



國泰人壽
Cathay Life Insurance



2019

Cathay Life Insurance
Corporate Sustainability Report

About this Report

102-5 102-45 102-46 102-50 102-52 102-53 102-54 102-56

Thank you for reading Cathay Life Insurance’s second CS report. This report complies with the Core option of the Global Reporting Initiative (GRI) Standards.

Cathay Life Insurance incorporates Environmental, Social and Governance (ESG) in its decision making, and establishes short-term, medium and long-term goals and action plans based on the sustainability theme “CARE,” as it takes strides towards the vision to “lead the way in sustainable insurance and ensure the happiness of society.”

» Reporting Period and Scope

The period of information disclosed in this report is 2019 (January 1 to December 31, 2019). The contents cover Cathay Life Insurance’s economic, social, governance, and environmental practices and performance (mainly material issues). Some of the contents will include information before January 1, 2019 or after December 31, 2019 to present the complete performance of projects and events. The previous report was published in June 2018, and subsequent reports will be published on an annual basis.

This report discloses information on Cathay Life Insurance, including Cathay Life Insurance (excluding overseas subsidiaries) and Cathay Charity Foundation. A note will provide an explanation when a certain part contains information of Cathay FHC.

» Basis for this report

Issued by	Compliant with
The Global Reporting Initiative (GRI)	The GRI Standards: Core option
	G4 Financial Services Sector Disclosure
United Nations (UN)	Sustainable Development Goals (SDGs)
	Principles for Sustainable Insurance (PSI)

102-16 GRI Standard Principle 1 PSI



» Standard

Data Category	Standard	Certification Institution
Finance	Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards	Deloitte& Touche (Taiwan)
Environment	ISO 14067: 2018 Carbon Footprint Standards	British Standards Institution (BSI)
	ISO 20400: Sustainable Procurement – Guidance	
	ISO 14064-1: 2018 GHG Inventory Standards	
	ISO 14046: Water Footprint Standards	
	ISO 14001: Environmental Management Systems	
	ISO 50001: Energy Management Systems	
Customer service	EN 15838: Audit and Certification Services	SGS Taiwan
	QualiCert Service Certification	
	ISO 10001: Customer satisfaction – Guidelines for codes of conduct for organizations	
	ISO 10002: Customer satisfaction – Guidelines for complaints handling in organizations	
	ISO 9001: Quality Management Systems	
Information security	ISO 27017: Cloud Security Certification	British Standards Institution (BSI)
	ISO 27001: Information Security Management System	
	BS 10012: Personal Information Management System	
	ISO 29100: Information technology - Security techniques - Privacy framework	
Occupational Safety	ISO 45001: Occupational Health and Safety Management Systems	

» Report assurance

The Company has engaged PwC Taiwan to corroborate its indicators of sustainability performance compiled based on the GRI Standard using the standards published by the Accounting Research and Development Foundation in Statement of Assurance Principles No. 1, "Audit and Review of Non-financial Information" and ISAE3000, to which PwC has concluded with an opinion of limited assurance. A copy of this opinion is included in the appendices of this report.



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Cathay Life
Sustainability
Website

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Message from the President



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Principle 1

Cathay, the great tree that shelters all

With forest fires in the Amazon, record-high temperatures in the Antarctic and school strikes for climate change over this past year, we have strongly felt the effects of the damage to our environment and the rising awareness of younger generations towards these issues. As a member of the global village, Cathay Life shoulder greater responsibility to answer needs from various corners of the world by combining our core competencies, so that we can be a force for good of social stability and become positive influence on the world.



President

Andrew Liu

Digitalization drives creativity, and deepens sustainability concepts in our hearts

Cathay Life has made a firm commitment, CARE, which is founded on the company's solid management, and where accountability is ensured to create value for our customers through our product and investment policies. With a people-oriented spirit in mind, we help our employees and the general public strive for mental and physical richness. Working hand in hand, together we can build a nation of eco-living. With these four strategic focuses for sustainability, Cathay Life is able to address diverse sustainability issues more systematically. We wield the power of digital innovation and encourage cross-disciplinary communication and cooperation, in order to promote sustainability deeper and wider in a more impactful way.

Insurance safeguards happiness, enabling social stability and prosperity

As Cathay Life has nearly 8 million policy holders, it is our responsibility to ensure that they lead healthy and happy lives. The trend of aging and prolonged unhealthy life expectancy is taking place, so we want to extend the function of insurance from compensation to prevention. In addition to long-term care insurance with in-kind payment, we have also launched Cathay Walker, a health-facilitating program that is offered alongside our products. By exerting our core competencies, we aim to assist the general public when they implement health management and form the habit of routine exercise. To understand the substantial impact that this program has on society, we sent our report of social return on investment (SROI) to the UK for certification. The result shows that the program creates the equivalent of NT\$6.3 in social value for every NT\$1 invested. Based on this, we will continue to optimize the program for the purpose of guiding our society to enjoying greater health and a better life.

Birth rates are falling in Taiwan, so we are working together with the government to build an environment where children can grow up safe and sound. It has been the third year since Cathay Life started offering student group insurance. We continue to work with the K-12 Education Administration in implementing the Sustainable Campus Project via our two major advantages—our student group service teams that comprise nearly 6000 people, and our collaboration with online learning platforms—to target drug issues in campuses and promote an anti-drug campaign with games. Besides setting up an anti-drug question database on online learning platforms, Cathay volunteers have also held e-sports tournaments in various schools. Moreover, the first national anti-drug e-sports competition will be held in 2020. Digital resources are being utilized to increase the depth and breadth of anti-drug awareness, thus giving students the knowledge and courage to say no to drugs. We expect to be a force of stability that offers protection to every student.

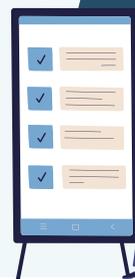
Build a home of sustainability and extend happiness to future generations

Cathay Life is actively dedicated to eco-friendly movements in addition to our commitment to enhancing the protection and health of people in Taiwan. Since 2012, internally, we have gradually promoted digitalization, including mobile insurance and electronic insurance policies. To implement carbon management, in 2019 we launched the carbon-footprint project for insurance services and completed an inventory analysis of carbon footprints as well as the application for the carbon reduction label. We became the first insurance company to obtain the carbon reduction label. Externally, we respond to the global transformation of low-carbon economies by actively investing in low-carbon green energy industries and water resources. We also take part in environmental issues such as climate change initiatives, energy conservation, and carbon reduction. By collaborating with more industries, clients, and people, we aim to protect our beautiful homeland and pass down happiness to generations to come.

Upholding the spirit of "What If We Could", we see ourselves as experimenters that know no boundaries and address sustainability issues with the power of innovation. We will also continue to encourage our employees to instill their ideas of sustainability into work and life, and together expand our influence to our clients, the general public, and partners. We will continue to move forward to our vision of sustainability—to lead the way in sustainable insurance and ensure the happiness of society!

Key Sustainability Achievements

- Number of legal Compliance, information Security, AML/CFT trainees: **33,212**; total training hours: **769 thousand** hours
- Obtained the **best assessment results** in the Asia Pacific region through the Asia/Pacific Group on Money Laundering (APG) Mutual Evaluation
- Issued a Stewardship Report for **three consecutive years**
- **The only insurance company in Taiwan** participated in the CDP's Non-Disclosure Campaign and Climate Action 100+
- Co-organized the Climate Change Forum for three consecutive years; **a total of 154 people from 91 companies/organizations** participated in 2019



COMMITMENT

ACCOUNTABILITY

- Launched the community co-learning platform Facil in April 2019, and the number of uses reached **137,000**
- Organized a variety of employee development and care activities, including "Talking bar," "T coin battle," and Weight-Loss Competition
- Promoted anti-drug education under the Sustainable Campus Project and reached over **100,000** students
- Number of volunteer hours exceeded **75,000 hours**, up nearly 30% compared to 2018



RICHNESS

Eco-LIVING

- Investment in the low-carbon green energy industry amounting to **NT\$134.1 billion**
- Investment in the aging society and health industry amounting to **NT\$363.7 billion** and investment in the social and inclusive finance industry amounting to **NT\$4.8 billion**
- Offered **7** Walker insurance policies and gained greater influence through the digital interaction platform Cathay Walker
- Added a new online travel insurance sales function to the Smart Digital Customer Services, which completes travel insurance sales via dialogue with customers
- Customer service satisfaction reached **94.3%**



- Organized corporate sustainability Annual Supplier Conferences for four consecutive years; **47** and **157** companies were invited to the events
- The first financial institution in Taiwan to obtain ISO 20400 certification with green procurement amount reaching **NT\$182,457,454**, up 51% compared to 2018
- Obtained the **ISO 14067** (Carbon Footprint Standards) certification and the carbon reduction label at the beginning of 2020



Awards

COMMITMENT

Asia Insurance Review

Asia Insurance Industry Award
"Life Insurance Company of the Year"

★★★★

The only company in Taiwan

Taiwan Insurance Institute

Won 10 awards in the **Taiwan Insurance Excellence Award**

★★★★

First in the industry

Risk Management, Insurance and Finance Foundation

Won 12 awards in the 21st Insurance Faith, Hope & Love Awards

★★★★

Taiwan Institute for Sustainable Energy

Taiwan Corporate Sustainability Awards
Gold Award in the "CS Report Award"

★★★★

ACCOUNTABILITY

AsianInvestor

Institutional Excellence Awards
"ESG Award"

★★★★

The first company in Taiwan

Taiwan Stock Exchange

List of Companies Most Compliant with the Taiwan Stewardship Principles for Institutional Investors

★★★★

Asian Banking & Finance

Insurance Asia Awards
"Insurance Innovation of the Year Award" and "New Insurance Product of the Year Award"

★★★★

American Business Awards Organization

Stevie Awards
Bronze Award in the "Best Customer Service Center of the Year"

★★★★

The only company in Taiwan

CELENT

Model Insurer of the Year
"Digital & Omnichannel Technologies Award"

★★★★

The only company in Taiwan

Global Views Magazine

Five-Star Service Awards
First Prize

★★★★

First place in the life insurance industry

Next Magazine

Top Service Award
First place in the life insurance category

★★★★

Won the award for 15 consecutive years

Financial Supervisory Commission

Won four major awards in the **Insurance Competition** for Micro Insurance, Petty Amount Whole Life Insurance, and Investment in Startups/Public Construction/Long-Term Care

★★★★

RICHNESS

Taiwan Institute for Sustainable Energy

Taiwan Corporate Sustainability Awards
"Talent Development Award"

★★★★

PwC Taiwan Sustainability Service Co., Ltd. and the Cannes Lions Official Festival Representative in Taiwan

3rd CSR Impact Awards
Bronze Award

★★★★

Small and Medium Enterprise Administration

Buying Power - Social Innovation Products and Services Procurement Award
Special Award

★★★★

Sports Administration, Ministry of Education

Sports Promotion Awards Won gold awards for sponsorship and promotion

★★★★

Won the award for 11 consecutive years

ECO-LIVING

Environmental Protection Administration, Executive Yuan

1st National Enterprises Environmental Protection Award
Bronze Award

★★★★



About Cathay Life Insurance

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▶ Company Profile and Business Performance



(I) Company Profile

Over the past 57 years, Cathay Life Insurance has upheld the core values of "Integrity, Accountability, Innovation" and led Taiwan's insurance industry. Cathay Life Insurance has received consistent recognition in its core business, corporate governance, and social investment, and is an eight-time consecutive winner of the Taiwan Insurance Excellence Performance Award, the highest honor in Taiwan's insurance industry. We will keep advancing towards the vision of becoming "the leading financial institution in the Asia Pacific region."



» Business Sites

Cathay Life’s business sites around Taiwan include 33 branches and 300 agencies with over 27,000 sales agents to provide customers with a wide variety of thoughtful products and friendly services. Cathay Life also established service centers around Taiwan for customers to handle issues with their insurance policies at a nearby location. Besides Taiwan, Cathay Life is also actively expanding overseas and established Cathay Lujiazui Life Insurance Co., Ltd. in China in 2005, and Cathay Life Insurance (Vietnam) Co., Ltd. in Vietnam in 2007, becoming the first insurance company to establish subsidiaries in Vietnam.



Region	Northern Taiwan	Central Taiwan	Southern Taiwan	Eastern Taiwan	Offshore Islands
Branches	11	11	9	2	0
Agencies	128	84	80	7	1

Note: Regions are defined in accordance with the Department of National Spatial Planning and Development, National Development Council.

Country	Description	Number of Locations
China	The head office of Cathay Lujiazui Life Insurance Co., Ltd. is located in Shanghai, and there are branches in Jiangsu, Zhejiang, Fujian, Beijing, Shandong, Guangdong, Liaoning, Tianjin, Xiamen, Sichuan, and Henan, with representative offices in Beijing and Hong Kong.	15
Vietnam	The head office is located in Ho Chi Minh, and there are branches in Hanoi, Hai Phong, Da Nang, Dong Nai, and Can Tho.	7
Japan	Established an office in Tokyo.	1



(II) Business Performance

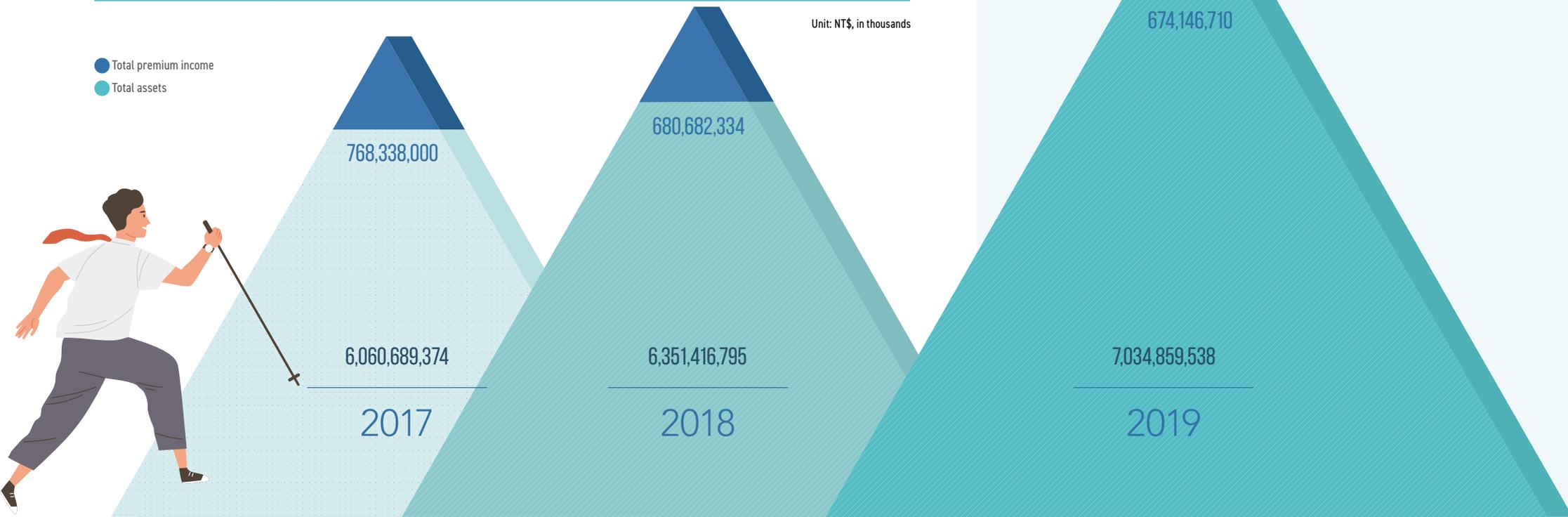
Cathay Life Insurance has nearly eight million policyholders, meaning that one out of every three people in Taiwan is a policyholder of Cathay Life Insurance. Shouldering such an important responsibility, Cathay Life Insurance keeps pushing and encouraging itself to provide customers with the best products and services, and improving its profitability in order to return business results to all shareholders.

Thanks to the concerted efforts of all of our employees, Cathay Life generated NT\$674.1 billion in premium income in 2019. Our market share was approximately 19.4%, placing us at the lead in the industry. Cathay Life will uphold its core competency of being people-oriented and the sustainability principle of reciprocity ("benefiting oneself by benefiting others") in its continued pursuit of growth, steadily developing towards becoming "a leading financial institution in the Asia Pacific region."

