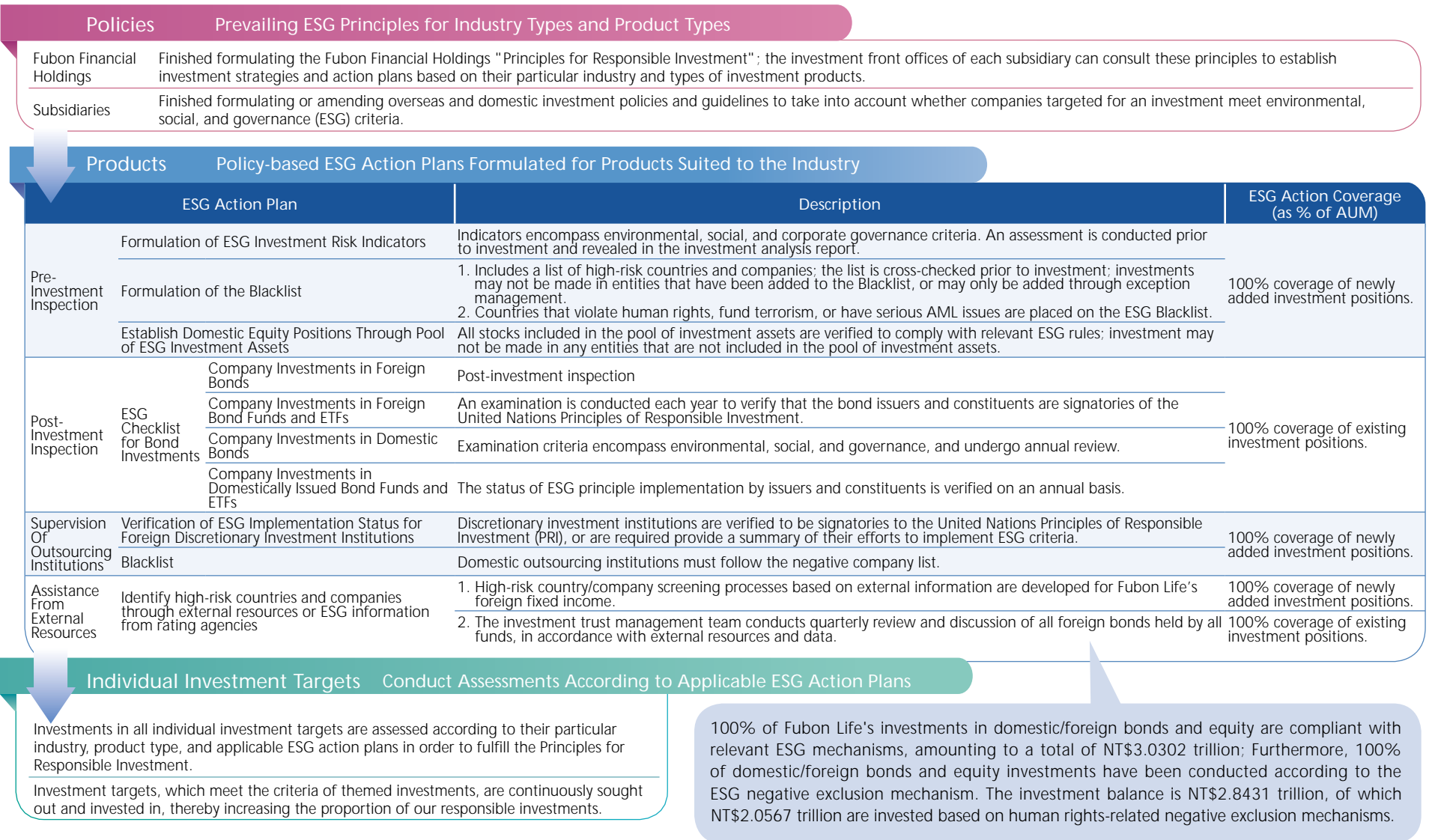


4.4 Responsible Investment Actions

Achieving The Principles for Responsible Investment

In response to the UN's Principles for Responsible Investment, the company has continued to strengthen relevant responsible investment mechanisms from the three perspectives of policy, product, and individual investments, in order to maintain long-term and stable investment performance.

An overview of our three-pronged approach, including progress achieved as of 2018, is presented below.



Following the principle of responsible investment, Fubon Life, Fubon Insurance and Fubon Financial Holding Venture Capital implemented ESG action plans on various types of assets (products) by formulating or revising policies, regulations, or standard operating procedure (SOP). Regarding real estate investment, in order to deepen sustainable operations, Fubon Life stipulated in the "Regulations Regarding the Management of Hiring Professional Consultants for New Construction Projects and Construction Contract Procurement" that real estate development cases should include green architectural designs in the contract, and companies with good corporate social responsibility performance should be prioritized when hiring professional consultants for new projects or when outsourcing projects.

In addition, in accordance with Fubon Financial Holdings' Responsible Investment Management Principles, Taipei Fubon Bank has included securities investment and trading business into the scope of sustainability risk assessment since November 2017. Based on regulations and banking practices, securities investments and transactions handled by Taipei Fubon Bank are limited to fixed-income securities and equity securities that meet internal requirements. Relevant business divisions submitting applications for securities investment and trading, and those conducting regular securities inspections in accordance with regulations, must fill out the "Sustainability Risk Assessment Checklist (Securities Investment & Trading)" (100% inspection coverage in 2018). This form evaluates whether the investing or trading entity's main business activities seriously harm the environment or adversely affect sustainable development (such as: gambling not for public interests; arms trafficking; tobacco; radioactive substances; tropical rain forest logging; unbonded asbestos fibers; polychlorinated biphenyls; and driftnet fishing; and any activity involving the illegal employment of child labor). If the entity is found to have violated environmental regulations or to have caused significant harm to public safety resulting in a major adverse impact on sustainable development, the entity shall be subject to investment restrictions.

Fubon Asset Management has gradually incorporated ESG into its relevant investment processes. Before investing in individual stocks, aspects like its industry profile, company operation prospects, expected profits, financial situation, and ESG must first be analyzed. On the other hand, a "blacklist" was formulated based on financial numbers, director/supervisor shareholdings, and ESG indicators. The Company must not invest in stocks listed on the "blacklist". If an individual stock was added to the blacklist after investment, the Company must clear out its shares within a time limit.

Owned Assets class		Action Plan for PRI Management
Listed Equity	✓	<ul style="list-style-type: none"> Specify concrete ESG evaluation execution methods in the regulation, guidelines, or standard operating procedures of different asset types according to the attributes of investment commodities and the feasibility of practical operation. It is required for Taipei Fubon Bank to conduct an ESG assessment related to the target company according to the items listed in the "Sustainability Risk Assessment Checklist (Securities Investment & Trading)" prior to submitting an application of investing in and trading the listed equity and fixed income securities for approval.
Fixed Income	✓	
Private Equity	✓ (Private Equity Fund)	
Infrastructure	✓ (Infrastructure Fund)	
Derivatives & Alternatives	✓ (Includes alternative investments, such as: hedge funds)	
Property	✓ (Investment property)	Include green architectural designs into the contract, and prioritize companies that has good CSR performance when hiring professional consultants for new projects or when outsourcing projects.

