increasingly serious, it is clear that reducing energy use and cutting greenhouse gas emissions are issues that demand immediate action. In response to government policy and international trends, and to fulfill our commitment to CSR, we seek to reduce our environmental impact. We reduce energy consumption, cut carbon emissions, and love the earth. We seek ecofriendly and green practices. Our goal is sustainable development and to live in harmony with the earth.

A Major Platform for Public Welfare – Charity Fairs

For years China Life has supported disadvantaged groups, local farmers, and social enterprises while investing our resources to care for and serve society. One example is the charity fairs that we have hosted for the past nine years before Mid-Autumn Festival and the Lunar New Year. Social welfare groups and local farmers join to promote their products while spreading healthy eating concepts and teaching about the balance between the land, environment and people. Employees and the general public purchase useful secondhand items and high-quality agricultural products, promoting sustainability and reuse. Disadvantaged groups and the mentally disabled also showcase their special talents at the events, helping them find a place in society at large. Fair participants in recent years include Buy NearBy, Green Farmers Family, Farmers Dream, Fu Shan Grange, Taiwan Way, Yu-Cheng Foundation, Taiwan Foundation for Rare Disorders, Eden Social Welfare Foundation, and Blueseeds.

Four Major Concepts of Charity Fairs



Supporting the Environment and Local Farmers

- We provide venues for disadvantaged groups and social enterprises to hold charity fairs. Our employees purchase goods in advance or on site, boosting fair revenues. As our employees embrace ecofriendly and public welfare concepts, their consumption habits gradually change. Their increased participation in public welfare allows us to have a greater impact on society.
- We spread China Life's concept of sustainable operations by purchasing products from social enterprises and local farmers to serve as corporate gifts. Employees are also developed into ambassadors for spreading sustainability ideas among our policyholders.



Helping Disadvantaged Groups

- Providing a stage for disadvantaged children and the mentally challenged to put on performances, helping them integrate further into society
- Mentally disabled people help sell products, interacting with members of the general public and improving their social skills
- The mentally disabled showcase their special artistic skills by writing Spring Festival couplets and making painted pomelo crafts and other creations

Dual Public Welfare Concept for Expanded Influence

- China Life employees purchase lunar New Year's goods from disadvantaged groups then arrange for the goods to be delivered to social welfare organizations. Their compassion is a helping hand and hope for those in need.
- We purchased agricultural products from local farmers then donated the goods to orphanages and typhoon victims.

Combining Environmental Protection and Public Welfare

- We collected secondhand goods from employees and the public. The mentally disabled earned money by selling the goods; we protect the environment by reusing things; and buyers acquired needed goods at a low price.
- Employees are encouraged to consume locally produced foods. Besides being fresher, local foods have a lower carbon footprint associated with their transport.

Charity Fairs Timeline



Fostering Volunteering in Our Corporate Culture

In order to increase social participation among employees, in 2012 China Life launched the “Love to Go” volunteer team. We added paid volunteer leave in 2014. By encouraging employees to volunteer, we spread our core spirit of “We Share, We Link.” Our philosophy of putting people first turns benevolence into action. By spreading love, we help make this island even more beautiful.

At China Life we actively fulfill our CSR obligations. Employees are encouraged to participate in social welfare activities. The corporate head office joins our nine branch offices and 157 district offices to promote public welfare activities and encourage employee participation. Our vision is for the power of people to bring even more people together, so we can expand our influence. Volunteering, meanwhile, solidifies our team as it gives disadvantaged groups the support and care they need, thus contributing to society.

The “Love to Go” volunteer team combines important issues and festivals. Volunteers plan and participate in events and join other social, environmental protection and public welfare activities to give disadvantaged groups support and donations. Volunteers also help people to stand on their own, so they can better integrate with society and perhaps even pass the kindness they receive onto others.

To further encourage employees to volunteer, China Life has long-term cooperative partnerships with around 10 social welfare organizations. Each year we pass on information relating to more than 600 volunteer activities located across Taiwan to provide more opportunities for our employees to give back to society.



2016 Corporate Volunteer Team Activities

Chung Yi Social Welfare Foundation
●Sponsoring new clothes for the New Year

Yu-Cheng Social Welfare Foundation
●Dream Workshop – Sharing is caring tangyuan festival
●Yongming Developmental Center – Sponsoring the purchase of electronic equipment
●Nangang Care Center – Mid-Autumn Festival volunteer social gathering
●Lanxing Station – Sponsoring renewal and procurement of operational equipment

World Vision Fuxing Educational Center
●Food safety educational activity

Jing Chuan Child Safety Foundation
●Children’s Day Party

Eden Love and Care Center
●Dragon Boat Festival volunteers care activity

Sunshine Social Welfare Foundation
●Volunteer service activities

I-Link Community Services Associations
●Double-Nine Festival activities

Insurance Bureau, Financial Supervisory Commission
●Promotion of insurance concepts for an ageing population and receipt collection volunteering

Harmony Home Orphanage
●Christmas gift-gathering activity



2012

Established the “Love to Go” Volunteer Team

Established the “Love to Go” volunteer team, which was led by Chairman Alan Wang

2013

Extended the Scope of Volunteering

The volunteer team aimed for the “localization of charity” and extended the scope of volunteering work

2014

Volunteer Leave System

Launched a paid volunteer system, providing office staff with one day of paid volunteer leave every year

2015

Participating in Public Welfare

- Organized a total of 491 public welfare events
- Paid volunteer leave totaled 3,584 hours, which is equivalent to salary expenditure of NT\$896,000

2016

Diversified Services

Combined current trends and holidays to plan activities. Over the course of 534 public welfare activities during the year, volunteer hours among office staff and sales agents totaled 12,434.5, equivalent to a salary expenditure of more than NT\$1.795 million



Chapter 5

Initiate Advocating Friendly Environments



2017 Key Sustainability Goals

Implement Ecofriendly Management Strategies in Response to Climate Change

- Make Taipei Academy a candidate for a Gold Class Green Building Label in the first half of 2017
- Continue to pass ISO 14064-1 greenhouse gas certification
- Set an average electricity savings goal of 1% per year for all offices and a five-year goal of 5%, with 2016 serving as a base year
- Lift the recycling rates to above 45% at our six main offices: the head office and the Taoyuan-Hsinchu, Taichung, Chiayi, Tainan and Kaohsiung branches

Use Green Services to Join with Policyholders in Protecting the Environment

- Promote green processes to reduce paper usage by 2 million sheets
- Get 70% of customers who purchase insurance online to opt to receive e-documents

Improve Supply Chain Management by Joining Our Suppliers in a Joint Corporate Sustainability Promise

- Spend over NT\$11 million this year procuring products certified as green
- Ensure that at least 80% of suppliers sign the “Supplier CSR Commitment”

The United Nation’s SDGs

A major milestone was reached in October 2016 when the Paris Agreement took effect, as governments and corporations around the world committed to identifying, adapting to, and mitigating the risks associated with climate change. China Life responded to this international trend by naming climate change as one of our external threats. Our efforts focus on five key aspects of environmental sustainability that relate to our operations: greenhouse gases, electricity use, water management, waste management and green building. We regularly publish information related to our progress in promoting ecofriendly practices in our CSR report to show that we are serious about our commitment to fulfilling our duties as citizens of the earth.



