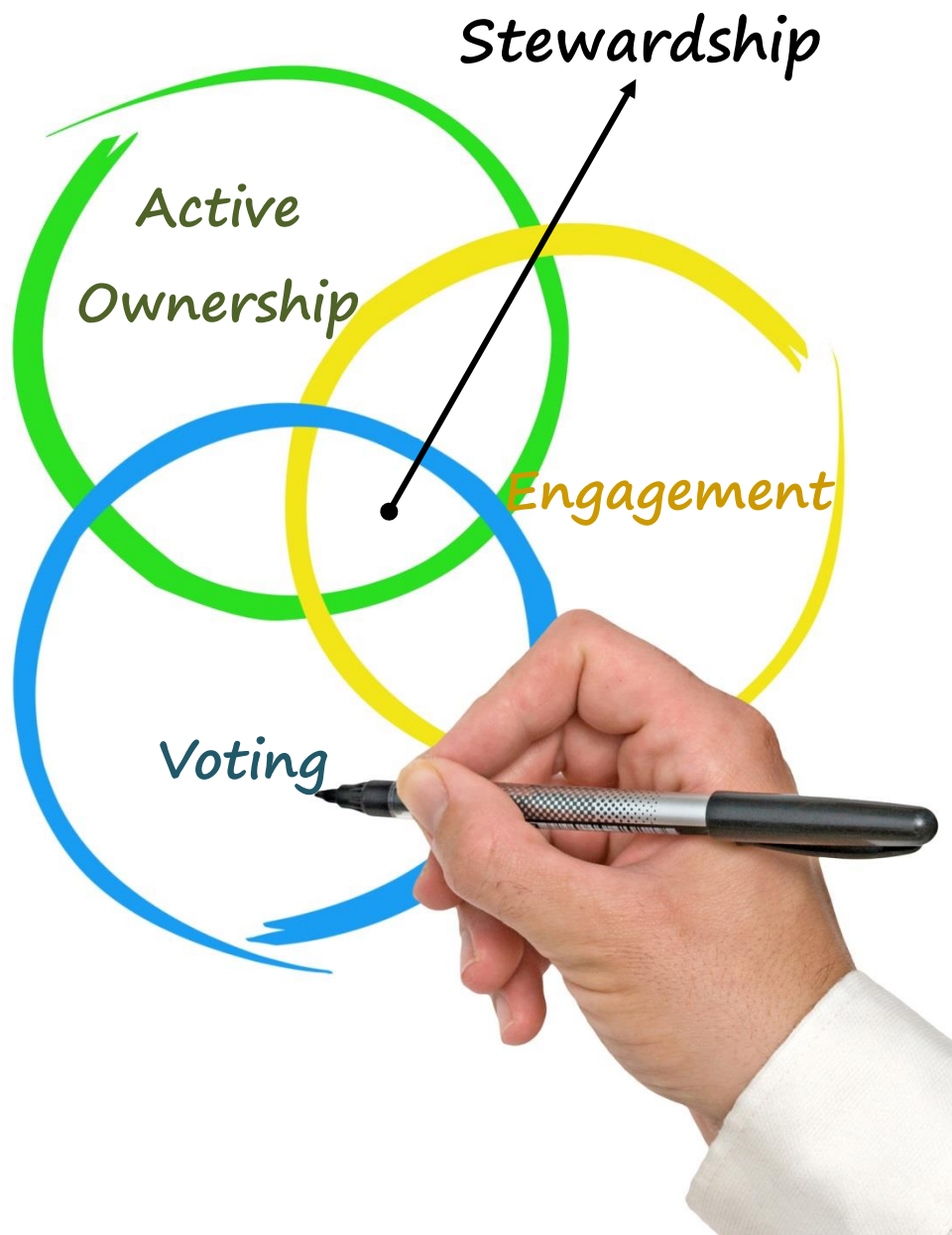




國泰人壽

Cathay Life Insurance

2017 Cathay Life Insurance Stewardship Report



ABOUT CATHAY LIFE INSURANCE

Cathay Life Insurance is the largest life insurer in Taiwan with total assets of US\$ 198bn*. The firm was founded in 1962 and has around 30,000 employees servicing more than 8 million customers. It is believed that the commitment from us to Sustainable Development is significant for our society. In order to further promote sustainability and use our core competency, we established Corporate Sustainability Team (“CS Team”) in 2016. Under CS Team, Responsible Investment Working Team was established by gathering employees from different investment related departments including Fixed-Income, Equity, Alternative Investment and Financial Planning in the same year.

*At the end of September 2017



STATEMENT


Cathay Life becomes the first insurance company to endorse Taiwan Stewardship Principles for Institutional Investors on July 25th 2016.

To demonstrate our expertise and influence as an Institutional Investor, to undertake the responsibility of being an asset owner and create the long-term value for our shareholders, employees, and customers, Cathay Life will always commit to integrate environmental, social and governance (ESG) issues into investment decision-making and ownership practices.

Taiwan Stewardship Principles
for Institutional Investors



Signatory

 Cathay Life Insurance
2016.07.25



This report is we claim to abide by six principles of Taiwan Stewardship Principles for Institutional Investors and publish annually based on Principle 6.

The six principles are:

Principle 1: Establish and disclose stewardship policies.

Principle 2: Establish and disclose policies on managing conflicts of interest.

Principle 3: On-going observation of investee companies.

Principle 4: Maintain an appropriate dialogue and interaction with investee companies.

Principle 5: Establish clear voting policies and disclose voting results.

Principle 6: Periodically disclose to customers or beneficiaries the status of fulfilling its stewardship responsibilities.