	2017	2018	2019
Total assets	6,060,689,374	6,351,416,795	7,034,859,538
Total premium income	768,338,000	680,682,334	674,146,710
Operating income	861,140,395	799,466,715	906,585,211
Net profit after tax	36,290,138	30,189,320	37,845,953

Unit: NT\$, in thousands

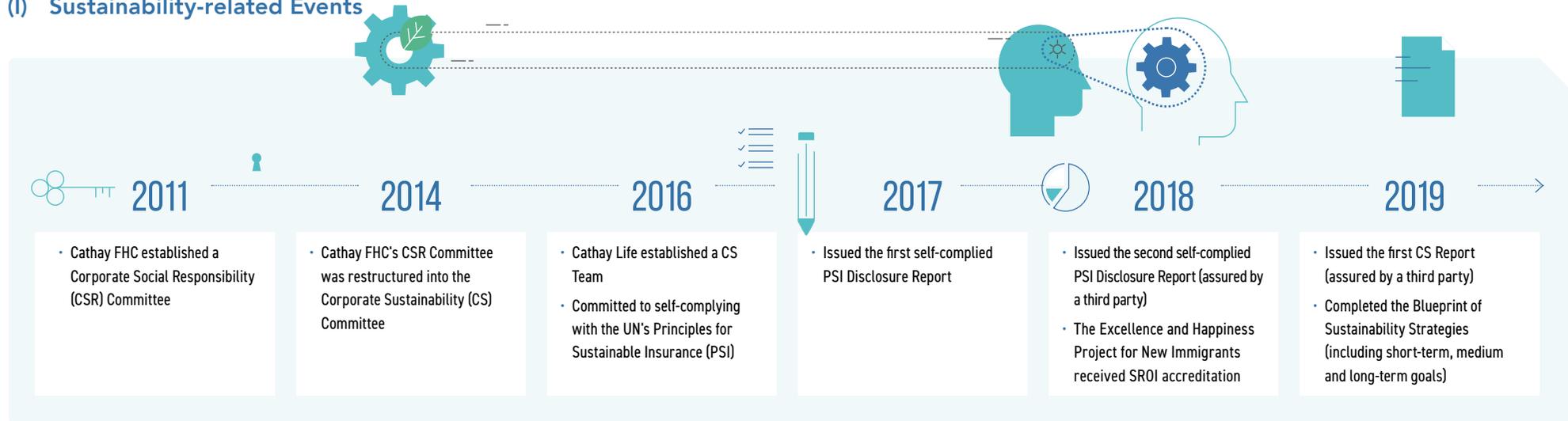
- Total premium income
- Total assets



Cathay Life generated NT\$**674.1** billion in premium income in 2019. Our market share was approximately **19.4%**, placing us at the **lead in the industry**

Sustainable Organizational Structure

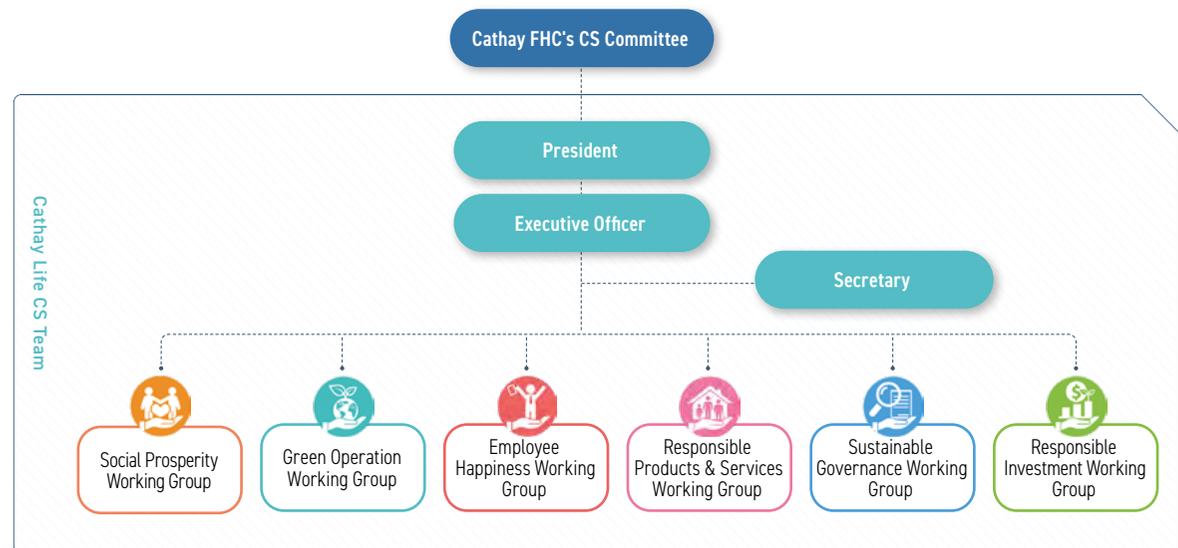
(I) Sustainability-related Events



(II) Organizational Structure

Cathay Life Insurance established the Cathay Life Corporate Sustainability (CS) Team in 2016 based on Cathay FHC's CS Committee organizational framework. The Cathay Life CS Team counts the President as a member, who supervises the team's operations. A senior vice president serves as the executive officer and directs team affairs. The team has six subordinate working groups, each headed by supervisors on the vice president level and above who are responsible for managing the supervisors and members of departments in charge of execution. This arrangement shows that we place an emphasis on sustainability measures and are committed to corporate sustainability.

Cathay Life CS Team attends the FHC-level CS meeting each quarter, and also convenes routine quarterly meetings to monitor the progress of each working group. The team submits a report on the implementation of CS measures to the Board of Directors semi-annually. We issue a CS Report each year to strengthen our information disclosure. Furthermore, we communicate the values of sustainability to customers, employees, competent authorities, and suppliers through internal and external channels.





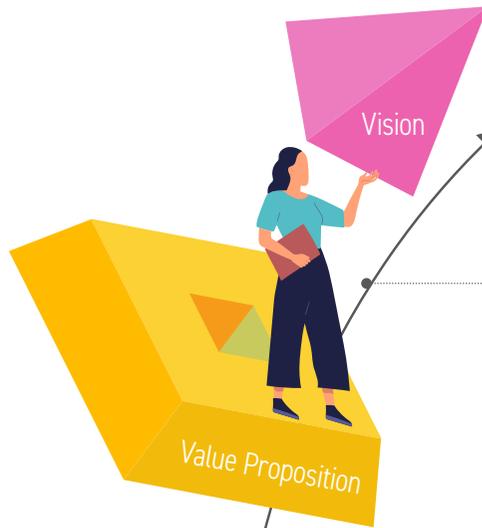
Start from "CARE"

Blueprint of Sustainability Strategies

102-16

Principle 1

As Asia's first life insurance company that self-comply with the Principles of Sustainable Insurance (PSI), Cathay Life Insurance incorporates ESG issues in its daily operations. We used "C.A.R.E" as the theme of sustainability to achieve sustainable development: We work together with stakeholders in Commitment, Accountability, Richness, and Eco-Living (C.A.R.E.) to achieve the sustainability vision - "Lead the way in sustainable insurance and ensure the happiness of society" and protect the happiness of employees, policyholders, and the public.



- » Lead the way in sustainable insurance and ensure the happiness of society
- » Cathay Life combines the core competency of insurance ("being people-oriented") and the sustainability principle of reciprocity ("benefiting oneself by benefiting others"), and utilizes its power as a corporate citizen to become the industry's main proponent for responsibility mechanisms in compliance with the PSI. We hope to engage employees, policyholders, society, and the general public, so that they become aware, identify with, and further participate in protecting Taiwan's happiness.



<p>COMMITMENT</p> <ul style="list-style-type: none"> Solid Governance and Steady Operations Support Initiatives and Expand influence 	<p>ACCOUNTABILITY</p> <ul style="list-style-type: none"> Diverse Coverage and Thoughtful Services Responsible Investment and Paradigm Proposal
<p>RICHNESS</p> <ul style="list-style-type: none"> Healthy Lifestyle and Work-life Balance Social Care and Value Creation 	<p>ECO-LIVING</p> <ul style="list-style-type: none"> Green Operations and Impact Mitigation Eco-Friendliness and Sustainable Homeland

- » We established short-term (2020) and medium to long-term (2025-2030) goals based on the theme of CARE and 8 strategy directions.

⇔ CSR Report of Cathay FHC | 📄 Please see p.69 for PSI | 📄 Please see p.64 for the 2019 goal attainment

Stakeholders and Material Issues

Cathay Life Insurance communicates with stakeholders through different channels in response to different trends and challenges, and focuses on issues that stakeholders are concerned about. We formulated short-term, medium and long-term goals and action plans on this basis, in hopes of responding to their needs and expectations, and also working together to make the world a better place.

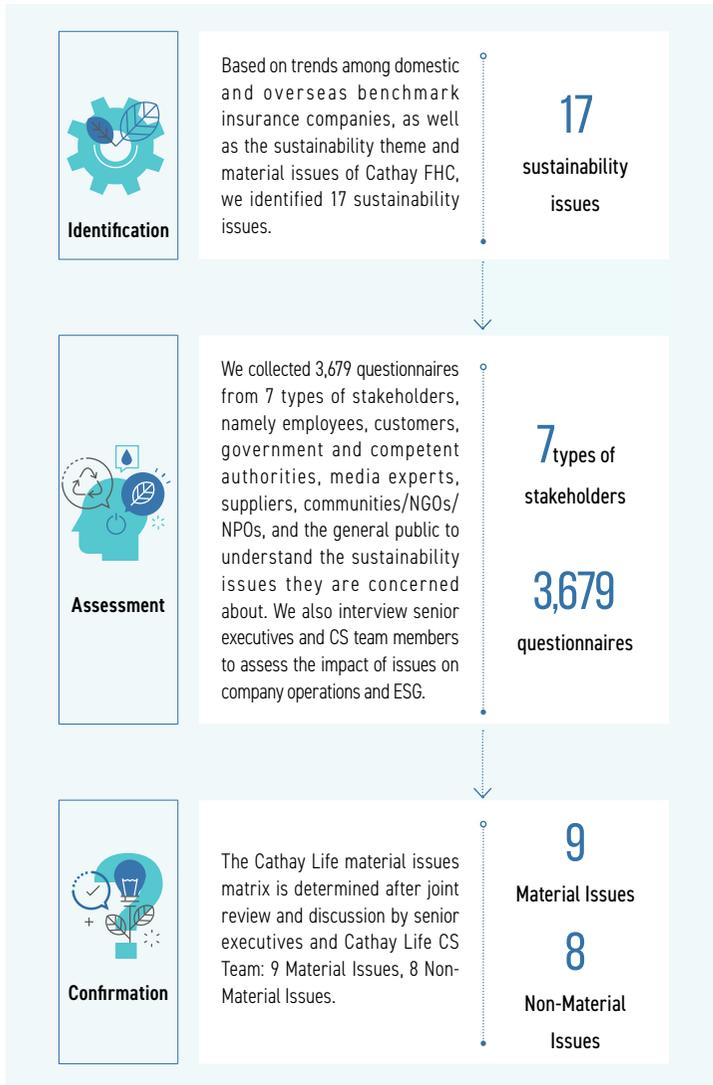
<p>Communication Channels</p> <ul style="list-style-type: none"> Engagement Survey Education and Training Email Employee Discussion Forum Employee Activities EAP 	<p>Response Chapter</p> <ul style="list-style-type: none"> Talent Attraction and Development p.41 Employee Care and Health p.46
<p>Communication Channels</p> <ul style="list-style-type: none"> Satisfaction Survey Website Cathay Life App 0800 Customer Services Smart Digital Customer Services Service Mailbox Policy Holder Activities 	<p>Response Chapter</p> <ul style="list-style-type: none"> Operational Integrity p.19 Diverse Insurance Protection p.32 Customer-centered Services p.36
<p>Communication Channels</p> <ul style="list-style-type: none"> Life Insurance Association Meetings/Forums Email Annual Report/ Stewardship Report Investor Conferences 	<p>Response Chapter</p> <ul style="list-style-type: none"> The Great Steady Tree p.16 Operational Integrity p.19 Sustainable Investment Mechanism p.22 Sustainable Investment Action p.27 Diverse Insurance Protection p.30 Advocator of Sustainability p.32



<p>Communication Channels</p> <ul style="list-style-type: none"> CSR reports CS website Seminars Press release 	<p>Response Chapter</p> <ul style="list-style-type: none"> C Commitment p.15 A Accountability p.26 R Richness p.40 E Eco-Living p.57
<p>Communication Channels</p> <ul style="list-style-type: none"> Supplier Activities Supplier Management System 	<p>Response Chapter</p> <ul style="list-style-type: none"> Sustainable Supply Chain p.61
<p>Communication Channels</p> <ul style="list-style-type: none"> Annual Report on Charitable Works Charity Activities Media Promotion Website Seminars 	<p>Response Chapter</p> <ul style="list-style-type: none"> Volunteer involvement p.50 Impacts of public welfare p.51
<p>Communication Channels</p> <ul style="list-style-type: none"> Press release Website 	<p>Response Chapter</p> <ul style="list-style-type: none"> Impacts of public welfare p.51 Green initiatives p.62

Materiality Issues

(I) Analysis of issues



(II) Matrix

Continue to implement measures to meet the expectations of employees, partners, customers, and the general public.



Please see Appendix p.71 for 17 sustainability issues and corresponding SDGs



Commitment

16 Solid Governance and Steady Operations

22 Support Initiatives and Expand Influence

Our Strong Commitment Secures Happiness

To fulfill the commitment of Cathay Life, we do not limit ourselves on operational integrity and strong corporate governance, we also devote to Initiatives in order to expand the scope of positive influence. As the great tree thrives, the happiness of more families is also secured.

Number of legal compliance, information security, AML/CFT trainees was **33,212**; total training hours reached **769 thousand** hours.

We participated in the 3rd Asia/Pacific Group on Money Laundering (APG) Mutual Evaluation as the representative from the insurance industry and obtained **the best assessment results** in the Asia Pacific region in 2018.

We actively participated in domestic and international initiative, including the CDP Non-Discloser Campaign, Climate Action 100+, and TCFD.

We have organized the Climate Change Forum for three consecutive years, with a total of **154** participants from **91** companies in 2019.

Solid Governance and Steady Operations

▶ The Great Steady Tree

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Principle 1

Sound corporate governance is a foundation of Cathay Life's progress towards sustainable operations. Cathay Life is committed to establishing a rigorous framework of corporate governance by strengthening the competencies of the Board of Directors and enhancing the leadership capabilities of the management team. We also continue refining risk management organizations and process mechanisms so as to steadfastly protect the rights of Cathay stakeholders, including shareholders, employees, and policyholders.

Board Diversity and Operation

In an attempt to facilitate the sound development of constitution of board and take company's business development into consideration, Cathay Life Insurance's Board of Directors comprises members from a diversity of backgrounds (in terms of nationality, age, gender, industry experience, and professional knowledge, etc.) to elevate its effectiveness.

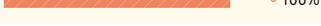
Cathay Life convened a total of 7 directors' meetings in 2019, which all directors attended in person or via proxies, thereby performing the duty of supervising the Company's various business operations. In 2019, the results of the overall board performance assessment are "beyond standards" showing the success of the Company's efforts in improving the efficacy of board operations. In 2019, the Board of Directors appointed a Corporate Governance Officer, approved the amendment to organization regulations, and established a dedicated corporate governance unit to assist directors in performing their relevant duties.

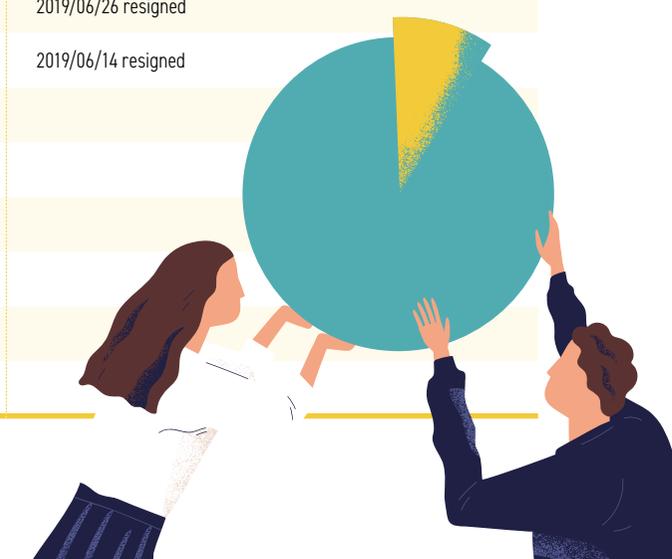


Name of Director	Nationality	Gender	Serving concurrently as a Company manager	Age				Industry experience					Professional knowledge							
				41 - 50	51 - 60	61 - 70	71 - 75	Banking	Insurance	Securities	Asset management	Construction/Real estate	Medical care/Health management	Commerce	Accounting	Law	Finance	Actuarial science	Mathematics/Overseas investments	Risk management
Tiao-Kuei Huang	R.O.C.	Male					☑		☑				☑	☑		☑	☑	☑		
Ming-Ho Hsiung	R.O.C.	Male				☑			☑				☑	☑		☑	☑	☑		
Tzung-Han Tsai	R.O.C.	Male		☑				☑	☑	☑				☑		☑	☑		☑	
Chung-Yan Tsai	R.O.C.	Male		☑					☑			☑	☑			☑	☑			
Shan-Chi Liu	R.O.C.	Male	☑		☑				☑	☑			☑	☑		☑	☑		☑	

(previous page)

Name of Director	Nationality	Gender	Serving concurrently as a Company manager	Age				Industry experience						Professional knowledge						
				41 - 50	51 - 60	61 - 70	71 - 75	Banking	Insurance	Securities	Asset management	Construction/Real estate	Medical care/health management	Commerce	Accounting	Law	Finance	Mathematics/Actuarial science	Overseas investments	Risk management
Chao-Ting Lin	R.O.C.	Male	☑		☑				☑					☑	☑			☑		☑
Yi-Tsung Wang	R.O.C.	Male	☑	☑					☑	☑				☑					☑	
John Chung-Chang Chu	Canada	Male				☑			☑			☑		☑	☑				☑	
Li-Ling Wang	R.O.C.	Female			☑			☑	☑	☑	☑			☑	☑		☑			☑
Tang-Chieh Wu	R.O.C.	Male				☑		☑	☑	☑	☑			☑	☑		☑		☑	

Title	Name	Time(s) of actual attendance	Time(s) of proxy attendance	Actual attendance rate	Notes
Chairman	Tiao-Kuei Huang	7	0	 100%	
Vice Chairman	Ming-Ho Hsiung	6	1	 86%	
Independent Director	Li-Ling Wang	3	0	 100%	2019/06/26 assigned
Independent Director	Tang-Chieh Wu	3	0	 100%	2019/06/26 assigned
Independent Director	Feng-Chiang Miao	4	0	 100%	2019/06/26 resigned
Independent Director	Tsing-Yuan Hwang	4	0	 100%	2019/06/14 resigned
Director	Tzung-Han Tsai	7	0	 100%	
Director	Chung-Yan Tsai	7	0	 100%	
Director	Shan-Chi Liu	6	1	 86%	
Director	Chao-Ting Lin	7	0	 100%	
Director	Yi-Tsung Wang	6	1	 86%	
Director	John Chung-Chang Chu	6	1	 86%	



Strengthening Risk Management

Cathay Life Insurance has established complete mechanisms, objectives, and emergency response plans of risk management to keep track of and promptly respond to business risks, financial risks, as well as emerging risks in relation to environmental or social trends, in order to reduce the possible negative impacts when these risks become real.