Chapter
Key
Points

- ◆ Our head office and five main branches (Taoyuan-Hsinchu, Taichung, Chiayi, Tainan and Kaohsiung) conducted inventories of workplace greenhouse gas emissions and obtained ISO 14064-1 greenhouse gas certification
- ◆ Created comprehensive green service processes, such as e-notices and e-services, which saved 1.91 million sheets of paper, equivalent to 12,988 kg of carbon emissions
- ◆ 100% of our general suppliers and building and repair suppliers signed the “CSR Supplier Commitment” in 2016

Introduction

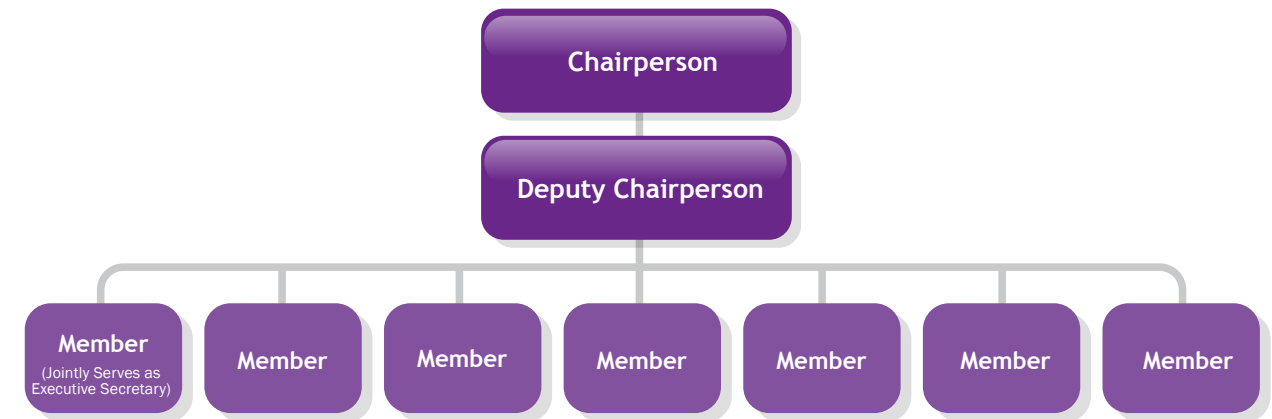
China Life places great importance on taking action to protect the environment and building a low-carbon, green business environment. We therefore promise that all employees will work together toward fulfilling the principles of sustainable operations and implementing the following environmental protection policies:

environmental protection policies

- ◎ Set objectives for environmental protection and implement management measures
- ◎ Conserve energy and promote recycling
- ◎ Comply with environmental protection laws and regulations and implement green procurement policies
- ◎ Enhance environmental protection awareness through education and training
- ◎ Cooperate with suppliers to fulfill our corporate responsibility
- ◎ Establish dedicated staff to regularly review results

Protecting the environment and building a green, low-carbon business are vital parts of fulfilling our CSR and sustainable operations obligations. To achieve these goals, we need corresponding environmental protection and green energy policies and measures. Therefore, in 2014, we established the Environmental Protection Committee. The committee has nine members drawn from managers who oversee after-sales service, information and administrative support, and other important duties. It includes one chairperson, one deputy chairperson and seven regular members, one of whom jointly serves as executive secretary responsible for overseeing meetings and internal communications. The primary responsibilities of the committee are to formulate committee rules and regulations, as well as environmental protection policies and rules. The committee oversees implementation of energy saving and carbon cutting initiatives, waste disposal management, environmental cleanliness, and environmental protection.

Environmental Protection Committee Organizational Structure



Management Performance

The committee met twice in 2016. Besides completing revisions to the “Regulations for Environmental Initiatives” and assessing implementation of 2016 environmental protection measures, the committee decided to focus on the following management objectives and measures in 2017:

Environmental Management and Energy Saving / Carbon Reduction

✓ Taipei Academy Development Case:

- Become a candidate for a Gold Class Green Building Label in the first half of 2017
- Adopt a top-down method for building construction; this method is more costly but it reduces the spread of dust
- Use noise monitoring displays to enhance noise readings during construction
- Use noise reducing tools and equipment during construction, despite the higher cost ; raise some fencing to 4 meters tall
- Add detection basins to mitigate local flooding
- Use only low-pollution construction equipment or filtration systems to reduce black smoke emissions
- During construction, use an exterior fence and outflow protection base to stop untreated water from reaching the sewer system
- Install wastewater treatment equipment (including coagulation and precipitation units) and enhance maintenance and disposal to meet the water discharge standard of SS<30mg/L during the construction period
- Use air quality monitoring devices during the construction period to measure PM2.5 levels and use this data for research; when PM2.5 levels reach unhealthy levels, we will strengthen anti-pollution measures, including enhanced sprinkling and reduced use of high-polluting equipment
- Ensure that earth transport vehicles meet Stage V emissions standards

✓ Continue to adhere to the ISO 14064-1 greenhouse gas standards

✓ By promoting green service processes, reduce paper use by 2 million sheets

✓ Get 70% of customers who purchase insurance online to chose to receive e-documents

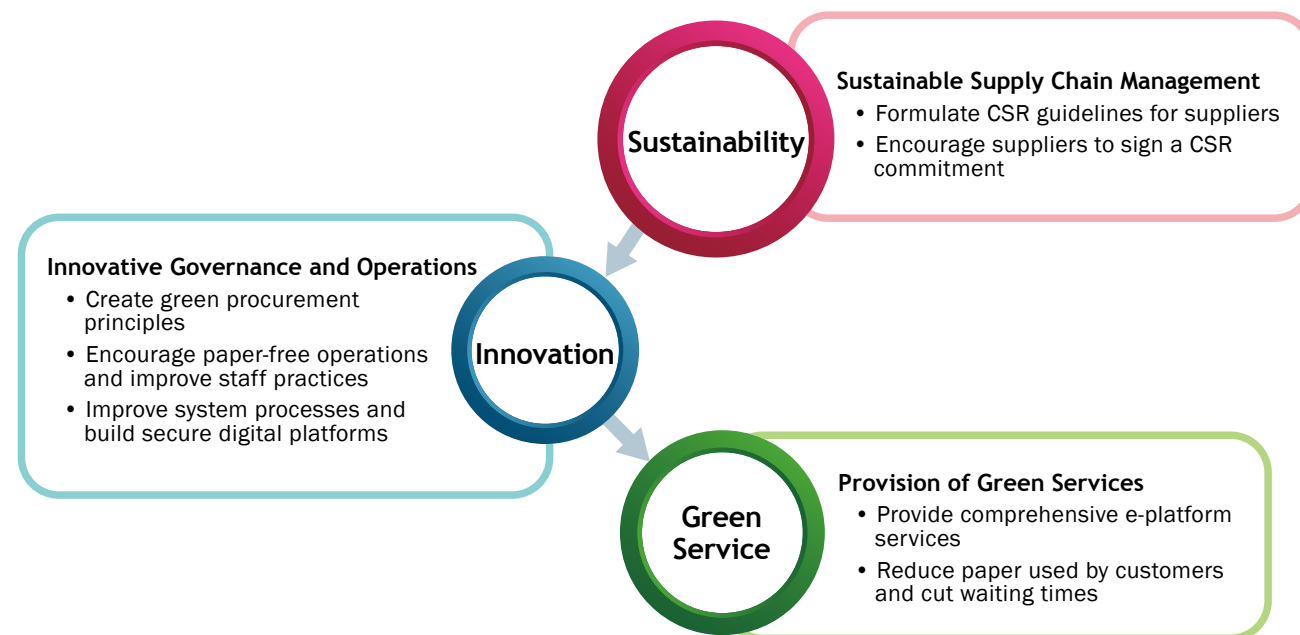
✓ Set an electricity savings goal of 1% per year for all offices, with a five-year goal of 5%

✓ Raise recycling rates at our six main offices to above 45%

Continue to purchase products that are certified as green, with total purchases surpassing NT\$11 million

Creating a Green Value Chain

As the global climate changes, people around the world recognize that we must save energy while reducing carbon and other greenhouse gas emissions. Relative to other industries, the finance and insurance industry does not place a particularly heavy burden on the environment. Nevertheless, we do have an impact. China Life therefore built an e-platform to provide customers with green services. We use our influence to improve the sustainability practices of our suppliers and build a complete green value chain.