CONTACT INFORMATION

Please contact us for any comments or inquiries on this report.

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ACTIVE OWNERSHIP: PROXY VOTING

Cathay Life encourages sustainable corporate practices, which contribute to long-term customers' and shareholders' value creation. Voting at company general meetings is an important part of the dialogue and interaction with investee companies and is also a fundamental aspect of our fiduciary duty to our stakeholders.

We exercise voting rights pursuant to the governmental laws and regulations and our voting policy. Subject to Article 146-1 and Article 146-5 of Insurance Act in Taiwan, which insurance companies cannot cast a vote in the election of directors or supervisors of investee companies, we abstain on “Directors Related: Election” proposals.

The following information is described our 2017 voting result:



Category	Resolutions	Votes For	Votes Against	Abstentions
Financial Report	277	100%	0%	0%
Capitalization	392	100%	0%	0%
Routine Business	604	100%	0%	0%
Directors Related: Election	103	0%	0%	100%
Directors Related: Other	130	100%	0%	0%
Remuneration	16	100%	0%	0%
Reorganization and Mergers	6	100%	0%	0%
Other	1	0%	0%	0%
Total	1,529	93.3%	0.0%	6.7%



ACTIVE OWNERSHIP: ASSET MANAGER MANDATING AND MONITORING

To ensure our mandate partners fulfill the duty of being an asset manager, we have ask asset managers to take ESG factors into consideration in their regular investment process, review their ESG performances annually, and have formulated clearly ESG-related terms when signing contracts with asset management companies since 2017. Together with our mandate partners, we encourage all asset managers to understand the importance of ESG risks and opportunities and shape the future in a sustainable manner.

As of the end of 2017, 95% of our mandate assets were managed by asset management companies that are either PRI signatories or who have an ESG policy in place.

ACTIVE OWNERSHIP: ENGAGEMENT

At the beginning of 2017, World Meteorological Organization (WMO) disclosed “Statement on the State of the Global Climate in 2016”. This report shows that the year 2016 was the warmest on record and raises the alarm that climate change is accelerating.

Noteworthy, extreme climate events are an important issue we cannot ignore. To confront climate change, not only are we the first insurance company in Taiwan to invest in the solar power plant project* but also our total investment amount** exceeds other peers in Taiwan.

Beyond that, we have been actively engaged in dialogue and interaction with investee companies since 2017. By encouraging enterprises who demonstrate better ESG performance and good behavior, we drive other companies to seek positive change. This is how we exert our force of influence as a responsible investor for making the world a better place.

*We established joint venture with AUO to set up an energy company in 2014.

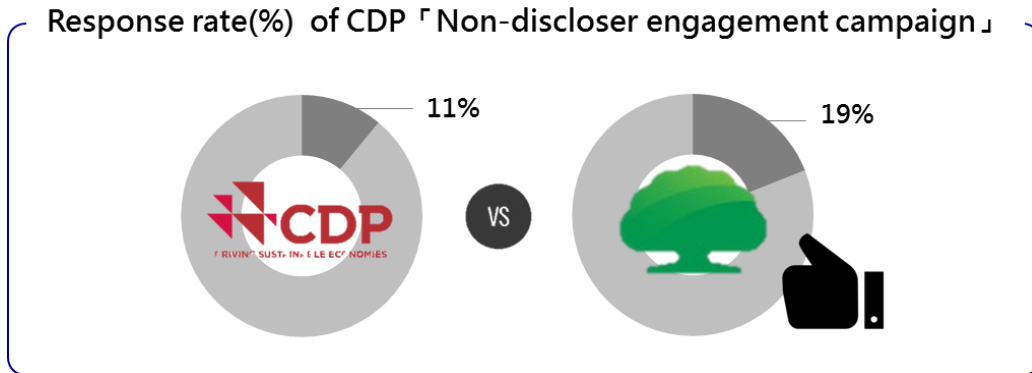
**Total investment in solar power plant reached US\$ 109.6million as of the end of 2017.

Participating in Global Initiatives and Events

In 2017, Cathay Life participated in the CDP's "Non-discloser Engagement Campaign" and encouraged our investees who are listed



companies in Taiwan to complete CDP questionnaire and disclose related information more transparent. We achieved a higher response rate (19%) compared to the overall of this (11%) as a result of our persistent efforts to communicate and interact with investees companies.



Holding a Climate Change forum

Cathay Life and Cathay Financial Holdings co-hosted a Climate Change Roundtable in 2017. We invited more than 20 leading companies in semiconductor, electronics, telecommunications, transportation, insurance industry and several institutions such as government organizations, government funds and consulting firms in Taiwan to jointly engage in the exchange of ideas on risks and opportunities of climate change, share the efforts which had been made in climate change, and learn from each other. Through the forum, we hope to encourage our investee companies to recognize the impact of climate change and to further spread the culture of sustainable corporate practices into the social value chain.





For more information about other sustainability of Cathay Life, please visit:

1. CS website :

https://campaign.cathaylife.com.tw/CorporateSustainability_en/index.html

2. Cathay Life Insurance PSI Disclosure Report

https://campaign.cathaylife.com.tw/CorporateSustainability_en/report.htm

3. Statement on Taiwan Stewardship Principles for Institutional Investors

<https://www.cathaylife.com.tw/life/B2CStatic/link/b2c/CorporateSustainability/pdf/20170124Statement.pdf>

4. Cathay Life Insurance Proxy Voting Report in 2015-2017

https://www.cathaylife.com.tw/life/B2CStatic/link/b2c/CorporateSustainability/pdf/ProxyVotingReport_ENG.pdf