Established in 2010 and directly subordinated to the Board of Directors. The Chairman of the committee is served by an independent director. The committee consists of several board members as well as functional supervisors, including the President, the Executive Vice President, the Senior Vice President of the finance and investment system, the Senior Vice President of the operation and management system, and the Chief Risk Officer (CRO). The committee convenes quarterly meetings. The Risk Management Department periodically submits work reports on risk management to the Committee for review and reports to the Board of Directors. The Risk Management Committee is also the highest-level supervision organization in the company that manages and monitors climate risks and opportunities.

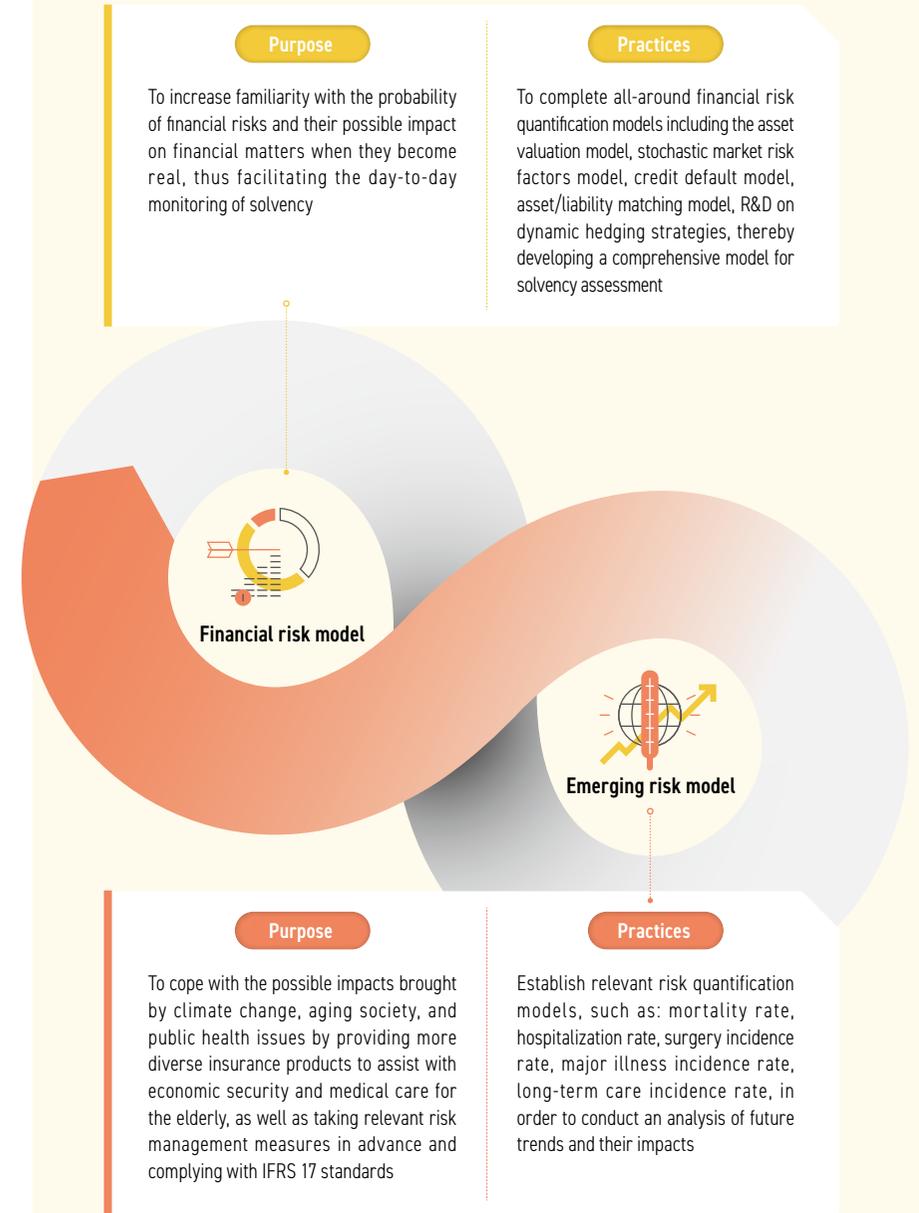
(I) Complying with international standards

Cathay Life has embarked on strategic adjustments from the perspectives of investment, products, and expenses to prepare in advance for the changes in accounting standards that will be brought by IFRS 17. We have also established an interdepartmental task force, introduced a number of projects, and collaborated with external international consultants in order to achieve a smooth adaptation and reduce possible impacts.

In addition, from 2015 onwards, to meet international capital-adequacy standards in the future, Cathay Life has been participating in the field testing of the Insurance Capital Standards (ICS) proposed by the International Association of Insurance Supervisors (IAIS). To date, we have completed 5 quantitative testings, hoping to cope with future trends in international insurance supervision, and to raise Taiwan's international visibility by giving feedback regarding Taiwan's regional characteristics as well as making relevant suggestions, and also by sending our representatives to attend relevant conferences and workshops organized by IAIS as well as actively updating the latest development.

(II) Developing risk management systems through industry-government-academia cooperation

Cathay Life, along with the Life Insurance Association and other insurance service providers, has jointly completed the 2017 White Paper of Advice on the Sustainable Development Policy for the Life Insurance Industry to provide relevant advice to the competent authorities, thereby ensuring sound risk management for the insurance industry. Since 2005, we have been collaborating with experts and academics from various countries and disciplines in establishing quantitative models for the purposes of establishing an effective risk control and response mechanism. Cathay Life has established 28 financial risks and emerging risks models as of the present.



▶ Operational Integrity

205-1 205-2 418-1 419-1

Principle 1

Principle 3

Integrity, Accountability, and innovation are the core values of Cathay Life. We strive to form a corporate culture of emphasizing legal compliance, in order to implement operational integrity and enhance our control and response to information security issues, as well as anti-money laundering (AML) and countering the financing of terrorism (CFT) via rigorous organization and system. In 2020, the "Ethical Corporate Management Procedure and Code of Conduct" was promulgated so that every employee is able to implement the legal compliance, information security as well as AML/CFT in daily operations and services.

Legal Compliance

Cathay Life establishes systematic channels for the dissemination of laws and regulations, control, and education to raise our employees' awareness, ensure legal compliance for all businesses, and reduce the probability of operational risks. In 2019, we introduced the implementation of the internal supervisory project to optimize the legal compliance system and enhance its effectiveness.



Trainee category
chief compliance officer, compliance personnel, compliance officer, all employees

Total trainees
33,212 individuals

Course category
legal compliance, information security, and AML/CFT

Total training hours
769 thousand hours



● Mechanisms

- Specialized legal compliance unit was established, which sends information of legal and regulatory changes to relevant departments, and tracks response and implementation statuses using our patent-certified Legal Compliance Management System.
- Legal compliance self-evaluations was conducted twice a year to ensure compliance and remedy any deficiencies in the operations of our business departments. The result was included in the criteria of manager assessment to urge our managers to pay due attention to legal compliance.
- We also regularly organize the Second and Third Lines of Defense Joint Meeting (on Legal Compliance, Risk Management, Information Security, and Auditing) and the Legal Compliance Meeting, seeking to raise awareness of legal compliance and risk management through interdepartmental communication.

● Training

We continue to implement legal compliance training and regularly issue monthly newsletter promoting information such as major changes to relevant laws, personal data protection, information security, AML/CFT, major external events, or businesses related to legal compliance, thereby acquainting employees with the risks in Cathay Life's operations.

● Overseas supervision

In order to balance overseas business development, our legal compliance unit and overseas branches have co-established a contact mechanism. By this mechanism, we regularly track the regulatory changes and inspections by local authorities as well as improvements, plan and implement supervision.

Information Security

Cathay Life continues to refine the information security management system to enhance our ability to defend and protect in response to various risks associated with information security and personal data, ensuring customer privacy and the Company's information confidentiality. In addition to the information security system as well as the customer information management mechanism, in April 2018, we established the Information Security Department to enhance strategic planning and technological management of information security. Furthermore, in 2019, through active participation and in-depth intervention in 4 dimensions – system management, information security control measure, risk warning, and crisis communication management, we seek to achieve the effect of early warnings and quick responses in addition to our professional information security governance. In 2019, personnel from the Information Security Department completed the relevant training of 15 hours per person to acquire professional skills. Under such a rigorous information security management framework, Cathay Life found no significant information security event in 2019.



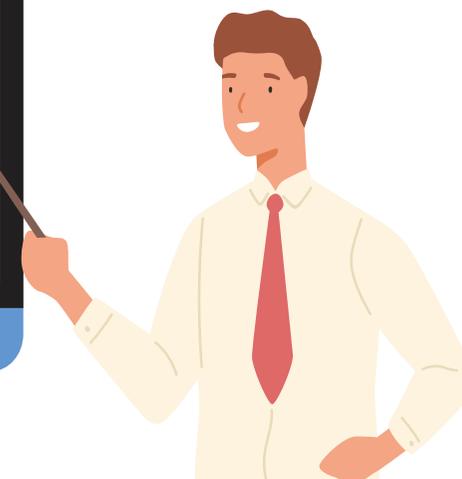
Social Engineering Exercise

By simulating social engineering tricks which are often used by hackers, we organize "Email Social Engineering Exercise" to demonstrate attack types, to raise employees' awareness, and most importantly, to turn such awareness of information security into instinctive reactions.

<p>System management</p>	<p>Information security control measures</p>	<p>Risk warning</p>	<p>Crisis communication management</p>
<ul style="list-style-type: none"> • Obtained cloud security certification ISO 27017 • Passed examination by the SWIFT Customer Security Programme (CSP) 	<ul style="list-style-type: none"> • Established cloud service security risk identification and control • Established endpoint information device protection 	<ul style="list-style-type: none"> • Completed white hacker offensive and defensive drills • Joined cyber-attack threat information sharing platforms 	<ul style="list-style-type: none"> • Established information security incident response mechanism • Implemented evidence perpetuation validity reviews

3 hours of information security promotion courses per person was offered for all of our employees to lay a comprehensive foundation for their awareness of information security. Meanwhile, we offered thematic courses, which included training on various topics for 1,393 employees based on their results from "Social Engineering Exercise". We executed "Principles of Information Security Training in Work Environment" and conducted 7 workplace inspections to ensure full implementation of the training programs. In addition, 260 physical or digital courses were organized in response to the personal data protection, and the number of trainee reached 262,034.

<p>Course content</p>	
<p>General Knowledge on the Information Security</p>	<p>Self-Protective Measures</p>
<p>Personal Data Protection</p>	<p>Case Studies from Other Insurance Companies</p>

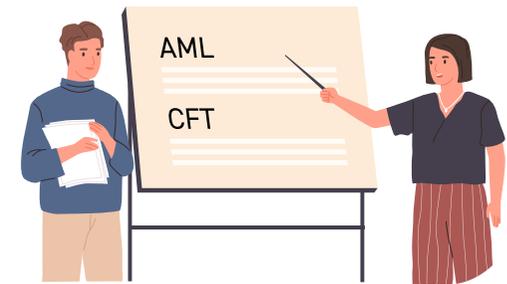


AML/CFT

Cathay Life has established and passed a comprehensive AML/CFT policy. We have also established our Anti-Money Laundering and Counter-Terrorist Financing Committee. Through the participation and directions of senior executives, along with the cooperation of task forces across departments, and external advisories, we continue to optimize our AML/CFT risk management mechanism and support the government's promotion of AML/CFT.



Cathay Life has established a comprehensive AML/CFT process by implementing control measures in 3 stages – prevention, in-process control, and post-hoc review. We also continue to train employees at all levels to strengthen their relevant concepts.

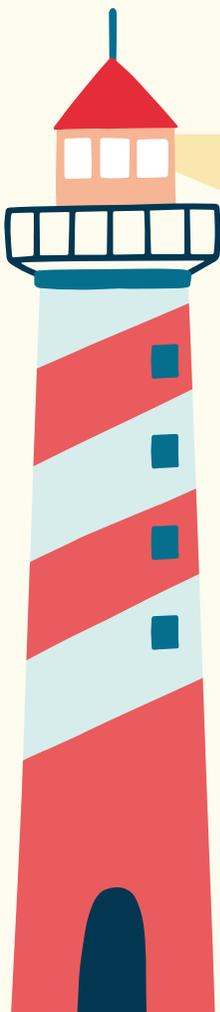


Support Initiatives and Expand Influence

▶ Advocator of Sustainability

102-12
Principle 1 Principle 2

Through our implementation of sustainability in products and services as well as corporate influence, Cathay Life actively participates in domestic and international initiatives and urges other peers in the finance industry to realize the Principles for Responsible Investment and non-financial performance (ESG), fulfill our obligations related to the stewardship principles for institutional investors, and lead the way in sustainable insurance.



Participating in CDP's Non-Disclosure Campaign

Encouraged companies which haven't participate to respond to CDP questionnaires, disclosed Climate change action and carbon emission statistic, understood water deficiency and took sustainable forest issue into consideration, thus urging enterprises to formulate relevant response strategies and management approaches.

Cathay Life participated in the campaign for 3 consecutive years since 2017 and is the only insurance company in Taiwan to be a participant.

- Cumulative Response Rate: 23%**
 - Engage with 69 companies respectively by one on one communication.
- Progress Rate: 60% engaged company's CDP score raise in the next year.**
- 2019 response rate of engaged company 14.3%**
 - 2 times higher than company from none engage investor(6.9%)
 - Taiwan rank **no.9** in engage success rate among the world(rank no.4 in water questionnaires)

Participating in Climate Action 100+

Currently, more than 450 institutional investors have become signatories. Cathay Life and Cathay SITE are also its signatories, and are Taiwan's only participants. Of the 161 companies around the world on the watch list, there are 3 enterprises in Taiwan. Cathay Life actively do one-on-one engagement with 2 of them by in-person visit(Engaged with 3 companies starting in 2020), in hopes that they will improve their climate risk management, reduce GHG emissions, and enhance disclosure of financial information related to climate change in accordance with the framework of Task Force on Climate-related Financial Disclosures to contribute towards Taiwan's transformation into a low-carbon economy.



Organizing the Climate Change Forum

Cathay Life has been co-organizing the Climate Change Forum with Cathay FHC for three consecutive years. In 2019, we cooperated with TWSE and Asia Investor Group on Climate Change (AIGCC), calling for the investee enterprises to join us in paying attention to the risks and opportunities brought by climate change.

In 2019, focusing on TCFD practice and carbon reduction practice, we invited the government, international organizations, and benchmark companies to attend the Forum and share government policies, Asian perspectives, and case studies. With an understanding of the impact of climate change on their operations from diverse points of view of the government, industry, and academia, attending companies are encouraged to attach importance to such issues. Furthermore, an exhibition of suppliers in the fields of renewable energy and the circular economy was held at the venue in order to raise the companies' awareness of the climate change issue and thus take action.

- In 2019, **91 companies/organizations (+80%), 154 individuals (+65%) participated with a satisfaction score 4.6/5 (+0.18):**
- 50% of the constituent companies in FTSE TWSE Taiwan 50 Index (0050) have participated
 - 50% of the participants in 2018 continued to participate this year
 - 50% of the public listed companies participating in 2019 are our investee companies

CDP (Carbon Disclosure Project)

CDP invites thousands of enterprises each year to disclose their carbon management-related data, risks, and opportunities.