Comprehensive Green Services

As mobile communications technology advances, financial products and services are evolving. Most changes are taking place in the channels for providing these services and in consumer practices. As information is digitalized, China Life is promoting mobilization. Mobile services, online transactions, and e-commerce are opening new digital service platforms that replace traditional paper-based services.

While continuing to prioritize information and transaction security, we provide policyholders with safe, convenient and fast digital insurance services that can be trusted. Policyholders can check their policy information at any time and make changes without leaving the comfort of their own home. No longer do they have to fill out forms at a service counter in a branch office. China Life also provides digital alerts. Policyholders can elect to have e-notices sent directly to their email inbox, thus reducing the carbon emissions that result from the printing and delivery of paper notices.

We use the power of technology to provide various paper-free insurance services that reduce natural resource waste. We hope these efforts inspire policyholders to also adopt energy-saving, carbon reduction practices in their own lives.

e-Documents

In response to the government's Bank 3.0 policy and the arrival of fintech, China Life promotes both digitalization and paper-free practices. Since April 2015, we have offered an e-documents platform that covers all products found within all channels. To accommodate e-documents, we adjusted our after-sales processes and mechanisms. A third-party organization has also certified our system to ensure that policyholder information and data remain secure and accurate.

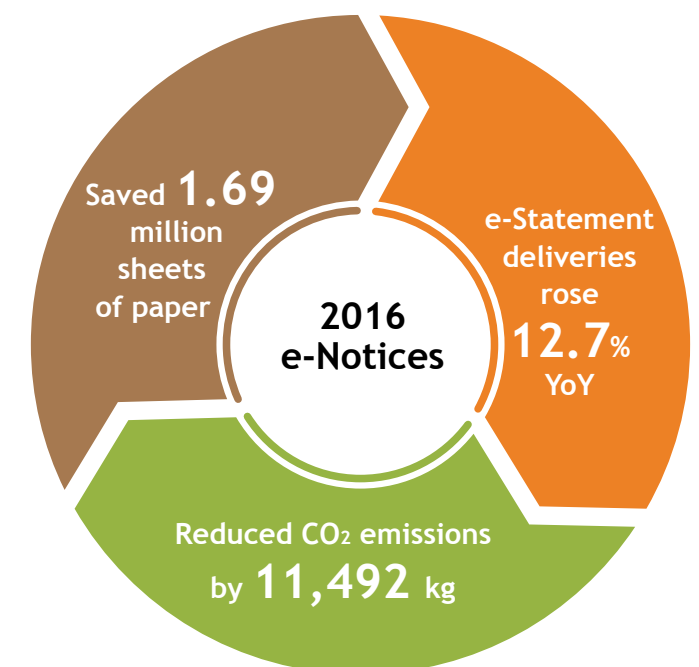
e-Document Development History and Achievements



e-Notices

With modern consumers accustomed to using e-mail, China Life has reduced paper consumption and delivery by replacing paper notices with e-notices. By the end of 2016, China Life provided 69 types of e-notices, not only making the production and sending of notices more efficient but also reducing paper and print waste. Besides saving energy, reducing carbon emissions, and raising environmental sustainability and protection standards, paper-free services indirectly lead policyholders to think about cutting waste in other areas of their lives.

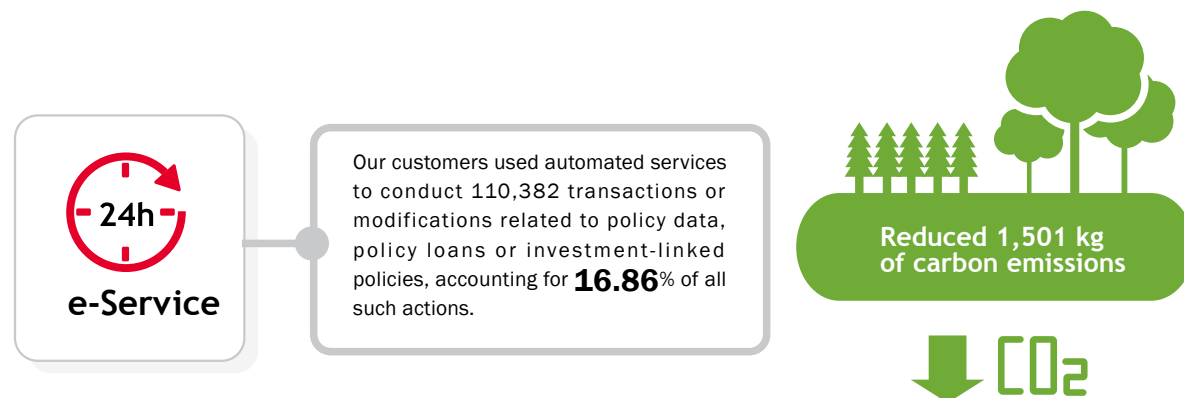
When customers purchase an insurance policy, they can elect to receive e-notices and e-receipts. The many customers who have chosen electronic forms of communication have directly contributed to our environmental protection efforts.



e-Service

As technology and network coverage advance, consumption patterns are undergoing major changes. Consumers are turning to the Internet to complete financial transactions and receive needed services. China Life has responded to these trends by providing policyholders with uninterrupted, 24-hour service that is available anywhere through China Life e-Secretary. Customers only need to pass OTP verification using their mobile phone to check policy info and make related adjustments. Besides saving the time and trouble associated with going to a service center office, customers receive fast and convenient personalized service simply by surfing the web. E-Service raises service quality and efficiency and reduces carbon emissions associated with transportation, paper printing and mail deliveries. Our responsibility to protecting the environment we live in has made us a proponent of saving energy, cutting emissions and treasuring the earth.

Automated services are growing in popularity. In 2016, our customers used automated services to conduct 110,382 transactions or modifications related to policy data, policy loans or investment-linked policies, accounting for 16.86% of all such actions. Their use of automated services reduced A4 paper use by 220,764 sheets, which is equivalent to 1,501 kg of carbon emissions. These numbers show that policyholders are increasingly open to conducting transactions over the Internet, and have even come to expect the convenience and speed of automated transactions.



Paper-Free Bancassurance Channels

Our bancassurance channels responded to our paper-free policies in recent years by reducing paper used for administrative purposes. Achievements include the following:

- **Digital Underwriting Notification:** A portion of our channels does not return insurance documents when delivering underwriting notification, which cuts carbon emissions associated with document delivery. Of our 33 partnership distribution channels, 21 (or 64%) adopted digital underwriting information.
- **Performance Bonuses and Annual Bonuses:** We cooperate with our partnership distribution channels to complete encrypted transmission of commission and bonus data and eliminate paper documentation. All 33 of our channels that process documents have fully implemented the new system.
- **Digitalization of service application forms** enabled our partnership distribution channels to place all forms on internal networks. By making these forms available for download, we eliminated the waste associated with printing extra forms in advance.

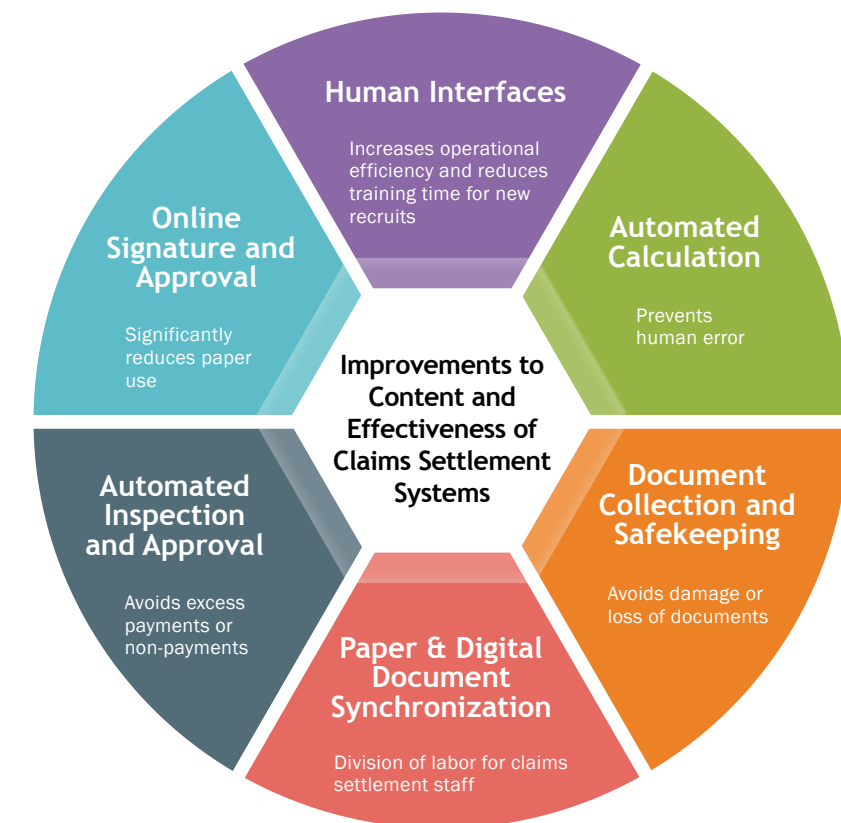
Mobile Insurance Purchases

China Life's launch of a mobile app for insurance purchases has reduced paper waste and expedited underwriting. The app offers online inspections and approval, which minimizes errors and improves response rates, raising overall accuracy. The reduced paper use cuts costs associated with copying, transmitting, scanning, filing and storing documents while saving energy and reducing carbon emissions.



Improvements and Optimization of Claims Settlement System and Processes

We upgraded our entire claims settlement system and processes in order to increase internal efficiency, lower manpower needs and reduce paper use. Significant improvements in all areas, including accuracy, help us lower our impact on the environment.



Popularization of Digital Technology

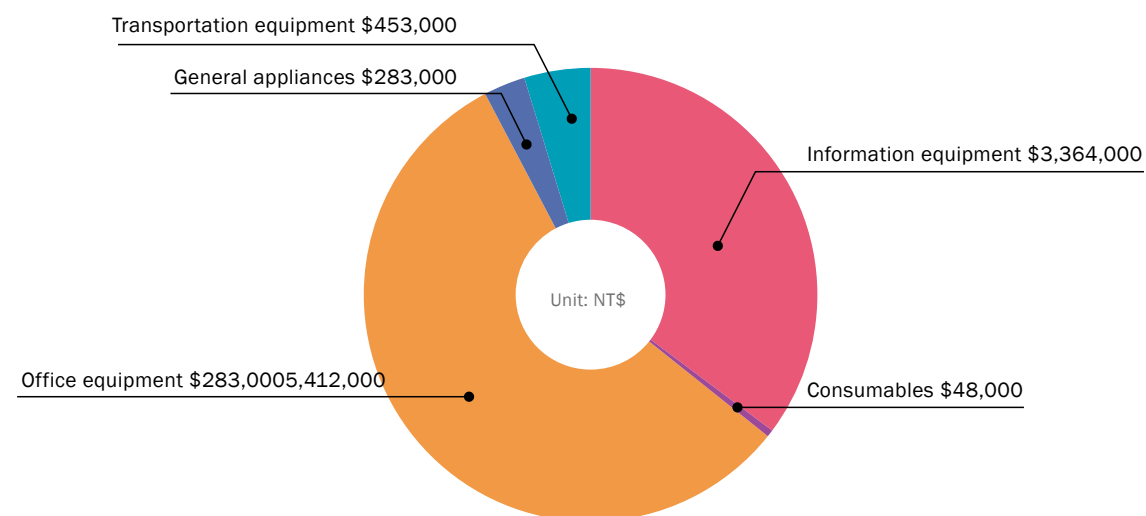
Technology is bringing major impacts and challenges to the financial industry. At the same time, it is driving innovative service content and methods. In response to digital mobile trends in financial services, China Life built a comprehensive and secure mobile platform that includes the mobile equipment applications “i-Link,” “i-Share” and “i-Easy.” These are highly valuable administrative resources that allow sales agents to overcome many of the time and space limitations of previous tools in order to provide policyholders with faster, broader service. Currently, more than 90% of managerial-level sales agents use i-Link or i-Share; meanwhile, i-Easy is nearing operational testing. These advances show that we are entering a new stage in mobile insurance commerce. When modification and optimization of the “Top Force Network” application is completed, sales agents will more easily access online information. Besides improved management capabilities, they will benefit from better deployment and utilization of corporate resources and achieve greater synergies. China Life expends great effort toward developing mobile platforms, so sales agents understand the convenience and advantages of digital technology. By using these new tools, we can strengthen our market competitiveness while raising service efficiency and quality.

Supply Chain Management

Green Procurement

China Life conducts green procurement in line with government policy. In order to fulfill key environmental protection objectives, we prioritize the sourcing of green-certified products. These products are low pollution, recyclable and energy efficient, thus reducing our environmental impact. In 2016, we spent a total of NT\$9.56 million on certified green products and were honored for excellence in green procurement by the Department of Environmental Protection, Taipei City Government.

2016 Green Procurement Categories and Monetary Value



Green Procurement Principles

- When choosing suppliers, we follow the following principles:
 - ✓ Before procurement, assess whether the equipment is needed
 - ✓ During procurement, evaluate the equipment's environmental impact during its full lifecycle, including disposal at the end of the lifecycle
 - ✓ Select environmentally friendly suppliers
 - ✓ Gather environmental information relating to the equipment and supplier
- Prioritize equipment and services certified by the Environmental Protection Administration as environmentally friendly, energy efficient or water efficient; minimize use of toxic or harmful items
- Energy-wasting electrical equipment is replaced to increase energy efficiency
- Our three key strategies for equipment are: effective use, proper scrapping and disposal, and reuse
- When signing procurement contracts, suppliers must agree to provide equipment or services that are environmentally friendly and meet high standards of safety and health; the equipment or services must promote economic, social and environmental balance and sustainable development

Supplier Environmental Protection Policies

- China Life assesses the environmental and social impacts of our procurement practices; we urge suppliers to jointly fulfill CSR objectives
- Suppliers shall work toward reducing or eliminating all forms of waste, including water and energy waste; they can achieve this goal by improving equipment, making repairs or adding energy-saving measures to manufacturing processes; they can also rely on recycling, reuse or alternative materials
- Suppliers shall work toward reducing pollutants, toxins and waste; all waste shall be properly disposed of in accordance with regulations, in order to reduce environmental impact

Supply Chain Management Policies



We manage our supply chain in accordance with company policies and standards governing suppliers and procurement. Choices are made using impartial, fair and open methods. Negotiations, contract signing, progress updates, inspection, receipt, and contract compliance management are transparent, and we actively oversee the quality, delivery date and prices of goods sold by suppliers. All activities that relate to occupational safety and health rules and regulations shall be carried out in accordance with our safety, health and environmental management methods.