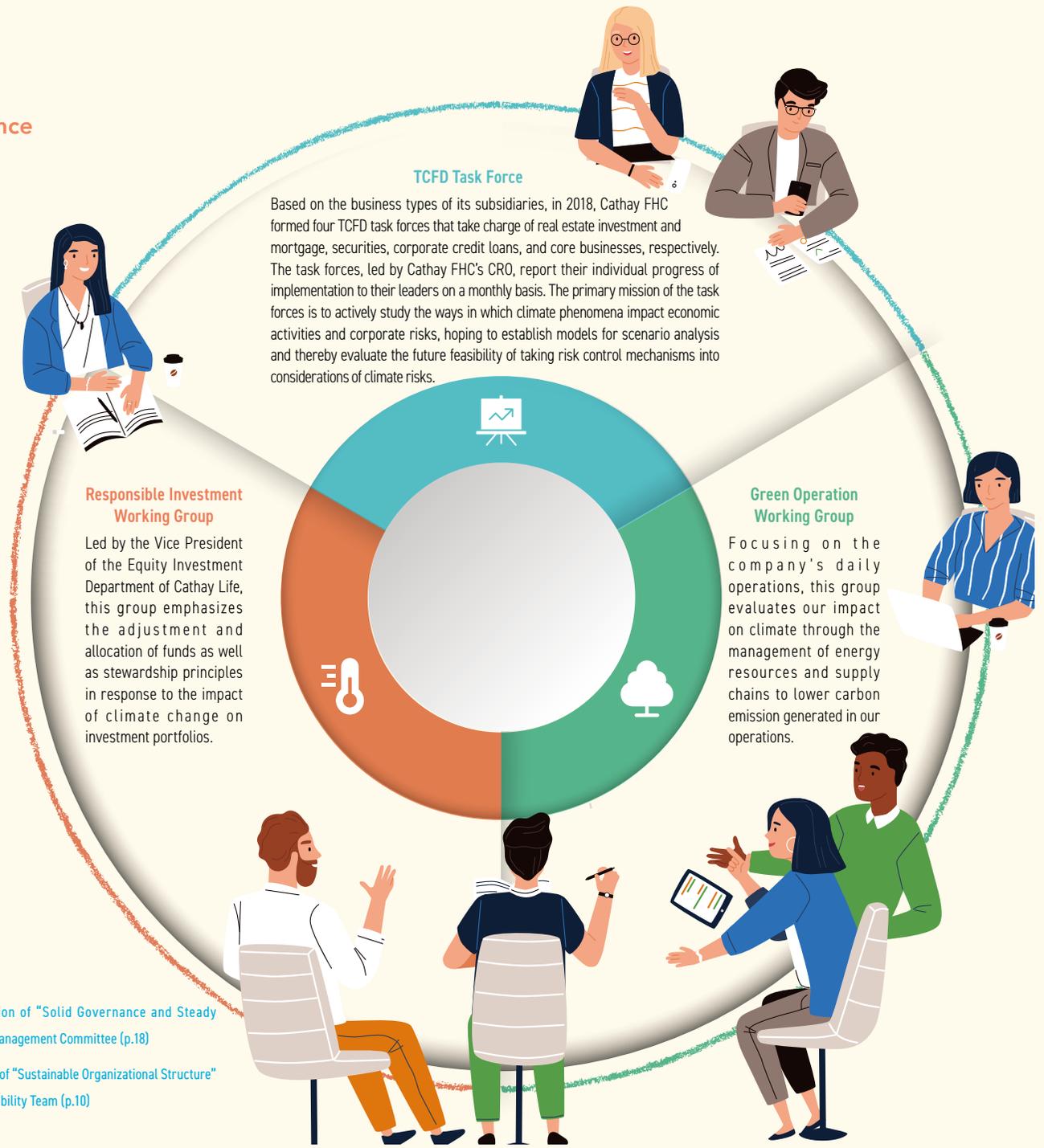
Climate Action 100+

A five-year international initiative campaign started in 2017. The top 100 GHG emission enterprises in the global economy and 61 related companies were communicated in order to accelerate the achievement of the goals set by the Paris Agreement.

TCFD

Confronted by the increasingly severe impact of climate change, Cathay Life has been actively developing relevant risk management mechanisms. The Risk Management Committee, which directly reports to the Board of Directors, is the highest-level supervision organization in the company that manages and monitors climate risks and opportunities. The committee not only routinely look into the operation influence caused by climate change risk, but also has taken the initiative in promoting the framework of the Task Force on Climate-related Financial Disclosures (TCFD) issued in June 2017 by Financial Stability Board (FSB). According to TCFD, the four thematic areas that represent core elements, namely, governance, strategy, risk management, and metrics and targets, are elaborated in the following.

(I) Governance



Please see the section of "Solid Governance and Steady Operations" for Risk Management Committee (p.18)

Please see the section of "Sustainable Organizational Structure" for Corporate Sustainability Team (p.10)

(II) Strategy

Cathay Life utilizes the climate risk and opportunity matrix from Cathay FHC for situational analysis, and the results serve as a basis for improving climate strategies and help identify risks and opportunities involved in climate change.

		Short term (2020)	Medium and long term (2021-2030)
 <p>Risks</p>	Physical risks	Interruption of business caused by typhoons or flood	Extreme weather disasters such as typhoons, torrential rain, and heat waves can lead to insurance claims, impairment of real estate assets, and revenue loss from investment in infrastructure construction and sovereign bonds.
	Transition risks	The pressure to reduce carbon emissions from the environmental laws and regulations in Taiwan	<ul style="list-style-type: none"> Taiwan's government might impose a carbon tax on the company in order to align with Paris Agreement. If the investment target is a sensitive industry with high carbon emissions or high pollution risks, as there are more regulatory restrictions and social pressure imposed on it, there is a higher risk of an impairment loss in the asset value of such an investment target.
 <p>Opportunities</p>		<ul style="list-style-type: none"> The change of consumer behavior opens up more possibilities for the development of digital finance Low-carbon, green energy, infrastructure investments and lending, and green buildings 	<ul style="list-style-type: none"> Insurance products for climate change. Actively search for prospective investment targets during the global transition to a low-carbon economy

Considering the aforementioned risks, TCFD Task Force has used quantitative and qualitative method, and from aspect of real estate investment and mortgage, securities, corporate credit loans, and core businesses, gradually develop 2°C scenario analysis. Strategies have been devised in the following.

1. Simulations of insurance claim scenarios

Collaborate with university professors, utilizing climate, related experience database and Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) to evaluate death rate and medical care ratio under the influence of climate change. Simulations of insurance claims in 2°C scenarios are expected to take place in the first half of 2020.

2. Simulations of real estate scenarios

Real estate account for 8% of Cathay Life's investment assets. In order to identify hidden risk in advance, Cathay Life collaborate with consulting companies to examine the short-term and long-term financial impact of physical risks on real estate caused by typhoons and floods, and subsequently use TCCIP scenario data to simulate the future impact of 2°C scenarios. Considering that 93% real estate of Cathay Life are located in Taiwan, moreover, Taiwan is one of the countries that are most vulnerable to natural disasters according to reports from the Intergovernmental Panel on Climate Change (IPCC) and the World Bank, our initial simulation scenarios focused on our real estate in Taiwan. Non-material risk was evaluated after overall assessment, nonetheless, our real estate management departments still established emergency response procedures and purchased business insurances covering typhoons and floods for real estate with higher asset values to reduce the risks and mitigate the impact of climate change.

Expected climate-related impact on self-use real estate in Taiwan in 2019 (business insurances covering typhoons and floods for real estate are excluded)

Annual average loss (NT\$100 million)

1.06

Scenarios (near future-2035)

IPCC RCP 4.5



- As securities account for the majority of our Company's investment assets (about 78% in 2019), we began to verify investment positions with high climate change risk in order to set related response strategies. [Please see the section of "Responsible Investment and Paradigm Proposal" \(p.27\)](#)
- Inventory and evaluate the climate influence from daily operation. In addition, to lower carbon emissions generated in our operations through the management of energy resources and supply chains. [Please see the section of "Green Operations and Impact Mitigation" \(p.58\)](#)

(III) Risk management

In addition to establishing the Emerging Risk Management Guidelines to include climate change risks in its overall risk management system, TCFD work force and CS team (mainly for Responsible Investment working group and Green Operation working group) implements risk management through the following operations.

- Actively manage climate change risks of investment assets**
 - Conduct carbon footprint checks in securities**
Cathay Life began to verify the carbon footprint of listed equity assets, corporate bonds, and bank debentures in mid-2018 so as to utilize them as tools to manage and evaluate the climate risk of investment portfolios. The result is 313 tCO₂e/ \$m revenues in 2019.
 - Transfer physical risks of real estate**
Appropriate response has been taken according to result of scenario analysis ([please see p.24](#)). Green buildings certification and renewable energy development has been implemented to keep track of the opportunity of low carbon development.
[Green Building: please see the section of "Responsible Investment and Paradigm Proposal" \(p.30\)](#)
[Renewable energy: Please see the section of "Green Operations and Impact Mitigation" \(p.59\)](#)
 - Reduce investment in the coal-fired power industry**
As Cathay Life continues to pay attention to industries with high climate change risks, power producers whose main source of revenue is coal-fired power generation and have not actively switched to renewable energy are listed as not eligible for investments.

- Adopt climate change as the main theme of engagement**
Considering that most domestic companies have limited knowledge of climate change issues, Cathay Life hopes to share proper knowledge of the idea of climate change as well as its impact on corporate operations by communicating its concept with companies in order to encourage them to attach importance to such issues and thus take actions.
- Asset Manager Mandating and Monitoring**
To ensure that Cathay Life's mandate partners also value and concern climate change risk and opportunity, fulfill their duties as asset managers, mandate agreements were amended across-the-board since end of 2019, including climate change factor into consideration when invest and ask partners to elaborate what they have taken action to climate change.
- Green Operation and low carbon product and service**
In addition to reduces carbon emission by energy resources management, equipment replacement and supply chains management in daily operation, continuously promote mobile insurance and electronic policies etc. to lower the usage of energy resources from our core product. [Please see the section of "Green Operations and Impact Mitigation" \(p.58\)](#)

(IV) Indicators and Goals

Low-carbon and green energy investments	Please see the section of "Responsible Investment and Paradigm Proposal" (p.30)
Engagement with investee companies	Please see the section of "Support Initiatives and Expand Influence" (p.22)
GHG emission and overall energy consumption	Please see the section of "Eco-Living" (p.58)

[Please see appendix "2019 Goal Attainment" for goal and performance corresponding to climate related risk and opportunity \(p.64\)](#)





Accountability

27 Responsible Investment and Paradigm Proposal

32 Diverse Coverage and Thoughtful Services

Combine protection with investment to demonstrate the spirit of accountability

To shelter and protect is our labor of love. Cathay Life offers policyholders the most immediate support through diverse protection products and heart-warming services. We also protect the Earth by nurturing sustainable industries through the power of investment. Let the great tree shelter and protect you!

As of the end of 2019, a sum of NT\$ **134.1 billion** had been invested in low-carbon green energy (a 7.3% growth from 2018).

We launched 7 Walker insurance policies. As of the end of 2019, Cathay Walker had attracted over **220 thousand** participants; the total of the steps that they had walked is the equivalent of making **142.6** trips around the Earth.

The Smart Digital Customer Service (SDCS) has been offering online sales of travel insurance since July 2019, allowing customers to purchase travel insurance through digital conversation with the SDCS chatbot, which successfully expands our scope of service.

In 2019, our mobile insurance service saved a total of **80 million** pieces of paper, which is the equivalent of the height of 16.7 Taipei 101 buildings!

Responsible Investment and Paradigm Proposal

Cathay Life’s total investment assets exceed NT\$7 trillion, accounting for about 1/4 of Taiwan’s overall life insurance industry, and making us one of the largest institutional investors in Taiwan. Through Cathay Life’s core competency of investment, we can properly utilize the funds of shareholders and policyholders to establish a sustainable investment mechanism and take concrete actions to support investment targets that focus on sustainable development. We make attempts to fully exercise our expertise and influence as an institutional investor to encourage more companies to work and create a sustainable future together.

Sustainable Investment Mechanism

FS10 FS11
Principle 2 Principle 3

From 2015 onwards, Cathay Life has been adopting the Principles for Responsible Investment (PRI) on its own initiative, and became the first signatory as an insurance service provider to the Taiwan Stewardship Principles for Institutional Investors issued by TWSE in 2016. Since 2017, Stewardship Report was published on a yearly basis, and Responsible Investment and Stewardship Report, the first Responsible Investment report in insurance industry of Taiwan, has been published in 2020 in order to fulfill the duties of an asset owner, and realizing responsible investment. [↔ 2019 Cathay Life Insurance Responsible Investment and Stewardship Report](#)

Establishing the Responsible Investment Working Group

Cathay Life is the first insurance company in Taiwan to establish a responsible investment working group. At the end of 2016, fixed-income, equity, alternative investment and financial planning departments jointly established the Responsible Investment Working Group to set up goals as well as yearly implementation plans in order to advance and perfect our sustainable investment project. As of the end of 2019, Cathay Life had approximately 40 members in its working group, 2 of whom are dedicated responsible investment officers.

The Responsible Investment Working Group continues to exchange with and learn from international benchmark enterprises and study their responsible investment measures, as well as periodically organize training courses and participate in external conferences, so as to improve our understanding of responsible investment and international trends. In 2019, a total of 265 Cathay employees participated in our training courses and external conferences; On average, employees received 78 minutes of training.

Stipulating ESG directions and policies

We not only comply with the Responsible Investment and Lending Policy established by Cathay FHC, but also establish relevant ESG directions and policies tailored to individual investments in businesses of different natures. In addition, we report the implementation results of responsible investment to the Board of Directors every year. Excluding assets that fall outside the scope of responsible investment operations (e.g., cash, foreign exchange hedging, and separate account), we adopted 100% responsible investment measures. The total responsible investment assets amounted to NT\$5.4 trillion.



Securities
Both the "Cathay Life Investment Management Procedures" and "Cathay Life Investment Policy" shall stipulate that Cathay Life follow the Principles for Responsible Investment (PRI) during the investment process, and ESG factors shall be integrated into our decision-making process by refining the investment procedures, utilizing its investment information systems, and referring to the external research resources.

Corporate lending
An ESG checklist has been designed for the "Responsible Lending Policy" and "Guidelines for Corporate Lending Reviews"

Real estate
Cathay Life established its Responsible Property Investment and Management Policy, which states that real estate investments must comply with international sustainability principles including PRI and PSI. Cathay Life continues to improve the performance of its real estate holdings, engage in the proper utilization of Earth's resources, and properly manage investment and operating risks.

Complying with international standards

Cathay Life continues to pay attention to sustainability issues and take various relevant actions in accordance with the 7 responsible investment measures defined by the Global Sustainable Investment Alliance (GSIA) and the 6 principles of PRIs so as to keep track of ESG risks and opportunities ahead of time.

(I) Integrating ESG factors into investment decision-making

1. Negative Screening

We comply with Cathay FHC and Subsidiaries Investment and Lending Exclusion Policy and our own Investment Management Principles for Sensitive Industries, and place controversial industries that systematically violate international human rights or involve countries with major disputes, and that involve high environmental, social and moral risks that lead to negative social impacts (e.g., coal-related industry) on the exclusion list which we review on a yearly basis.

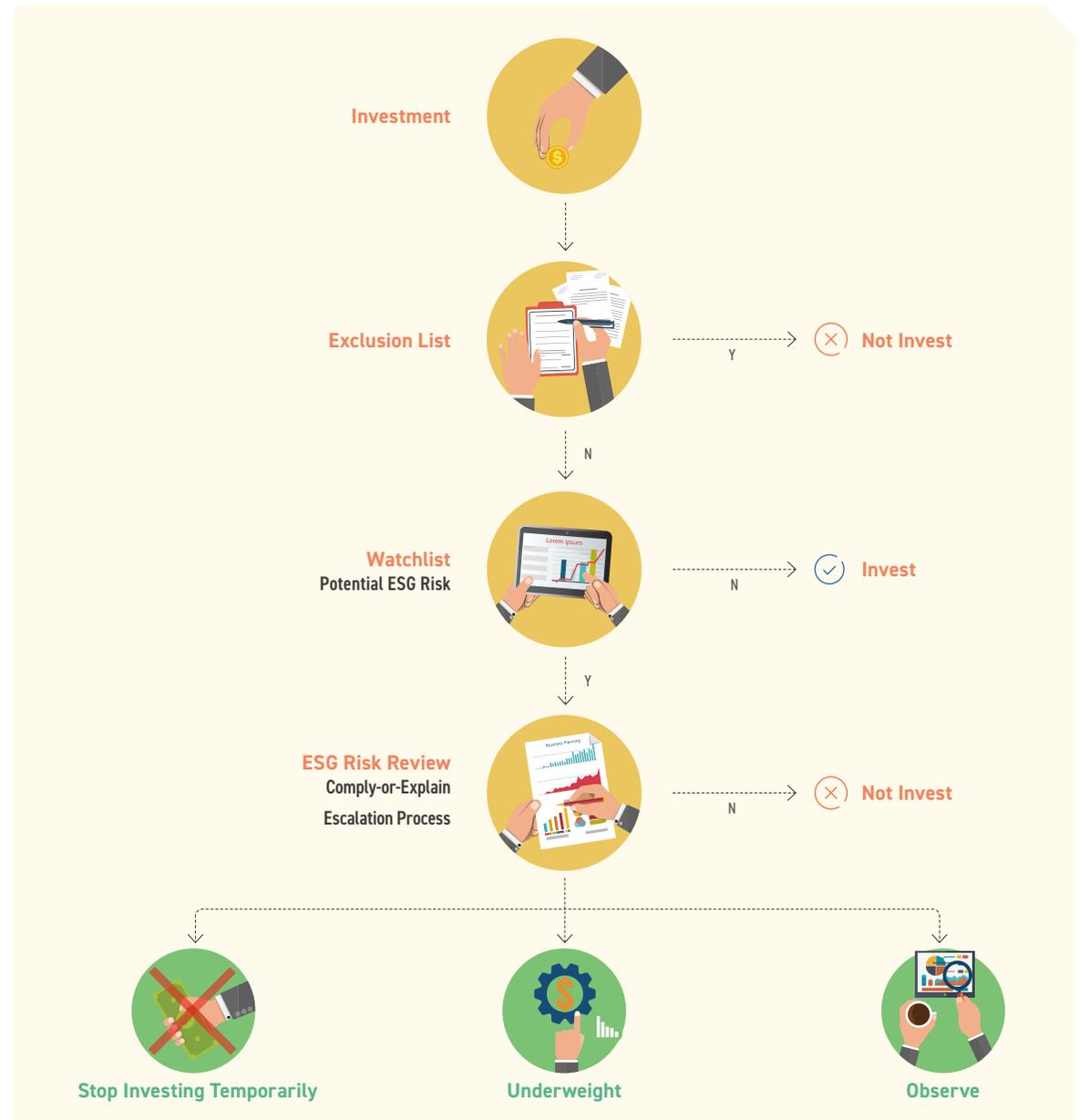
2. Establishing ESG risk review procedures

We established a watch list of investment targets with potential ESG risks (e.g., investment targets with poor ESG performance or controversial ESG events) and adopted ESG risk review procedures such as Comply-or-Explain and the escalation process.