In order to systematically manage CSR practices throughout our supply chain, and to build supplier screening standards that account for legal compliance, environmental protection, labor practices, human rights and social impact, in 2015 we formulated our “Supplier CSR Guidelines.” Implementation followed as our suppliers signed the “Supplier CSR Commitment,” which requires adherence to all laws and regulations governing environmental protection, labor conditions, worker safety and health, and worker rights. 100% of suppliers who entered into general procurement contracts with us have signed this commitment. In procurement contracts, we include the “Articles Governing CSR and Ethical Management,” which encourage suppliers that do business with us or enter into procurement contracts with us to adhere to principles governing CSR and ethical management. These measures promote fair and transparent business activities.

We have always regarded our suppliers as partners. In order to ensure supply chain stability, long-term partnerships, and production localization, more than 99% of our suppliers by value are based in Taiwan. In the future, we will continue to support local procurement of goods and services in order to advance local economic development.

Construction and Repair Works

In terms of our selection of suppliers for construction and repair works, to ensure quality and safety, at least 10% of our qualified contractors are replaced each year. In 2016, we replaced 25 of 90 qualified contractors and proposed 26 new contractors. By 2017, we expect to increase our number of contractors in construction and repair works to 91. All qualified contractors signed our “Supplier CSR Commitment” in 2016 and the commitment has been signed in 94.1% of all our construction and repair procurement deals. In order to protect the interests of workers, we also had contractors sign the “Contractor Safety and Health Agreement” and the “Contractor Safety, Health and Environmental Management Commitment.” In 2017, we will continue to work with contractors to ensure they are dedicated to building a better living environment.



Treasure Natural Resources

Energy Use and Green Practices



Greenhouse Gases

In 2016, China Life continued to conduct annual inventories of greenhouse gases produced at our head office and main branches (Taoyuan-Hsinchu, Taichung, Chiayi, Tainan and Kaohsiung). In April 2016, we obtained ISO 14064-1 BSI certification. We used the results as a reference for our greenhouse gas emissions reduction plans and will continue to monitor our greenhouse gas emissions while making comparisons to results from previous years.

2016 Greenhouse Gas Emissions	Scope 1			Scope 2	Total Emissions
	Stationary Emissions	Mobile Emissions	Fugitive Emissions	Energy Indirect Emissions	
Emissions (tCO ₂ e/year)	160.334			3,083.092	3,243.426
	0	35.919	124.415		
Scope (%)	4.94%			95.06%	100.00%
	0%	22.40%	77.60%		

Notes:

- ① Greenhouse gas emissions in tons of carbon dioxide equivalent (tCO₂e)
- ② Direct Emissions Sources (Scope 1): Emission sources belonging to the building or operations under its control
- ③ Indirect Emissions Sources (Scope 2): Emissions from consumption of purchased electricity generated outside the scope of the organization
- ④ Other Indirect Emissions(Scope 3): Indirect emissions from other activities, originating from another company or operations under another company's control. While it is difficult to ascertain the associated activities and emissions volume, sources in this scope include contracted operational vehicles and labor (delivery of documents or package by outsourced transportation), employee commutes, private vehicles used in business travel, long-term rental vehicles or public transportation, and waste removal
- ⑤ Power Coefficient Source: Announced by the Bureau of Energy, Ministry of Economic Affairs in 2015
- ⑥ Global Warming Potential Source: 2007 edition (AR4)

In 2016, we continued to take steps to reduce greenhouse gas emissions in all our offices in accordance with the “Regulations for Environmental Initiatives.” We also used EDM to declare our concepts of environmental protection and energy savings.

- ◆ Implementation of green concepts fosters joint love of the earth : Employees are encouraged to carry reusable eating utensils to protect both the planet and their health.
- ◆ Plastic reduction actions : In an effort to promote a plastic-free life, we promoted helping the earth through use of reusable bags.

With greater attention placed on global climate change, we set a goal of reducing carbon emissions at our head office and main branches (Taoyuan-Hsinchu, Taichung, Chiayi, Tainan and Kaohsiung) by at least 2%. By replacing energy-wasting old equipment and promoting energy-saving measures, between 2015 and 2016 we reduced greenhouse gas emissions by 3.25% (after taking into account expansion and increased equipment). The decrease was equivalent to a reduction of 98.105 tons of greenhouse gas emissions.



Reduced by 3.25%
(= Reduction of 98.105 tons of emissions)

Electricity Consumption

In 2016, besides continuing to encourage all employees to take steps toward saving electricity on a daily basis, we allocated NT\$8,891,835 toward replacing old, inefficient central air systems in our buildings. Electricity savings for our offices in 2016 were as follows:



Electricity Saving Ratio 13.48%

- ◆ Nationwide District Offices (Sales Agents): In 2016, average electricity savings at nationwide district offices, where sales agents are based, were 3.80%.
- ◆ Main Offices and District Offices (All Employees): In 2016, average energy intensity (electricity used/revenues [NT\$10,000]) at all our offices fell by 13.48%, showing we made significant progress in our efforts to save electricity.

Location	2016		2015		Electricity Savings Ratio
	Electricity Consumption (kWh)(A)	Energy Intensity (C)	Electricity Consumption (kWh)(B)	Energy Intensity (D)	Energy Intensity (D-C)/D
Main Offices (Head Office and Branch Offices) and District Offices	12,704,019	0.54	12,622,122	0.62	13.48%

Water Resources Management

China Life's business does not require large amounts of water. Besides general use for office staff, most of our water is used in our central air systems, and landscaping pools. Nevertheless, we still prioritize water-saving efforts. Besides installing water-saving gaskets, adjusting water flow and raising water reuse, this year we took several steps toward reducing water vaporization, including strengthening piping and checking and repairing old water storage equipment (water towers and toilets). Besides reducing water leakages, when replacing equipment we chose products that are certified as water efficient. We also reviewed how frequently we change water in our landscaping pools (while increasing water movement in pools and adding automatic pool cleaners).



Reduction in Water Usage 4.57%

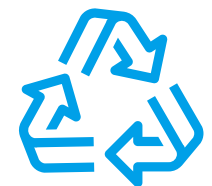
2016 Head Office Water Saving Result

Head Office Water Resources	Unit	2016	2015
Total Water Use	1,000s of liters	15,158.7906	14,894.659
Total Work Hours	1,000s of hours	1,862.753	1,745.388
Volume of Water Used Per 1,000 Work Hours	1,000s of liters / 1,000 hours	8.14	8.53
Reduction in water usage per 1,000 work hours			4.57%

Note: In 2016, total water use increased due to a rise in employee numbers. The volume of water used per 1,000 work hours decreased, however, showing the success of our water-saving efforts.

Waste Management

China Life generates two types of waste: general waste and recyclable waste. In order to implement our policy of reusing resources, we encourage everyone to separate general waste and recyclable waste. A combination of contracted waste disposal companies and public garbage trucks transport non-recyclable waste for incineration. In 2016, our head office and main branches (Taoyuan-Hsinchu, Taichung, Chiayi, Tainan and Kaohsiung) recycled 72,426 kg of waste, out of a total of 158,538 kg, for a recycling rate of more than 40%.



Recycling Rate 40%

Green Buildings

We acquire green building labels for all of our new buildings. Taipei Academy was designed according to the Gold Class standard of green buildings and was named as a candidate for a green building certificate in the first half of 2017. Related plans are as follows:

Item	Content
Greenification 	Build a green environment that produces oxygen, absorbs carbon dioxide, and cleans the air; green environments can ease urban heat island effects, promote ecological diversity and enhance green urban spaces
Water Conservation 	Use of permeable pavement and water infiltration basins to enhance water cycle capabilities, improve the surrounding ecosystem, regulate the micro-climate, and ease urban heat island effects
Healthy Interior Environment 	Interior design is focused on low pollution, low emissions and low repairs; ecofriendly, green building-certified materials are used in order to create a healthy interior environment
Daily Energy Use 	An energy-efficient, ionic air purification system, together with dual-layer curtains and automated venetian blinds, helps to save energy
Carbon Emissions 	The building has a lightweight design, which helps to lower CO2 emissions
Waste Volume 	Interior utilized drywall and reusable building materials and designs in order to reduce waste; during construction, strict measures were taken to lower air pollution to minimize our contribution to urban smog
Water Use 	Rain harvesting techniques and water-saving equipment allowed us to conserve water
Wastewater and Trash 	Planned an underground waste collection area for separating and recycling waste, with equipment for cooling, freezing and compressing trash; a system for separating rainwater and wastewater ensures that wastewater is sent to the municipal treatment system to reduce water pollution

Appendix

- GRI G4 Indicator Comparative Table
- The United Nations Global Compact (UN Global Compact) Comparative Table
- Social Responsibility Guidance Standard (ISO26000) Comparative Table
- Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies Comparative Table
- Statement of Independent Assurance

GRI G4 Indicator Comparative Table

General Standard Disclosures			
Indicator	Description	Corresponding Chapter or Remarks (Includes Omitted Description)	Page No.
Strategy and Analysis			
G4-1	Provide a statement from the most senior decision-maker of the organization.	Letter from the Chairman	03
		Letter from the President	04
G4-2	Provide a description of key impacts, risks, and opportunities.	[CH2] Rigorous Risk Management	54-60
Organizational Profile			
G4-3	Report the name of the organization.	About This Report	05
G4-4	Report the primary brands, products, and services.	Company Profile and Vision	08
		[CH2] Introduction	38
		[CH4] Strengthening Policyholder Relations	93-104
G4-5	Report the location of the organization's headquarters.	Company Profile and Vision	08
G4-6	Report the number and names of countries where the organization operates.	Company Profile and Vision	08
G4-7	Report the nature of ownership and legal form.	Company Profile and Vision	08
G4-8	Report the markets served.	Company Profile and Vision	08
		[CH2] Introduction	38
G4-9	Report the scale of the organization, including total number of employees, total number of operations, net sales (for private sector organizations) or net revenues (for public sector organizations), total capitalization broken down in terms of debt and equity (for private sector organizations), and quantity of products or services provide.	Company Profile and Vision	08
		[CH2] Financial Performance	39-40
G4-10	Employee data	[CH3] Staff Structure	66-67
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	Our company has not established trade unions, hence there are no collective bargaining agreements	
G4-12	Describe the organization's supply chain.	[CH5] Supply Chain Management	130-131
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	No major changes	
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	[CH2] Rigorous Risk Management	54-60
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	China Life has not endorsed any externally developed economic, environmental or social charters, principles, or other initiatives	

Indicator	Description	Corresponding Chapter or Remarks (Includes Omitted Description)	Page No.
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization.	[CH2] Corporate Sustainability	53
Identified Material Aspects and Boundaries			
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	There are no other financial reports shared externally	
G4-18	Explain the process for defining the report content and the Aspect Boundaries.Explain how the organization has implemented the Reporting Principles for Defining Report Content.	[CH1] Understanding Sustainability Issues	13-20 24-26
G4-19	List all the material Aspects identified in the process for defining report content.	[CH1] Material Aspects and Boundaries	19-20
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	[CH1] Material Aspects and Boundaries	19-20
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	[CH1] Material Aspects and Boundaries	19-20
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	No case of restatements	
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	No major changes	
Stakeholder Engagement			
G4-24	Provide a list of stakeholder groups engaged by the organization.	[CH1] Strengthening Stakeholder Engagement	24-27
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	[CH1] Strengthening Stakeholder Engagement	24-27
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	[CH1] Strengthening Stakeholder Engagement	24-27
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	[CH1] Identifying Material Issues [CH1] Strengthening Stakeholder Engagement	17-18 24-27
Report Profile			
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	About This Report	05
G4-29	Date of most recent previous report (if any).	About This Report	05
G4-30	Reporting cycle (such as annual, biennial).	About This Report	05

Indicator	Description	Corresponding Chapter or Remarks (Includes Omitted Description)	Page No.
G4-31	Provide the contact point for questions regarding the report or its contents.	About This Report	06
G4-32	Report the “in accordance” option the organization has chosen.	About This Report	06
G4-33	Report the organization’s policy and current practice with regard to seeking external assurance for the report.	About This Report	06
Governance			
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	[CH1] Understanding Sustainability Issues	13
		[CH2] Board of Directors and Functional Committees	41-46
G4-38	Report the composition of the highest governance body and its committees.	[CH2] Board of Directors and Functional Committees	41-46
G4-39	Report whether the Chair of the highest governance body is also an executive officer.	[CH2] Board of Directors and Functional Committees	41-42
G4-43	Report the measures taken to develop and enhance the highest governance body’s collective knowledge of economic, environmental and social topics.	[CH1] A Commitment to Corporate Sustainability	13-14
G4-48	Report the highest committee or position that formally reviews and approves the organization’s sustainability report and ensures that all material Aspects are covered.	[CH1] A Commitment to Corporate Sustainability	13-14
Ethics and Integrity			
G4-56	Describe the organization’s values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	[CH2] Implementation of Business Integrity and Ethics	47-52

Specific Standard Disclosures

Material Aspect	Indicator	Description	Corresponding Chapter or Remarks	Page No.
Economic Performance	DMA		[CH1] Management of Material Considerations	21-23
	EC1	Direct economic value generated and distributed	[CH2] Financial Performance	39-40
	EC2	Financial implications and other risks and opportunities for the organization’s activities due to climate change	[CH2] Preparing for Hidden Risks	59-60
	EC3	Coverage of the organization’s defined benefit plan obligations	[CH3] Diverse Employee Welfare Mechanisms	81-89
Market Presence	DMA		[CH1] Management of Material Considerations	21-23
	EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	[CH3] Comprehensive Salary Structure	80
	EC6	Proportion of senior management hired from the local community at significant locations of operation	[CH3] Staff Structure	66-67

Material Aspect	Indicator	Description	Corresponding Chapter or Remarks	Page No.
Indirect Economic Impacts	EC8	Significant indirect economic impacts, including the extent of impacts	[CH4] Joint Social Participation	109-118
Procurement Practices	EC9	Proportion of spending on local suppliers at significant locations of operation	[CH5] Supply Chain Management	131
Energy	EN3	Energy consumption within the organization	[CH5] Energy Use and Green Practices	133
	EN5	Energy intensity	[CH5] Energy Use and Green Practices	133
	EN6	Reduction of energy consumption	[CH5] Energy Use and Green Practices	133
Emissions	EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	[CH5] Energy Use and Green Practices	132
	EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	[CH5] Energy Use and Green Practices	132
Effluent and Waste	EN23	Total weight of waste by type and disposal method	[CH5] Energy Use and Green Practices	134
Products and Services	DMA		[CH1] Management of Material Considerations	21-23
	EN27	Extent of impact mitigation of environmental impacts of products and services	[CH5] Comprehensive Green Services	125-129
Compliance	DMA		[CH1] Management of Material Considerations	21-23
	EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	China Life had no cases of non-compliance with environmental laws this year	
Supplier Environmental Assessment	EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	[CH5] Supply Chain Management China Life’s supply chain had no significant negative environmental impacts this year	130-131
Employment	DMA		[CH1] Management of Material Considerations	21-23
	LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	[CH3] Staff Structure	67-68
	LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	[CH3] Diverse Employee Welfare Mechanisms	81-89
	LA3	Return to work and retention rates after parental leave, by gender	[CH3] Diverse Employee Welfare Mechanisms	86