When adding a new investment target in our buy list, Cathay Life starts by conducting ESG risk review procedures. The existing targets are regularly reviewed every September. We reviewed all 246 listed equity and fixed income from non-corporate bonds and corporate bonds in 2019.

3. Evaluating counterparty ESG

Cathay Life is convinced that it is possible for the Company to select the PE/HF funds that are in line with our investment philosophy by conducting Due-Diligence and understanding the ESG policies and measures of counterparties. Therefore, from 2017 onwards, we have included ESG into considerations of new transaction counterparties in our PE/HF fund investment assessment reports.



(II) Stewardship measures for institutional investors

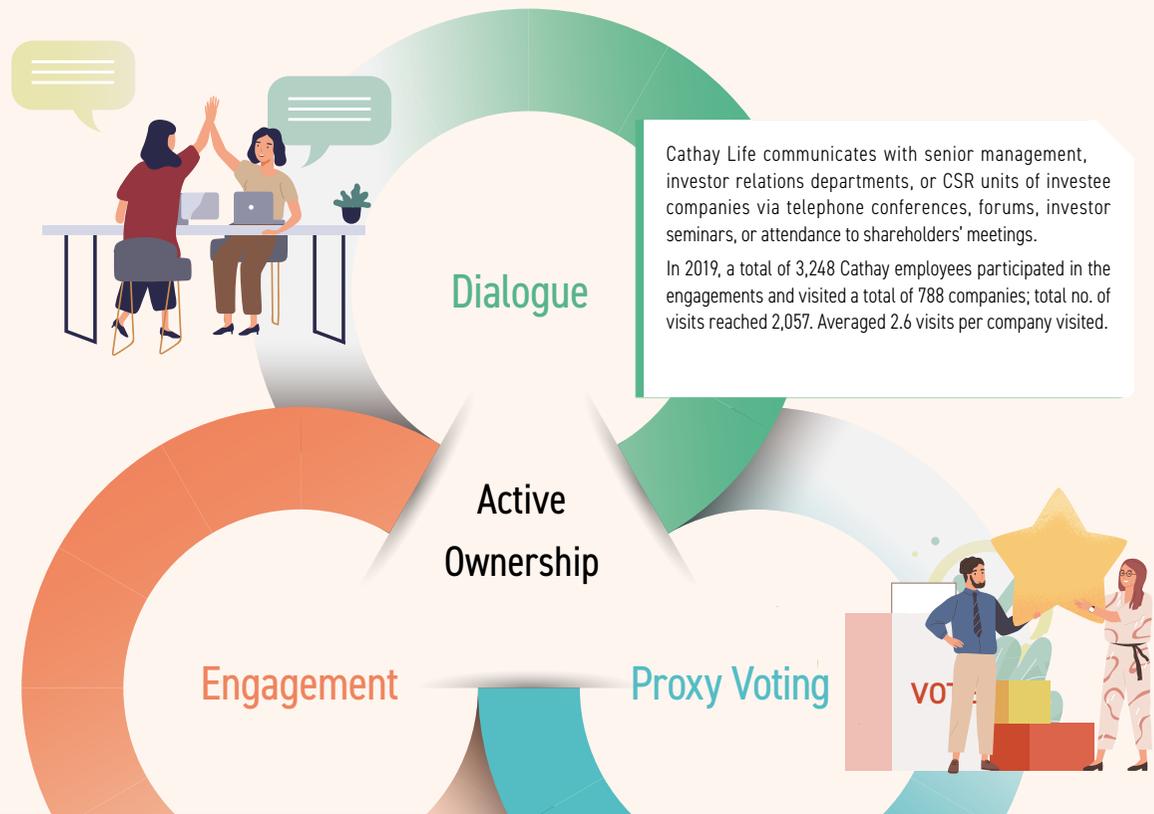
Interacting with investee companies through dialogue, engagement, and proxy voting, Cathay Life demonstrate our stewardship measures through active ownership. Stewardship reports are issued on a yearly basis to reveal related information.

(III) Asset Manager Mandating and Monitoring

We take signing the Principles for Responsible Investment (PRI) into consideration for mandate partner evaluation to ensure that Cathay Life's mandate partners fulfill their duties as asset managers. We also stipulate when signing agreements that PRI must be included in decision-making considerations, and that the investment targets' fulfillment of obligations in accordance with relevant ESG regulations be assessed. We will also ask our mandate partners to present review reports detailing their ESG measures, and hope to thereby encourage our mandate partners to attach greater importance to ESG risks and opportunities.

Of the asset management companies providing discretionary investment services to Cathay Life in 2019, about 99% are signatories to the PRI or local stewardship principles.

As climate change pose a greater impulse and threat to human life and environment, mandate agreements were amended across-the-board since end of 2019, which include climate change factor into consideration when invest, hoping partners to value and concern climate change risk and opportunity together.



Dialogue

Cathay Life communicates with senior management, investor relations departments, or CSR units of investee companies via telephone conferences, forums, investor seminars, or attendance to shareholders' meetings.

In 2019, a total of 3,248 Cathay employees participated in the engagements and visited a total of 788 companies; total no. of visits reached 2,057. Averaged 2.6 visits per company visited.

Engagement

The Engagement Policy, jointly established by Cathay Life, Cathay FHC, and various Cathay subsidiaries in 2018, publicizes Cathay's sustainable spirit and corporate governance values to exert our influence as a sustainable investor. Therefore, we uphold the importance of engagement and adopt a progressive approach, hoping to co-create the greatest benefits for the stakeholders of both Cathay Life and our investee companies and thereby contributing to positive change.

Recognizing the impact of extreme weather and climates brought by climate change on companies, as well as the importance of ESG issues, we choose "climate change" and "ESG rating improvement" to be our main engagement themes.

[Please see p.22 for Participation in International Initiatives |](#)
[Please see p.22 for Climate Change Forum](#)

Proxy Voting

We have established the Implementation Rules for Cathay Life's Exercise of the Rights of Shareholders of Investee Companies, under the guidance of which we attend shareholders' meetings via delegates or mandates and exercise our voting right as a shareholder to express our position on relevant issues. ESG proposals that obstruct the sustainable development of investee companies will not in principle win our support.

In 2019, Cathay Life attended a total of 251 shareholders' meetings and voted on 1,841 proposals, 92% of which we voted in favor of, 3% of which we voted against, and 5% of which we abstained from voting on in accordance with government regulations.^(Note)

[⇔ 2019 Cathay Life Insurance Responsible Investment and Stewardship Report |](#) [⇔ Proxy Voting Report](#)

Note: Subject to Article 146-1 and Article 146-5 of Insurance Act in Taiwan, insurance companies cannot cast a vote in the election of directors or supervisors at the public company, public utilities and social welfare enterprises those in Taiwan being invested, hence the abstention votes for proposals related to the appointment of directors and supervisors.

Sustainable Investment Action

FS10 FS11
Principle 1 Principle 3

In addition to constructing a comprehensive system and procedure of responsible investment, Cathay Life also take proactive actions to find and invest in sustainable investment targets.

Low-carbon industry

In response to the global trend of transformation into a low-carbon economy and the Taiwanese government's 5+2 Industrial Innovation Plan, we actively invest in the low-carbon green energy industry. As of 2019, our total investment in low-carbon green energies reached NT\$134.1 billion (up 7.3% from 2018), representing our contribution to the wellbeing of the Earth. Cathay Life was awarded first place in the category of "Investing in New Key Industries – Project Investment Group."



Solar power

We have been jointly investing in Galaxy Energy with AU Optronics since 2014. In 2016, Cathay Life initiated a model of joint venture with solar energy service providers in the form of special projects. Under this model, we have successively formed joint investments in the following companies: Taixu Energy (with Sino-American Silicon Products); Xinritai Co., Ltd. (with Neo Solar Power); and Solar Master Energy (with Power Master Group), thus promoting solar power industrial clusters and setting an example for other companies in the insurance industry. As of the end of 2019, the total investment approved by the Financial Supervisory Commission amounted to NT\$3.335 billion, the highest in the insurance industry.

Green bonds

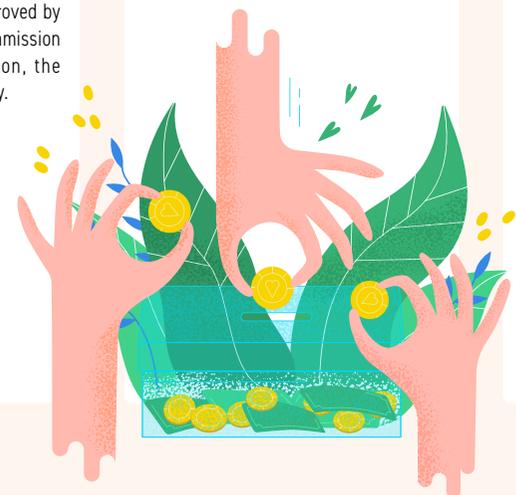
In support of the first round of green bond issuance in Taiwan, Cathay Life purchased US\$30 million in green bonds (approximately 17% of the total amount issued in the first round), while the total invested in green domestic and foreign bonds by Cathay as of the end of 2019 amounted to NT\$10.8 billion (up 169% from 2018).

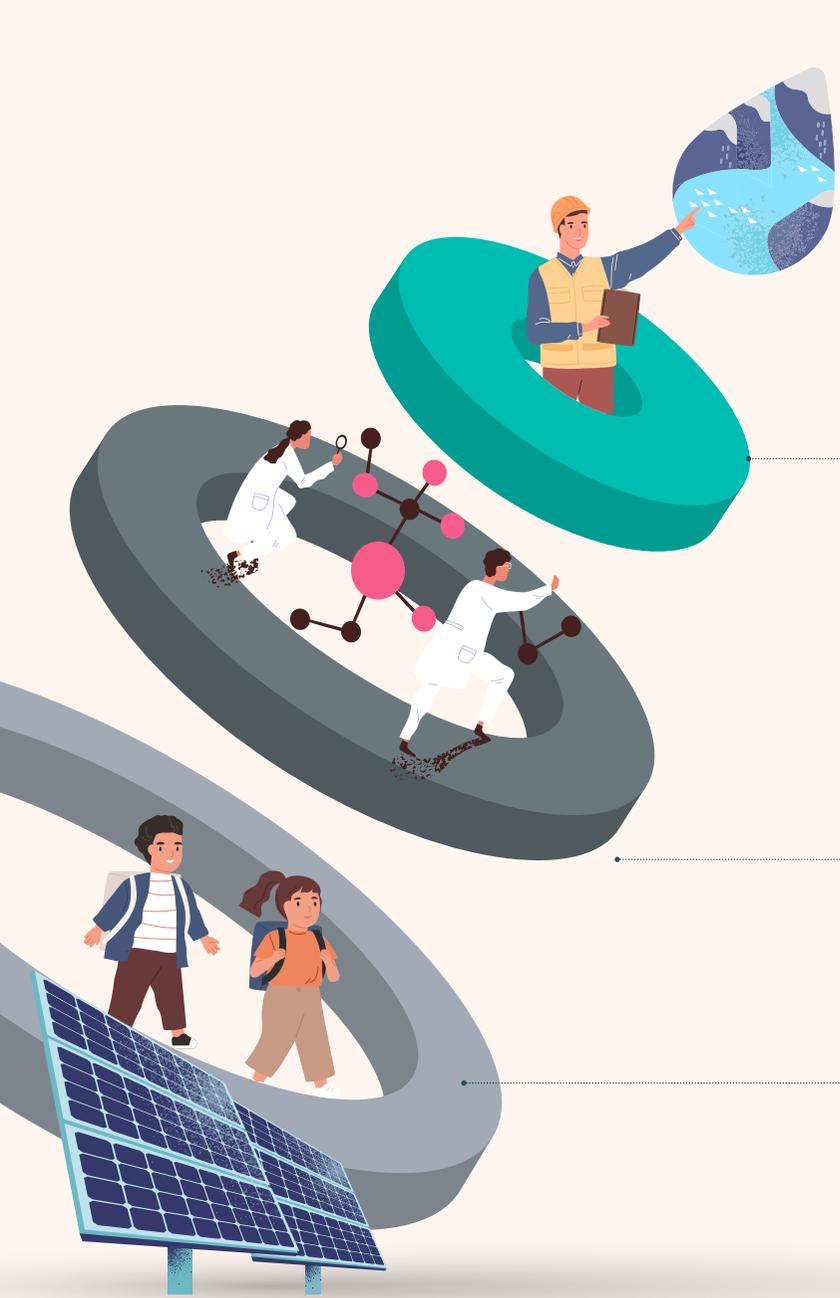
Green building

Since 2016, Cathay has ensured that all architectural designs commissioned for development-related investments conform to green building design principles. As of the end of 2019, we have constructed 15 green buildings (2 more since 2018), obtained green building certificates for 17 construction projects (2 more since 2018), and invested NT\$78.8 billion in green building financial development (up 1.9% from 2018).

Certification	Rating	Certification gained (no.)	Certification pending (no.)
LEED-NC (Leadership in Energy and Environmental Design)	Gold	3	
	Silver		1
LEED-EBOM (Category: existing buildings)	Platinum	1 (The first building in Taiwan's insurance industry)	
EPC (Energy Performance Certificates)	B	1	
	D	1	
The green building certification of Taiwan	Diamond	1	
	Gold	1	
	Silver	7	3
	Bronze	2	
	Certified		2

Note 1: The LEED rating system includes 4 levels: Platinum, Gold, Silver, and Certified.
 Note 2: The EPC rating is based on a scale from A (Very efficient) to G (Inefficient).
 Note 3: Taiwan's green building certificates include Diamond, Gold, Silver, Bronze, and Certified.





Water resources

Cathay Life has paid perennial attention to sustainable development of the environment. In addition to the risk of climate change, the shortage of water resources, the dramatic increase of urban population, and the violent changes in climate have rendered the issue of water resource treatment a major concern of the present era. Cathay Life is also the first insurance company to set up joint ventures with water resource suppliers. We hope that our investments in household wastewater treatment and water resource development can complement local sewage systems in ways that improve the living environment. As of the end of 2019, our total investment amounted to NT\$1.4billion (up 21% from 2018).

Infrastructure

As infrastructure satisfies people’s basic needs and serves as a key category in the foundations of national development, improvement of infrastructure, which aims to maintain economic and social growth, annihilate poverty, and help adapt to the impact brought by climate change, is therefore a key to perpetuate sustainability. Cathay Life has been investing in industries related to developments of infrastructure to contribute to the funds necessary for the sustainable development of cities and the changes to people’s lifestyles. As of the end of 2019, our total investment reached NT\$556.7 billion (up 5.1% from 2018).

Aging society and health industry

Cathay Life not only pays attention to public health through products and events, but also uses the power of investment to actively invest in health-related industries, including drug developments and biotechnologies. As of the end of 2019, our total investment reached NT\$363.7 billion (up 13.2% from 2018).

Social and inclusive finance industry

Upholding our philosophy of being “people-oriented,” which is incorporated into our core competencies of investment, Cathay Life invests in industries related to education and microfinance, hoping to contribute to the realization of inclusive finance. As of the end of 2019, our total investment reached NT\$4.8 billion.

Sustainable Investment

As of the end of 2019, our total investment amounted

Water resources

NT\$ **1.4** billion

(up 21% from 2018)

Infrastructure

NT\$ **556.7** billion

(up 5.1% from 2018)

Aging society and health industry

NT\$ **363.7** billion

(up 13.2% from 2018)

Social and inclusive finance industry

NT\$ **4.8** billion

Diverse Coverage and Thoughtful Services

Cathay Life has nearly 8 million policyholders, which means that one in every three people in Taiwan is a Cathay Life policyholder. Shouldering such responsibilities, we uphold the core competency of being people-oriented and keep pushing and encouraging ourselves to address sustainability issues and to provide policyholders with products and services of the best quality.

▶ Diverse Insurance Protection

FS7
Principle 1 Principle 2

Cathay Life's core competencies are to offer protection and safeguard the happiness of society. We continue to innovate and launch diverse products to help people from diverse backgrounds build their own fundamental safety net and enjoy a healthier life.

● Elderly care

Taiwan became an aged society in 2018 and is expected to turn into a super-aged society in 2026. Cathay Life offers elderly policyholders comprehensive insurance protection with diverse protection products, allowing them to lead lifestyles of active aging.



Long-term Care Group Health Insurance, Long-term Care Whole Life Health Insurance for Civil Servants and Teachers, Long-term Care Health Insurance for Civil Servants and Teachers, Long-term Care Group Health Insurance (with in-kind payment), "Hen Shou Hu" Long-term Care Term Health Insurance (with in-kind payment), "Yue Yue Walker" Universal Variable Life Insurance, "Yue Yue Li Hi" Variable Annuity Insurance, "Walker You Li" Variable Annuity Insurance, "Happy Monthly Return" Variable Annuity Insurance, "Fly Young Life" Variable Annuity Insurance, and "Fly Young Life" Foreign Currency Variable Annuity Insurance

More than insurance products, Cathay Life offers seniors comprehensive and thoughtful care with friendly and heart-warming services.

🔍 Please see the section of Thoughtful Services p.39



Health promotion

According to the National Statistics Report of the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, the average life expectancy of Taiwanese people has increased to 80.7 years in recent years, but the number of years citizens live in a state of non-health has also increased to nearly 9 years. This shows the dilemma of poorer health and quality of life citizens face in their later years.

Cathay Life keeps considering how to advocate health promotion with insurance products to enable citizens to enjoy a healthy life. Therefore, we have offered insurance with spillover effects and organized health promotion events to encourage citizens to acquire the habit of exercise and health management. We hope that these efforts will reduce illness, extend healthy life expectancy, and transform the function of insurance from compensation to prevention, thereby expanding the positive influence of insurance. As of the end of 2019, we had offered 8 insurance policies with spillover effects with a total of 24 thousand sales.



Health Promoting Products

» Medical check-up insurance policy

This is the industry's first insurance policies with spillover effects and encourages policyholders to proactively manage their health. If policyholders' health examination results meet standards, they are eligible for a discount on insurance premiums. This best-selling insurance policy of the same type in the industry has also achieved international recognition, including Insurance Asia Awards (IAA) and Insurance Excellence Awards.

» Walker insurance policies

Cathay Life is the first in the industry to offer a health promotion ecosystem insurance. Policyholders who reach prescribed exercise goals will enjoy increases to their insured amount or discounts on premium costs. The Cathay Walker digital platform is further incorporated to encourage policyholders to acquire the habit of regular exercise, advancing the effect of insurance to achieve protection beforehand. As of the end of 2019, we offered a total of 7 policies, covering major illness, long-term care, variable annuity, and variable life insurance.



Health Promoting Activities

» Cathay Walker

We advocate health-promoting activities that all members of the public can participate in and provide rewards to those who reach goals, thereby enhancing citizens' willingness to exercise and encouraging them to take the first step in health management. In 2019, we creatively included the concept of "team up" to help citizens reach exercise goals by encouraging each other through the power of the group. Meanwhile, we have worked with large events in Taiwan (e.g., Dajia Mazu Pilgrimage) and continue our collaboration across different industries, aiming to create a health-promoting ecosystem.

Over **220 thousand** people have participated in the project as of the end of 2019 since its implementation in August 2018.

The cumulative number of steps was equivalent to about **142.6** round trips to the moon.



Cathay Walker

In February 2020, we assessed our project outcomes (August 2018 – February 2019) using the concept of social return on investment (SROI), and found that every NT\$**1** invested yielded NT\$**6.3** in social impact. It is the first SROI report that use core competency of insurance as theme and was certified by UK.



3 Advantages that Cathay Walker bring to users:

Help forming a healthy lifestyle

Relieve stress

Create a positive impact on interpersonal relations



The economically disadvantaged

To realize the spirit of financial inclusion, Cathay Life was the first in the industry to offer microinsurance in 2009 to provide basic insurance protection to the economically disadvantaged. As of the end of 2019, in total, we had offered five microinsurance products with the choices of individual insurance and group insurance. They cover accidental injury and life insurance. Microinsurance provided basic economic security that totaled NT\$59.5 billion for over 225 thousand economically disadvantaged people, which is the highest in the industry. It also provided timely economic assistance for 600 families to weather the storm. Cathay Life has spared no effort in promoting microinsurance and has been recognized by FSC for six consecutive years. In 2019, we also won the Initiative Award and Excellent Performance Award with the goal to provide basic insurance coverage for more economically disadvantaged people.

Cancer care

The number of people diagnosed with cancer has continued to increase each year, and the pace has accelerated to on average one person being diagnosed with cancer every five minutes in 2016. Following advances in medicine and longer survival time after being diagnosed with cancer, many cancer patients came to realize that there was a gap in their coverage and faced the trouble of not being able to enjoy greater coverage due to their physical conditions.

Cathay Life continues to offer cancer patients care and support in their journey of life by introducing Asia's first exclusive Medical Insurance for Cancer Patients. The medical insurance provides cancer patients with the top 12 most common primary cancers in Taiwan, such as colorectal cancer and breast cancer, with a chance to enhance required coverage, thereby addressing their dilemma of not being able to make insurance plans due to their physical conditions. The Medical Insurance for Cancer Patients won the New Insurance Product of the Year in the Insurance Asia Awards (IAA) in 2019.



Student group protection

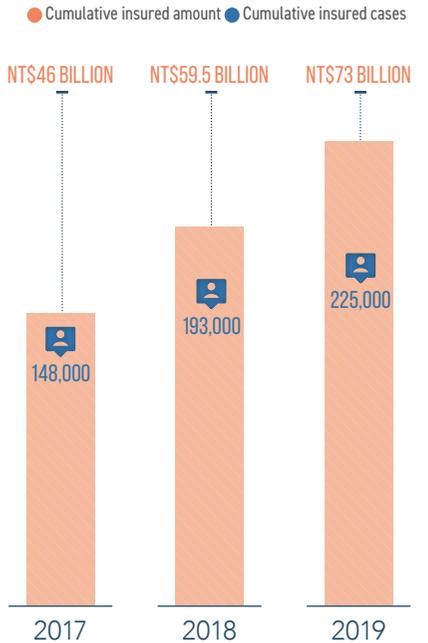
Cathay Life has been undertaking student group insurance since the 2017 academic year, providing basic death, accident, and healthcare benefits to approximately 3 million high (vocational) school and under students around Taiwan with a total insured amount of about NT\$3 trillion. To improve service quality, Cathay Life has formed quality student group service teams, offering training courses to enhance employees' expertise in service. We have also set up an easy-to-understand website to provide higher quality services for student group insurance so that parents and the public can access and understand the insurance's scope of coverage.

In addition to offering students insurance coverage against personal risks, Cathay Life hopes to expand the scope of its actions and influence by jointly implementing the Sustainable Campus Project with the K-12 Education Administration. We launched Sustainable Campus Project on campuses, hoping to provide an environment where students can grow healthily and happily. [Please see](#)

[p.56 for Sustainable Campus Project](#)



» Microinsurance



Financial inclusion

All people can equally enjoy financial services regardless of age, gender, economic or physical conditions. Cathay Life satisfies different requirements by developing diverse products while actively building various service channels to alleviate restrictions of time, space, and location, thereby expanding the usability of financial services for the general public.



Increased insurance awareness

(I) Promotion of protective products

According to statistics of the Life Insurance Association of the Republic of China and Taiwan Insurance Institute, Taiwan has the highest insurance penetration in the world with each Taiwanese citizen on average having 2.4 insurance policies. However, death benefits are only average NT\$560 thousand far lower than the average household spending of NT\$760 thousand a year. Once any misfortunes happen, the family would fall into dire circumstances.

To facilitate adequate insurance coverage for citizens, Cathay Life actively promotes protective products. We realize the people-oriented spirit of insurance and increase the breadth and depth of coverage planning among the public, support the government's policies, and build a social safety net.

In 2018, we started to launch activities that promote the correct approaches to insurance by means of mini-movies as well as promotional campaigns to raise public awareness of insurance protection. The first year premium (FYP) of Protection product in 2019 was NT\$19.08 billion, which is 85% higher than 2017.

<p>The video of "Who's Going to Win the Girlfriend?"</p> <p>Targeting young customers, we worked with a famous YouTuber to produce a video promoting the awareness of protection.</p> 	<p>Video series of "To the Previous YOU"</p> <p>These videos remind the public to increase their insurance coverage by conveying the notion that "although no one knows what the next step would be in life, you can always allow insurance to keep up with every step of yours."</p> 	<p>Cathay Plaza talks</p> <p>We invited celebrity, as well as doctors and care managers of Cathay General Hospital to share their own personal stories of insurance protection.</p> 	<p>7-color Palette of Happiness Protection</p> <p>We worked with Professor of National Chengchi University to help people examine the health scores of their personal and family protection through games.</p> 
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(II) Insurance introduction animations

Cathay Life created a series of insurance introduction animations to help citizens who have never purchased insurance before to understand and identify with the concept of insurance. Lively animations are provided to explain insurance coverage in an easily comprehensible way, helping people new to insurance to understand the importance of insurance and start making plans to fully utilize the benefits of insurance coverage. As of March 6th, 2020, 20 episodes had been produced with a total of 675 thousand views.



Insurance introduction animations

As of March 6th, 2020
20 episodes had been produced
with a total of **675** thousand views.



▶ Customer-centered services

FS8 FS15
Principle 1 Principle 2

Cathay Life's service philosophy is to be customer-centered. Except for providing diverse heart-warming services and listening to the customers, with digital and innovative power, we have transcended time and space constraints, and are dedicated to creating easier, safer, and faster service experiences.

Customer-centric approach

Cathay Life actively listens and does its best to satisfy customers' needs, and aims to create service experiences that exceed customers' expectations by providing consistently excellent service quality at any service node. For its excellent and trustworthy services, Cathay Life was the only recipient in Taiwan that won the Contact Center of the Year in the Stevie Awards hosted by the American Business Awards organization.

(I) Treating customers fairly

Cathay Life was the first in the industry to establish the Treating Customers Fairly Committee in 2018 under the leadership of the President. Through active participation and promotion, the Board of Directors established specific strategies and action plans to shape corporate culture as well as the DNA of Cathay Life employees from top to bottom. The principles of treating customers fairly were divided into "before-sales," "during-sales," and "after-sales" in order to implement the principles of treating customers fairly in daily operations and services. Cathay Life won first place in the Treating Customers Fairly Evaluation in August 2019 and became the most trustworthy financial institution for customers.

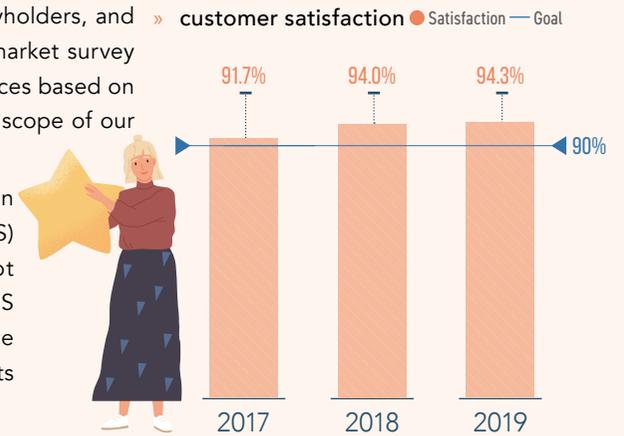
In the future, Cathay Life will uphold the service philosophy of being customer-centered and protecting financial consumers. In addition to implementing the Principles of Treating Customers Fairly, we have also set up a customer complaint hotline to optimize the efficiency of handling customer complaints. Moreover, we aim to upgrade the overall service quality in the financial environment by enhancing the promotion of financial education as well as improving the quality of insurance services.



(II) Better management of customer satisfaction

Cathay Life values the feedback provided by policyholders, and outsources overall service satisfaction surveys to market survey companies each year. We examine gaps in our services based on survey results, and then optimize the contents and scope of our services to better meet policyholders' needs.

Cathay Life became the first insurance company in Taiwan to implement the Net Promoter Score (NPS) mechanism to more quickly learn whether or not policyholders are satisfied with services. Our R-NPS reached 6.5 in 2019, and we will refine our service process based on the satisfaction survey and NPS results to meet the needs of our customers.



(III) Service quality certifications

Contact Center
The only call center in the industry to achieve three international quality control certifications

Our contact center is the only one within Taiwan's entire insurance industry to achieve EN 15838, ISO 10001, and ISO 10002 certifications. Furthermore, the center has won the Contact Center of the Year in the Stevie Awards for two consecutive years.

Service center
The first insurance company in Asia that implemented QualiCert service certification

In 2012, we became the first insurance company in Asia to be certified by QualiCert for providing internationally recognized service quality. We pass reviews for re-issuance every year and continue to review and refine our services in accordance with the "Service Standards."

Service quality management
The only insurance company to achieve both ISO 10002 & 9001 certifications

Cathay Life achieves ISO 9001 (service quality management system) certification every year and is the first company in Taiwan to have achieved the ISO 10002 certification. We continue to refine our management of customer complaints and are the only insurance company to have achieved both ISO 10002 & 9001 certifications.

Implementing digital signature video

To ensure that every policyholder clearly understands product content, Cathay Life was the first in the industry to conduct comprehensive telephone interviews and implement the function of "digital signature video," which synchronously records the video and sound of the policyholder during the purchase of insurance via our mobile application. The video, sound, and signing process of the policyholder are recorded to verify his/her identity and willingness to purchase the insurance, thereby protecting the policyholder's rights in multiple ways.



Developing digital finance

Cathay Life has been actively developing diverse digital service channels. By providing convenient, immediate, and friendly financial services, we optimize the customer service experience and increase service satisfaction while reducing paper waste and becoming more friendly to the Earth.

(I) Online insurance application

Cathay Life began offering online insurance application services in 2014, establishing a rapid and independent insurance application process, and developing a wide variety of products so that it's easy for the general public to make insurance plans in a friendly and convenient environment. At the end of 2019, we offered 7 insurance products with different scopes of coverage for people to freely select from according to their own needs.

Furthermore, Cathay Life continues to engage in cross-industry collaboration to provide policyholders with other value-added services and encourage them to fully utilize the services, thereby increasing the number of customers that purchase insurance online. In 2019, overcoming supervisory limitations and utilizing insurance technology, we were the first in the insurance industry to have conducted a regulatory sandbox. We continue to work with industries such as aviation, telecommunications, e-commerce, finance, and tourism to co-create an insurance ecosystem.

The online insurance application service has gained widespread approval from users since it was first offered, and nearly **150 thousand** people purchased insurance online.

45% of new customers opted for online insurance application, and user satisfaction has reached **97%**.



(II) Online insurance services

Cathay Life provides a variety of communication channels, such as official website, the Cathay Life App, and the Facebook fanpage. The variety of application channels provides customers with greater convenience and a better experience. Cathay Life is the only insurance provider in the industry that allows policyholders to use their Citizen Digital Certificate for online applications, giving consideration to both the security and convenience of online services. Cathay Life also provides the greatest variety of online insurance services in the industry (31 services in total, including online policyholder service application and change of address or payment method). Overall satisfaction and satisfaction of individual digital services all exceeded 90% in 2019, showing that online services do indeed meet user requirements and also provide a better customer service experience.

To provide citizens with greater information accessibility, Cathay Life is certified by the National Communications Commission and provides friendly financial services, ensuring that people with disabilities and the disadvantaged both enjoy their basic rights to equal and convenient insurance services.

Overall satisfaction and satisfaction of individual digital services all exceeded **90%** in 2019.



(III) Smart Digital Customer Services

Cathay Life began providing Smart Digital Customer Services (SDCS) – Alpha through digital communication channels such as its official website, App, and official LINE account to reduce customers’ wait time and immediately respond to customers’ questions and needs. Alpha directly provides policyholder payment, contract, and payment status inquiry services. If Alpha encounters a problem that it cannot resolve, it will seamlessly transfer the case to customer service personnel who will pick up where Alpha left off. Alpha is the first in the industry and has been offering online sales of travel insurance since July 2019, allowing customers to purchase travel insurance through digital conversation with the SDCS Chatbot, which successfully expands our scope of service. Cathay Life has utilized AI to further refine the Smart Digital Customer Service system and will begin providing policyholders with birthday gifts, reminders of rights, and product explanation services, optimizing the system’s functions for a better customer experience.

Alpha was used on average **120 thousand** times each month in 2019.

Its problem-solving rate ^{Note1} has reached **83%**,

and the satisfaction score ^{Note2} of **95%** is similar to that of human customer services.

Note1: Problem-solving rate is defined as customers not calling or email customer service personnel within 24 hours after using Alpha.

Note2: Satisfaction score is defined as the percentage that customers give 4 or above score on satisfaction survey after using Alpha.