Material Aspect	Indicator	Description	Corresponding Chapter or Remarks	Page No.
Labor / Management Relations	LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	[CH1] Strengthening Stakeholder Engagement	25
Occupational Health and Safety	LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	[CH3] Diverse Employee Welfare Mechanisms	88
	LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	[CH3] Diverse Employee Welfare Mechanisms	88
	LA7	Workers with high incidence or high risk of diseases related to their occupation	China Life does not have any occupational activities involving a high incidence or high risk of disease	
	LA8	Health and safety topics covered in formal agreements with trade unions	China Life has not established trade unions, hence there are no relevant agreements	
	DMA		[CH1] Management of Material Considerations	21-23
Training and Education	LA9	Average hours of training per year per employee by gender, and by employee category	[CH3] Sustainable Development of Employees	71-72
	LA10	Programs for skills management and life-long learning that support the continued employability of employees and assist them in managing career endings	[CH3] Sustainable Development of Employees	70-79
	LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	[CH3] Sustainable Development of Employees	73
Diversity and Equal Opportunity	DMA		[CH1] Management of Material Considerations	21-23
	LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	[CH3] Staff Structure	67
Equal Remuneration for Women and Men	DMA		[CH1] Management of Material Considerations	21-23
	LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	[CH3] Comprehensive Salary Structure	81
Supplier Assessment for Labor Practices	LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	[CH5] Supply Chain Management China Life's supply chain had no cases of negative impact on labor practices this year	130-131
Labor Practices Grievance Mechanisms	LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	[CH3] Harmonious Labor-Management Relations	90
Investment	HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	[CH3] Guaranteeing Labor and Human Rights	89

Material Aspect	Indicator	Description	Corresponding Chapter or Remarks	Page No.
Non-Discrimination	DMA		[CH1] Management of Material Considerations	21-23
	HR3	Total number of incidents of discrimination and corrective actions taken	[CH2] Implementation of Business Integrity and Ethics	51-52
Child Labor	HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	China Life had no operations or suppliers identified as having incidents of child labor	
Forced or Compulsory Labor	HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	China Life had no operations or suppliers identified as having significant risk for incidents of forced or compulsory labor	
Supplier Human Rights Assessment	HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	[CH5] Supply Chain Management China Life had no operations or suppliers identified as having significant negative human rights impacts	130-131
Local Communities	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	[CH4] Joint Social Participation	109-118
	SO2	Operations with significant actual and potential negative impacts on local communities	China Life had no operations with significant negative impacts on local communities this year	
	FS14	Initiatives to improve financial services for disadvantaged groups	[CH4] Providing Diverse Products	95
Anti-corruption	DMA		[CH1] Management of Material Considerations	21-23
	SO4	Communication and training on anti-corruption policies and procedures	[CH2] Implementation of Business Integrity and Ethics	48
	SO5	Confirmed incidents of corruption and actions taken	China Life had no cases of corruption this year	
Public Policy	SO6	Total value of political contributions by country and recipient / beneficiary	China Life did not provide any form of political donation	
Compliance	DMA		[CH1] Management of Material Considerations	21-23
	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	[CH2] Implementation of Business Integrity and Ethics	50
Product and Service Labeling	DMA		[CH1] Management of Material Considerations	21-23
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	[CH2] Implementation of Business Integrity and Ethics	50
	PR5	Results of surveys measuring customer satisfaction	[CH4] Sincere Customer Care	99

Material Aspect	Indicator	Description	Corresponding Chapter or Remarks	Page No.
Marketing Communication	DMA		[CH1] Management of Material Considerations	21-23
	PR6	Sale of banned or disputed products	China Life has not sold any banned or controversial products	
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	China Life had no cases of corruption this year	
Customer Privacy	DMA		[CH1] Management of Material Considerations	21-23
	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	[CH4] Strengthening Information Security Control	107
Compliance	DMA		[CH1] Management of Material Considerations	21-23
	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	[CH2] Implementation of Business Integrity and Ethics	50
Product Portfolio	DMA		[CH1] Management of Material Considerations	21-23
	FS6	Monetary value and percentage of the portfolio for business lines by specific region, size, and by sector	[CH2] Financial Performance	40
	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	[CH4] Providing Diverse Products	95

The United Nations Global Compact (UN Global Compact) Comparative Table

Classification	Main Issues	Corresponding Chapter
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights	CH3 Develop – Cultivating Professional Staff: Friendly Workplace
	Businesses should make sure they are not complicit in human rights abuses	CH5 Initiate – Advocating Friendly Environments: Creating a Green Value Chain
Labor Standards	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	CH3 Develop – Cultivating Professional Staff: Friendly Workplace
	Businesses should uphold the elimination of all forms of forced and compulsory labor	CH3 Develop – Cultivating Professional Staff: Friendly Workplace
	Businesses should uphold the effective abolition of child labor	CH3 Develop – Cultivating Professional Staff: Friendly Workplace
	Businesses should uphold the elimination of discrimination in respect of employment and occupation	CH3 Develop – Cultivating Professional Staff: Friendly Workplace

Classification	Main Issues	Corresponding Chapter
Environment	Businesses should support a precautionary approach to environmental challenges	CH2 Uphold – Prudent Governance and Ethical Management: Rigorous Risk Management CH5 Initiate – Advocating Friendly Environments: Treasure Natural Resources
	Businesses should undertake initiatives to promote greater environmental responsibility	CH5 Initiate – Advocating Friendly Environments: Treasure Natural Resources
	Businesses should encourage the development and diffusion of environmentally friendly technologies	CH5 Initiate – Advocating Friendly Environments: Creating a Green Value Chain
Anti-corruption	Businesses should work against corruption in all its forms, including extortion and bribery	CH2 Uphold – Prudent Governance and Ethical Management: Transparency of Corporate Governance

Social Responsibility Guidance Standard (ISO26000) Comparative Table

Classification	Main Issues	Corresponding Chapter
Organizational Governance	Decision-making processes and structures	CH2 Uphold – Prudent Governance and Ethical Management: Transparency of Corporate Governance
Human Rights	Due diligence	CH3 Develop – Cultivating Professional Staff: Friendly Workplace
	Human right risks situations	CH3 Develop – Cultivating Professional Staff: Friendly Workplace
	Avoidance of complicity – direct, beneficial and silent	CH2 Uphold – Prudent Governance and Ethical Management: Transparency of Corporate Governance
	Resolving grievances	CH3 Develop – Cultivating Professional Staff: Friendly Workplace
	Discrimination and vulnerable groups	CH3 Develop – Cultivating Professional Staff: Friendly Workplace
	Civil and political rights	CH3 Develop – Cultivating Professional Staff: Friendly Workplace
	Economic, social and cultural rights	CH3 Develop – Cultivating Professional Staff: Friendly Workplace
	Fundamental principles and rights at work	CH3 Develop – Cultivating Professional Staff: Friendly Workplace