(IV) Mobile insurance

Cathay Life introduced mobile insurance services in 2012 to streamline service operating procedures and improve service efficiency. The Mobile Insurance App integrates insurance application, claims, premiums, and policyholder service; the use of tablet eliminates the need to fill out paper application forms when customers apply for insurance. The App also provides access to numerous electronic documents, including electronic documents, electronic insurance policies, and payment details.

Mobile insurance significantly streamlines service operating procedures and improves service efficiency. At the same time, it is eco-friendly and cuts down the use of paper. In 2019, through mobile insurance and services such as electronic insurance policies and electronic documents, our mobile insurance service saved a total of 80 million pieces of paper, which is equal to the height of 16.7 Taipei 101 buildings!

In 2019, through mobile insurance and services such as electronic insurance policies and electronic invoices, our mobile insurance service saved a total of **80 million** pieces of paper, which is equal to the height of **16.7** Taipei 101 buildings!



» Mobile insurance

Mobile insurance	Cases (in thousands)	Usage rate
Mobile Insurance	1,248.9	99.15%
Mobile Claims	767	95.82%
Mobile Premium Payment	1,182.4	97.18%
Mobile Policyholder Service	976.9	91.20%
Electronic Insurance Policy ^(Note1)	680.2	58.30%
Electronic Documents ^(Note2)	2,263.8	41.77%

Note1: The case and usage rate of electronic Insurance Policy does not include policies sold by brokers and travel insurance.

Note2: The case of Electronic Documents is cumulative.

Thoughtful services

"Treating our customers like family and providing the best experience" is not just a slogan. The variety of products and thoughtful services of Cathay Life complement each other, help policyholders effectively resolve pain points in life. We make insurance a thoughtful helper in daily life and the best partner to accompany policyholders through different stages of life.

Prescription drug deliveries

To help policyholders with chronic diseases enjoy efficient medical services, Cathay Life and iHealth Pharmacy worked together in providing prescription drug deliveries. Policyholders only need to send their prescription via LINE, fax, or official website to enjoy prescription drug deliveries by a pharmacist, who will provide prescription medicine instructions and medicine dispensing. The service not only maintains drug safety and quality, but also save the time and cost originally needed to make hospital visits. The service was used by 2,469 people in 2019.

Convenient services

- 1. Virtual queuing:** Cathay Life implemented the virtual queuing mechanism which allows policyholders to check their wait time after calling the customer service center and choose to either wait online or make a reservation for customer service personnel to call back. We also added a new number-taking queuing mechanism to shorten the wait time.
- 2. Internet phone call service:** Cathay Life provides a convenient consultation service via the Internet phone. Users can visit Cathay Life's official website or use our app to call the telephone customer service center via the Internet phone as long as they have WiFi and Internet access. It's easy for users to extend their travel insurance or receive consultation on their insurance policy without worrying about the telephone due to international roaming (e.g., NT\$225 for 5 minutes for a call from Japan). This service allows policyholders to travel with ease and pleasure. When policyholders experience physical discomfort during the journey, they have their local medical expenses covered by the travel insurance and can call the "Overseas Emergency Assistance Hotline" via the Internet phone to consult nursing personnel or doctors online.
- 3. Online number-taking via mobile phone:** To provide convenient mobile services for our customers, we were the first in the industry to implement the "Online Number-Taking" service. Policyholders can use the Cathay Life app to find the best service location, take numbers online, and check the service status, saving plenty of wait time and enjoy the best service experience.
- 4. Translation service for insurance policies:** Cathay Life provides foreign language (mainly English and Vietnamese) summaries of 14 insurance policies that are most popular among new immigrants, so as to increase their willingness to utilize our insurance services and assist new immigrants with gaining the insurance coverage they need.



Payout for inpatient hospital fees

In 2013, Cathay Life was the first to provide payouts for inpatient hospital fees. Payout is directly deducted from hospital fees when the policyholder is discharged, eliminating for policyholders the hassle of having to worry about claims application and payment of hospital fees. Since this service was first offered, a total of 32 hospitals in Taiwan have signed contracts with Cathay Life. Among them, 22 hospitals, including Cathay General Hospital and the Chang Gung medical system, have started to serve our policyholders. The number of users has reached nearly 10,000, and over NT\$290 million in medical expenses has been paid through this service. Moreover, the satisfaction rate reached 92%.

Proactive claims service

Cathay Life was the first in the industry to offer "Direct Claims" services. All policyholders have to do is apply for a claim settlement for the first time, and we will directly make the following payments on a regular basis. Policyholders no longer need to apply and submit documents periodically as they used to. As of today, we have helped 10,593 policyholders with their claims and issued direct payments, and there were 25,633 claims. This service helps extend the policyholders' love for their families.

Cross-strait claims service

Starting from 2015, Cathay Life became the first government-approved insurance company in Taiwan to offer cross-strait claims service. Policyholders are able to receive assistance from professional personnel at the service locations of Cathay Lujiazui Life Insurance and China Life Insurance. This service saves time and effort needed during complicated applications. Currently, we have assisted more than 470 people away from home.

Overseas emergency relief

In September 2016, Cathay Life was the first to offer Travel Insurance - Additional Coverage for Medical Charter Flight Transportation (with in-kind payment). As of the end of 2019, a total of 513,000 policies were sold. Alongside this product, overseas medical teleconsultation services are also offered. Professional customer service personnel and doctors of Cathay General Hospital provide real-time medical teleconsultation to help policyholders and family members feel relieved as well as lower the rate of hospital visits overseas.



Richness

41 Healthy Lifestyle and Work-life Balance

50 Social Care and Value Creation

Protecting the physical, mental, and spiritual well-being of our employees and the general public

Cathay Life owes all the success to its 33,000 employees. The great tree of Cathay Life not only embrace our employees with love, but also spreads its branches and leaves for all families in Taiwan to enjoy the shade.

The number of newly registered sales agents was **the most in the industry** in 2019, and we were the only company in the industry with positive growth, in which the number of new members 20-24 years old was the highest in the industry.

Launched the community co-learning platform Facil, which combines the applications "social learning," "teaching symbiosis" and "game-based learning," in April 2019. The number of users reached **137 thousand**.

Number of volunteer hours reached **75,156.5** hours in 2019, up nearly 30% compared to 2018.

The Sustainable Campus Project incorporates anti-drug knowledge into an online game. Over **100 thousand** students has played to date.

Healthy Lifestyle and Work-life Balance

Talent are a precious asset for Cathay Life's continual innovation and sustainable operations. In 2019, Cathay Life's full-time employees amounted to 33,209. We not only attract talent via a variety of channels, but also use digital tools to create a culture of learning and sharing in response to the digital era. We provide a friendly, equal and healthy work environment in which employees are able to strike a balance between work and life. [Please see p.74 of the appendix for employee structure](#)

Talent Attraction and Development

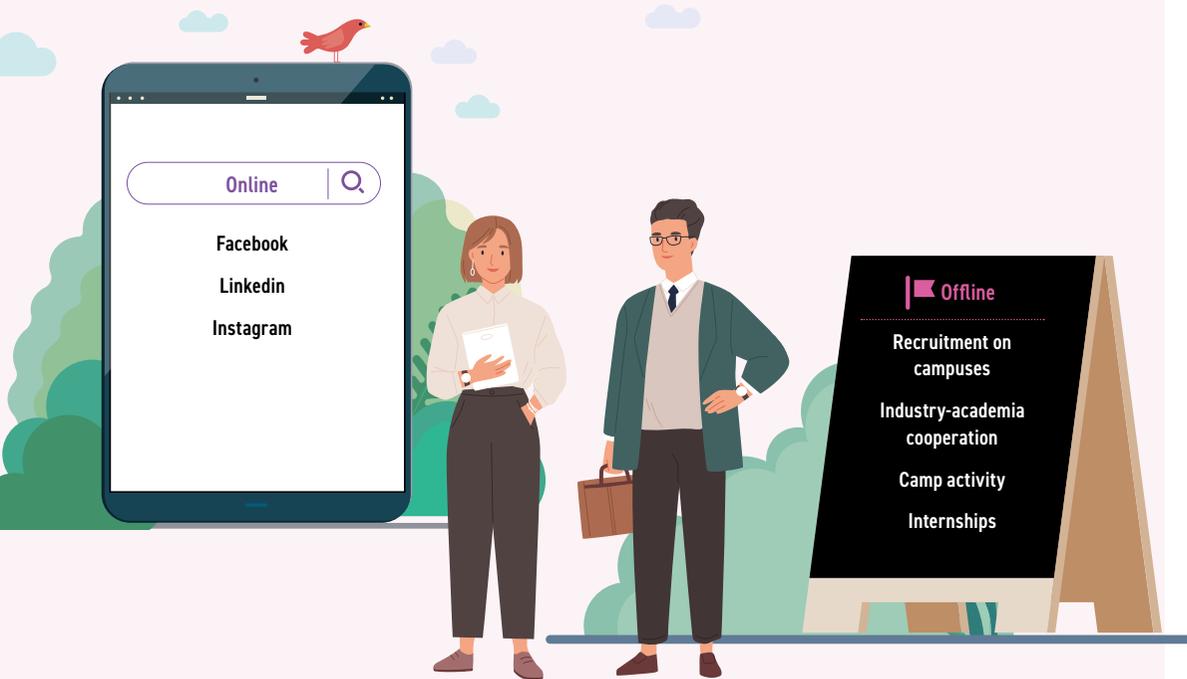
102-8 401-1 404-1 404-2

Principle 1

Cathay Life Insurance has numerous channels for attracting office talent and sales agent, and also implements training and development plans. We were thus recognized with the Talent Training Award in the Taiwan Insurance Excellence Award, which is a national-level award for the insurance industry, for 8 consecutive years.

Attracting Talent

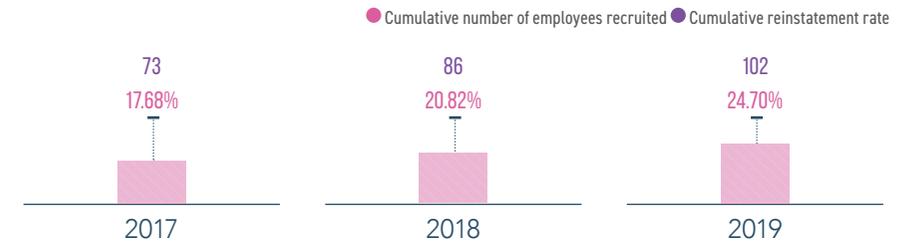
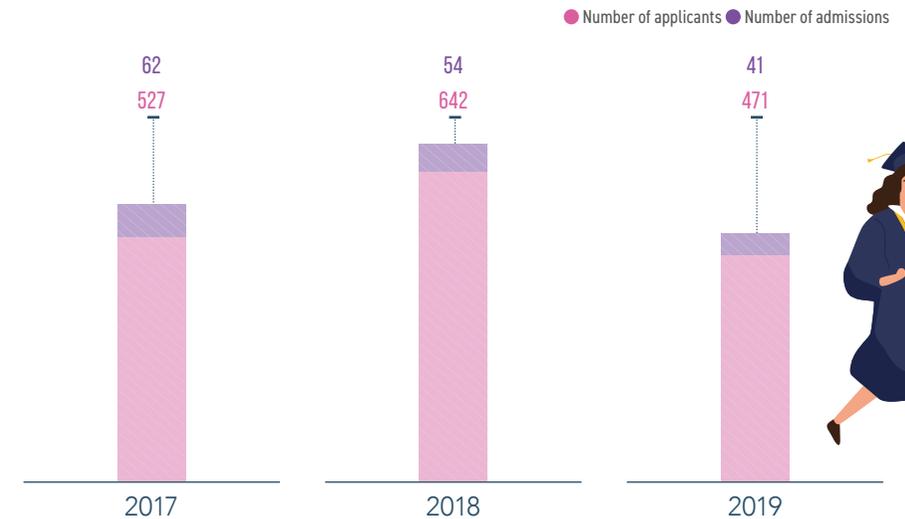
Integrates online and offline resources to create a youthful, lively, and innovative employer image.



(I) Establishment of Office Talent Pool

» Cathay Internship Program (CIP)

Since 2005, we have been implementing the Cathay Internship Program (CIP) to recruit quality talent ahead of time and establish a steady talent recruitment mechanism. Through collaborations with relevant academic institutions in Taiwan, we provide excellent students with opportunities to establish connections with industries and put what they learn from schools into practice. As of the end of 2019, almost 1/4 of the CIP were recruited as employee after graduation.



Note 1: Cumulative number of employees recruited = Cumulative number of employees recruited through CIP up until the current year.
 Note 2: Cumulative reinstatement rate = (Cumulative number of employees recruited through CIP)/Total number of CIP participants (413).

» Cathay Agile Program (CAP)

We began implementing the Cathay Agile Program (CAP) in 2018, and collaborated with the Digital, Data & Technology Center (DDT) of Cathay FHC, Cathay United Bank, and 13 departments/institutes in Taiwan in providing digital technology talent with the opportunity to gain hands-on experience from actual projects.



Feedback from 2nd CAP

I accumulated cross-disciplinary communication experience in the internship process, and collaborated with partners with a background in programming, data analysis, and UI/UX. It was a precious experience required me to constantly put myself in others' shoes.

Feedback from 1st CAP, currently an employee of Cathay Life Insurance

The Company did not give us any constraints, and we let our imagination run wild. The ideas we came up with all had the opportunity of being implemented, and I felt great!



» Industry-academia cooperation

We worked together with 22 undergraduate programs in Taiwan and accepted 40 students for 3-4 month internships at 20 departments and offices in our head office in 2019.

» Talent Reserve Program

As the financial industry is increasingly active in magnifying its presence in Asia, it is becoming urgent to develop FinTech. Cathay Life is also active in cultivating all-around financial talent by offering generous salaries and benefits as well as comprehensive training programs to attract top talent.



GMA

Global Management Associate Project

Aims to cultivate financial talent with high strategic sophistication and cross-disciplinary approaches, and appoints personnel in a rotational manner among important planning units (products, channels, etc.) in Cathay FHC, Cathay United Bank, and Cathay Life, who shall undertake front-office business practices and overseas internships to gain experience and develop all-around financial knowledge. A total of 14 people were accepted into this project in 2019.

CIM

Cathay Investment Manager Project

Aims to cultivate well-rounded investment planning talent highly sensitive to investment opportunities, and develops professional knowledge of the stock market, foreign exchange, bonds, risk management and financial accounting through a year of rotational appointments among investment, transaction and planning departments. A total of 7 people were accepted into this project in 2019.

(II) Sales agent recruitment

Cathay Life has entered campuses to foster understanding of the life insurance industry among younger generations and give them a good impression about our brand, so as to attract more young people to join us. In addition, recruitment tools were provided to help sales agents reach youth.

» Young Golden Plan

We launched the Young Golden Plan in 2018 to recruit talent from younger generations that identify with the insurance business and are ambitious about self-realization. Through a comprehensive talent development mechanism as well as well-defined and accessible channels of promotion, we provide more opportunities of relevant learning and development to incubate professional life insurance consultants and excellent managerial talent. The number of newly registered sale agents was the most in the industry in 2019, and we were the only company in the industry with positive growth, in which the number of new members 20-24 years old was the highest in the industry.



» Career Diary

We co-organized the Career Diary event with the social enterprise City Wanderer for three consecutive years. During the event, participants learned about and experienced different modes of work in different occupations through various tasks, helping young people explore themselves and workplaces. We helped 795 students explore their careers in 2019, and invited over 100 senior from collaborating companies and workplaces to help the students find the career path that best suits them.

95% of participants indicated that the event helped them better understand a profession they were originally unfamiliar with

The half-day internship changed Cathay's brand image in nearly **90%** of participants



Participant

I gradually explored paths that were suitable for me and discovered where my weaknesses were, while exploring different industries.

I also discovered the importance of being able to self-learn.



» Industry-academia cooperation

We began co-organizing the "Seminar on Life Insurance Management Practices" with the Department of Risk Management and Insurance, National Chengchi University in 2009, and began jointly offering the course "Seminar on Life Insurance Practices" together with the Department of Risk Management and Insurance, Tamkang University in 2013. A total of 152 students from the two universities took the courses in 2019, and we provided students with one-day internships or workplace visits to broaden their horizons. In addition, summer camp for non-financial-major students were hold since 2017, providing insurance knowledge, resume writing and business etiquette to cultivate financial and insurance talent. A total 38 camps were hold and 1,443 students joined since 2019.



Diverse recruitment tools

Tabletop games "Go! Go! Sales"

We developed the first board game of sales agent in Taiwan's insurance industry in 2016. Players become fresh sales agent in the game and learn about daily operations of the life insurance business, as well as the importance of insurance and services. Over 1,000 events had been organized as of the end of 2019, and over 20,000 participants experienced the work of sales agent.

AR adventure game "Cathay Treasure Hunting"

We jointly developed the AR adventure game "Cathay Treasure Hunting" with National Taiwan University of Science and Technology, and helped students learn more about the Company through game-based learning. A total of 40 events have been held as of the end of 2019.