Classification	Main Issues	Corresponding Chapter
Labor Practices	Employment and employment relationships	CH3 Develop – Cultivating Professional Staff: Organization and Personnel Cultivation
	Conditions of work and social protection	CH3 Develop – Cultivating Professional Staff: Friendly Workplace
	Social dialogue	CH4 Care – Building a Society for the Common Good: Joint Social Participation
	Health and safety at work	CH3 Develop – Cultivating Professional Staff: Friendly Workplace
	Human development and training in the work-place	CH3 Develop – Cultivating Professional Staff: Organization and Personnel Cultivation
The Environment	Prevention of pollution	CH5 Initiate – Advocating Friendly Environments: Treasure Natural Resources
	Sustainable resource use	CH5 Initiate – Advocating Friendly Environments: Treasure Natural Resources
	Climate change mitigation and adaptation	CH2 Uphold – Prudent Governance and Ethical Management: Rigorous Risk Management
	Protection of the environment, biodiversity and restoration of natural habitats	CH5 Initiate – Advocating Friendly Environments: Treasure Natural Resources
Fair Operating Practices	Anti-corruption	CH2 Uphold – Prudent Governance and Ethical Management: Transparency of Corporate Governance
	Responsible political involvement	CH2 Uphold – Prudent Governance and Ethical Management: Transparency of Corporate Governance
	Fair competition	CH2 Uphold – Prudent Governance and Ethical Management: Transparency of Corporate Governance
	Promoting social responsibility in the value chain	CH5 Initiate – Advocating Friendly Environments: Creating a Green Value Chain
	Respect for property rights	*Not very applicable to the life insurance industry
Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	CH4 Care – Building a Society for the Common Good: Strengthening Policyholder Relations
	Protecting consumers' health and safety	CH4 Care – Building a Society for the Common Good: Strengthening Policyholder Relations
	Sustainable consumption	CH4 Care – Building a Society for the Common Good: Strengthening Policyholder Relations
	Consumer service, support, and complaint and dispute resolution	CH4 Care – Building a Society for the Common Good: Strengthening Policyholder Relations
	Consumer data protection and privacy	CH4 Care – Building a Society for the Common Good: Strengthening Policyholder Relations
	Access to essential services	CH4 Care – Building a Society for the Common Good: Strengthening Policyholder Relations
	Education and awareness	CH4 Care – Building a Society for the Common Good: Joint Social Participation

Classification	Main Issues	Corresponding Chapter
Community Involvement and Development	Community involvement	CH4 Care – Building a Society for the Common Good: Joint Social Participation
	Employment creation and skills development	CH3 Develop – Cultivating Professional Staff: organization and Staff Cultivation
	Technology development and access	*Not very applicable to the life insurance industry
	Wealth and income creation	CH4 Care – Building a Society for the Common Good: Joint Social Participation
	Education and culture	CH4 Care – Building a Society for the Common Good: Joint Social Participation
	Health	CH4 Care – Building a Society for the Common Good: Joint Social Participation
	Social investment	CH4 Care – Building a Society for the Common Good: Joint Social Participation

Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies Comparative Table

Chapter	Corresponding Chapter/Description
Chapter 1 General Principles	CH2 Uphold – Prudent Governance and Ethical Management: Transparency of Corporate Governance
Chapter 2 Exercising Corporate Governance	CH2 Uphold – Prudent Governance and Ethical Management: Transparency of Corporate Governance
Chapter 3 Fostering Sustainable Environment	CH5 Initiate – Advocating Friendly Environments: Treasure Natural Resources
Chapter 4 Preserving Public Welfare	CH4 Care – Building a Society for the Common Good: Joint Social Participation
Chapter 5 Enhancing Disclosure of Corporate Social Responsibility Information	CH2 Uphold – Prudent Governance and Ethical Management: Transparency of Corporate Governance
Chapter 6 Supplementary Provisions	CH2 Uphold – Prudent Governance and Ethical Management: Transparency of Corporate Governance

We would like to thank all stakeholders for their interest in our CSR practices. At China Life, we will continue to promote and implement environmental, social and corporate governance principles, and to publish CSR information and our CSR report on China Life’s corporate website. China Life will use innovative thinking to produce greater benefits and value for our policyholders, employees, shareholders and society. With a wider scope and outlook and a bolder approach, we will produce even better results in our ongoing push toward sustainable development.

INDEPENDENT ASSURANCE OPINION STATEMENT

China Life Insurance Co., Ltd. 2016 Corporate Social Responsibility Report

The British Standards Institution is independent to China Life Insurance Co., Ltd. (hereafter referred to as China Life in this statement) and has no financial interest in the operation of China Life other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of China Life only for the purposes of verifying its statements relating to its sustainability, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by China Life. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to China Life only.

Scope

The scope of engagement agreed upon with China Life includes the followings:

1. The assurance scope is consistent with the description of China Life Insurance Co., Ltd. 2016 Corporate Social Responsibility Report.
2. The evaluation of the nature and extent of the China Life's adherence to all three AA1000 AccountAbility Principles in this report as conducted in accordance with type 1 of AA1000AS (2008) assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the China Life 2016 Corporate Social Responsibility Report Review provides a fair view of the China Life's programmes and performances during 2016. The CSR report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the China Life and the sample taken. We believe that the 2016 economic, social and environmental performance indicators are fairly represented. The CSR performance indicators disclosed in the report demonstrate China Life's efforts recognized by its stakeholders.

Our work was carried out by a team of (CSR) report assurers in accordance with the AA1000 Assurance Standard (2008). We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that China Life's description of their approach to AA1000 Assurance Standard and their self-declaration of 'in accordance' with the G4 sustainability reporting guidelines: the Core option were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a top level review of issues raised by external parties that could be relevant to China Life's policies to provide a check on the appropriateness of statements made in the report
- discussion with managers and staff on China Life's approach to stakeholder engagement. However, we had no direct contact with external stakeholders
- 30 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out
- review of key organizational developments
- review of the findings of internal audits
- review of supporting evidence for claims made in the reports
- an assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, materiality and responsiveness as described in the AA1000 AccountAbility Principles Standard (2008)

Conclusions

A detailed review against the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness as well as the GRI G4 guidelines is set out below:

Inclusivity

This report has reflected a fact that China Life has continually made a commitment to its stakeholders, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the China Life's inclusivity issues.

Materiality

China Life has established relative procedure in company level, as the issues which were identified by all departments have been prioritized according to the extent of impact and applicable criterion for sustainable development of company. Therefore, material issues were completely analyzed and the relative information of sustainable development was disclosed to enable its stakeholders to make informed judgments about the company's management and performance. In our professional opinion the report covers the China Life's material issues.

Responsiveness

China Life has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for the China Life is developed and provides the opportunity to further enhance the China Life's responsiveness to stakeholder concerns. In our professional opinion the report covers the China Life's responsiveness issues.

GRI-reporting

China Life provided us with their self-declaration of 'in accordance' with the G4 sustainability reporting guidelines: the Core option (at least one indicator related to each identified material Aspect). Based on our review, we confirm that social responsibility and sustainable development indicators with reference to the GRI Index are reported, partially reported or omitted. In our professional opinion the self declaration covers the China Life's social and sustainability issues.

Assurance level

The moderate level assurance provided is in accordance with AA1000 Assurance Standard (2008) in our review, as defined by the scope and methodology described in this statement.

Responsibility

This CSR report is the responsibility of the China Life's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead auditors and Carbon Footprint Verifiers experienced in Engineering sector, and trained in a range of sustainability, environmental and social standards including AA1000 AS, ISO14001, OHSAS18001, ISO14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Peter Pu
Managing Director BSI Taiwan
2017-06-01



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