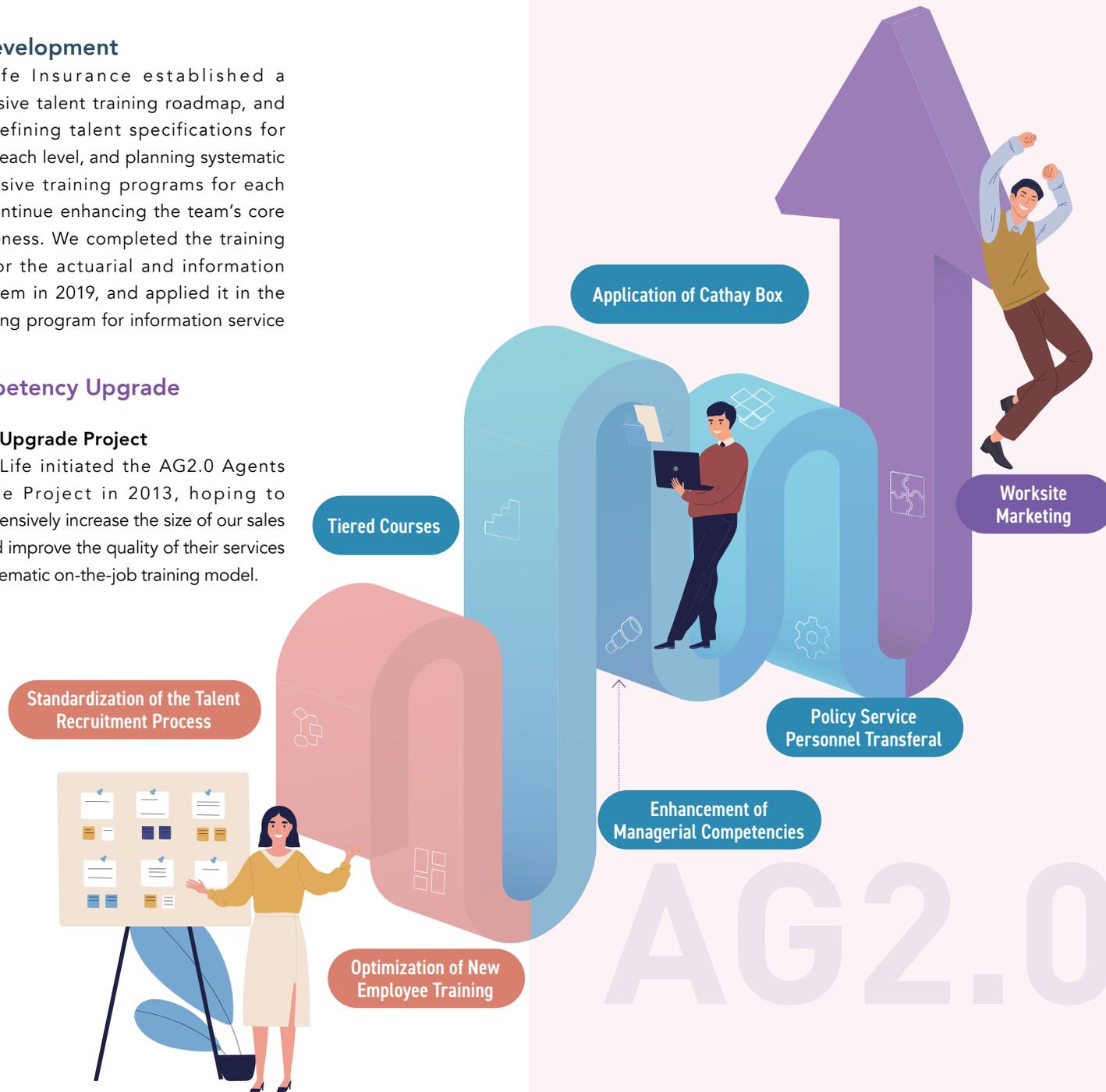
Talent Development

Cathay Life Insurance established a comprehensive talent training roadmap, and starts by defining talent specifications for positions at each level, and planning systematic comprehensive training programs for each phase to continue enhancing the team's core competitiveness. We completed the training roadmap for the actuarial and information service system in 2019, and applied it in the annual training program for information service personnel.

(I) Competency Upgrade

1. Agents Upgrade Project

Cathay Life initiated the AG2.0 Agents Upgrade Project in 2013, hoping to comprehensively increase the size of our sales force and improve the quality of their services via a systematic on-the-job training model.



Most MDRT members in the industry

Cathay Life also encourages sales agents to join the Million Dollar Round Table (MDRT) to broaden their international horizons and improve their professional skills in insurance. A total of 698 employees joined the Table in 2018 and

975 employees joined the Table in 2019, making us the financial service provider with the highest share of membership.



The highest number of employees with the CFP certification in the industry

Cathay Life has been a corporate training and certification institution for Certified Financial Planners (CFP®) since 2012. We have been actively improving the financial service skills of sales agents, and committed to providing all-around financial insurance planning services.

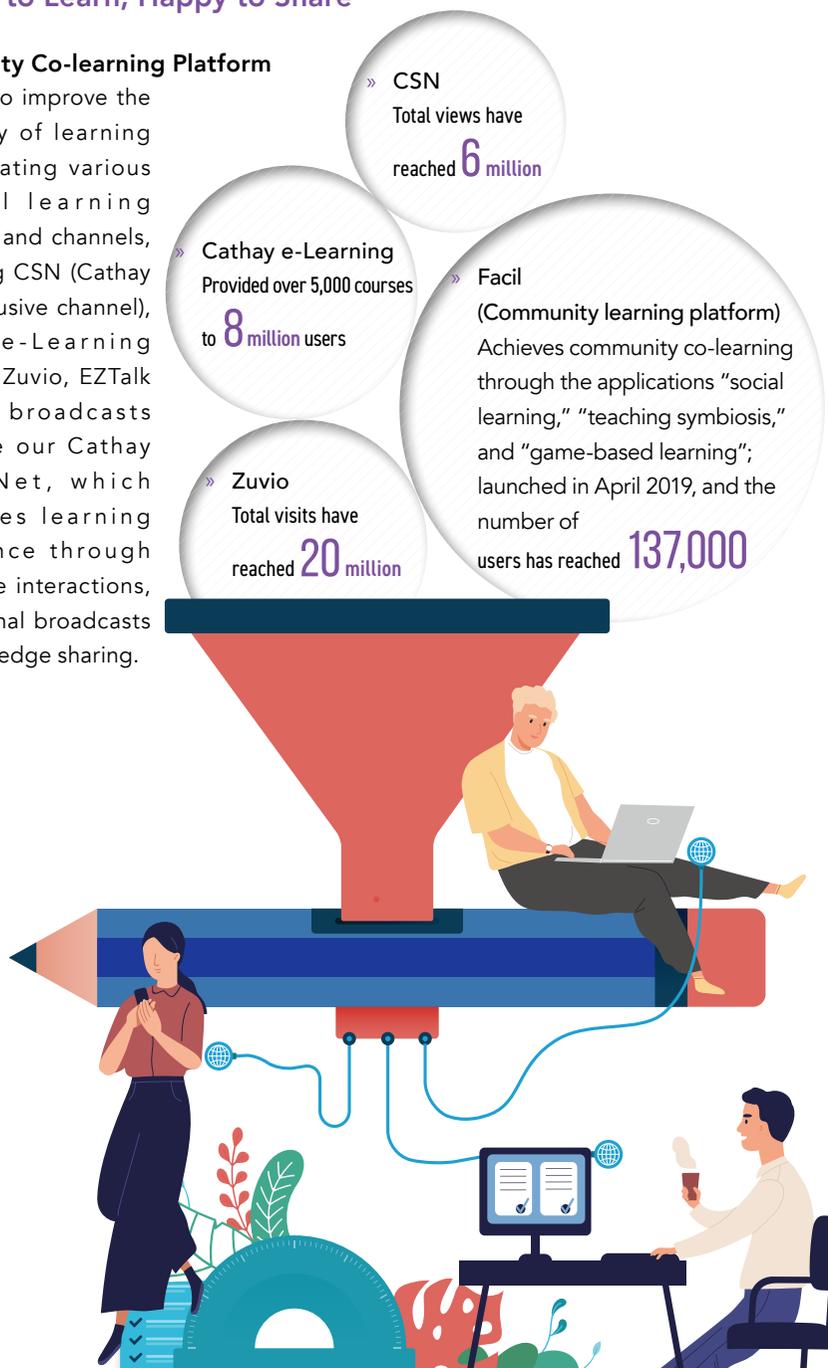
In 2019, **722** Cathay employees have been received the Applied Financial Planning (AFP)/Certified Financial Planner (CFP®) certification, making us the leading financial service provider in terms of the number of employees with these certifications.



(II) Happy to Learn, Happy to Share

1. Community Co-learning Platform

We seek to improve the efficiency of learning by integrating various internal learning resources and channels, combining CSN (Cathay Life's exclusive channel), Cathay e-Learning platform, Zuvio, EZTalk and live broadcasts to create our Cathay Super Net, which facilitates learning experience through immediate interactions, bidirectional broadcasts and knowledge sharing.



2. Disseminating a Culture of Shared Learning

Cathay Life accumulates and passes down our knowledge and experience by establishing internal platforms of knowledge exchange and organizing events to encourage employees to share their professional knowledge, progress of project promotions and career experience.

» Skytree knowledge sharing platform

Encourages business units to share experiences and tips of AG2.0 promotion, thereby strengthening the operational autonomy of regional divisions and business units, and the immediacy of knowledge dissemination. The total number of visitors has surpassed 1.5 million; posts and e-books have amounted to 6,272 and 56 respectively.

» Shared learning Club

We co-organized the Sharing Club lecture series with the group starting in May 2019, and group employees share their experience or perspectives during the event, such as unique techniques and experience at work or in life, taking employees on a journey of co-creation and stimulating the imagination. A total of 20 Sharing Club events were held in 2019, and topics included investment, data analysis, fitness in the office, carbon footprint, communication, etc.

» Talking Bar

We designed the event "Talking Bar" to support the group's goal of improving employees' dialogue ability, and improve vertical and horizontal communication efficiency in daily operations. 3 promotion events and 5 online events established soft relationships and allowed employees to learn good communication methods and create a positive atmosphere for communication.



Employee Care and Health

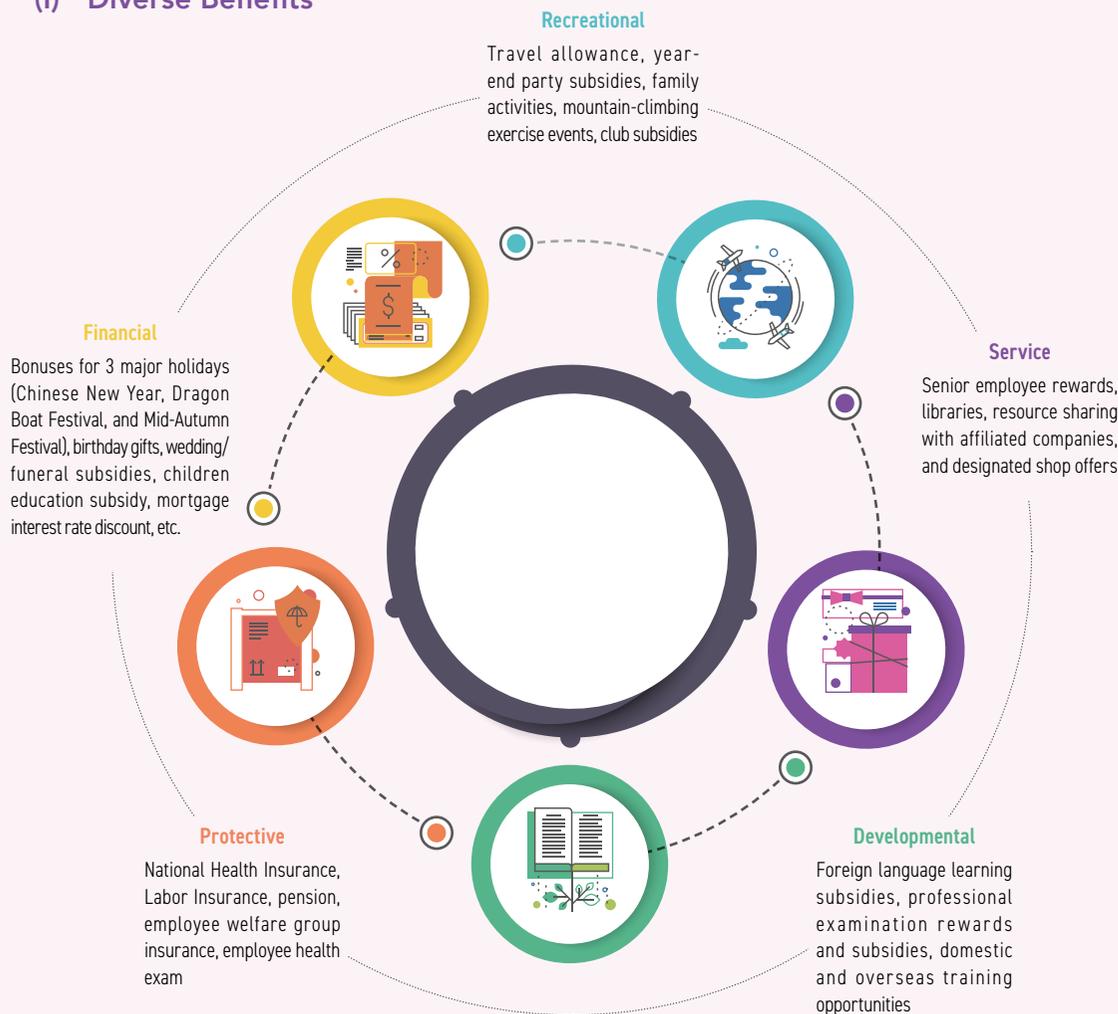
401-2

Principle 1

Cathay Life supports employees' pursuit of personal dreams outside of work by exercising the power of themselves and their teams. We provide employees with the strongest support in life through various benefits systems and environments.

Tree of Happiness

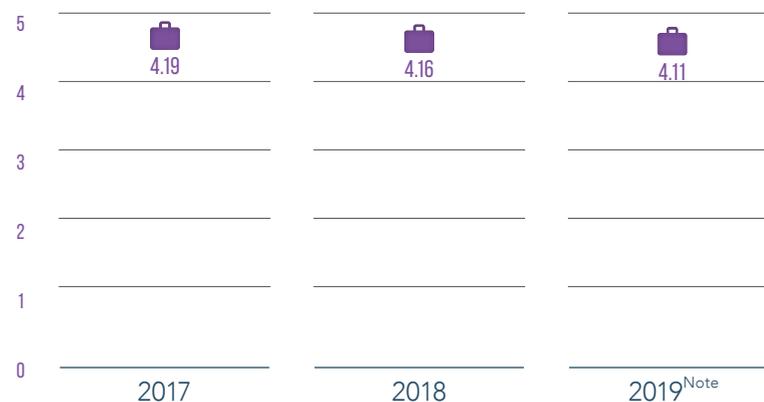
(I) Diverse Benefits



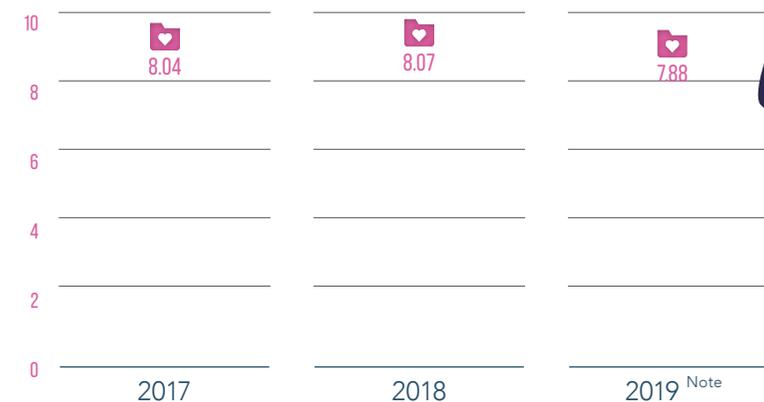
(II) Employee Engagement and Happiness Survey

We seek to understand our employees' overall satisfaction and identification with Cathay Life and to explore the key factors affecting the employees' commitment to work by conducting employee engagement and happiness surveys on a yearly basis. Survey can help us review and track employees' feelings about the promotion of our policies and their expectations for our future promotion plans.

» Engagement score (5-point scale)



» Happiness score (10-point scale)



Note: 2019 was the first year that digital transformation was implemented, and the changes and uncertainty from the relatively frequent organizational adjustments and personnel changes led to a decline in the engagement score and happiness score.

(III) Cathay Dreamer

The third Cathay Dreamer was held in 2019, encouraging employees to propose plans for realizing their dreams. With professional assistance and employee fundraising, the proposals were then transformed into action. We invited all employees of the Cathay FHC to jointly participate in 2019, and a total of 76 teams registered and 15 teams were selected. After brainstorming for two days and one night, three teams were selected through the internal and external review. In doing so, we not only shaped a positive, active and innovative internal culture, but also continued our "happiness is giving happiness" brand philosophy, thus enabling employees to realize their potentials and make contributions to society.

Billiards



Besides realizing the dream of participating in the World Pool Championship, there are also plans to organize a billiards summer camp for university students in order for taking a step further to contribute to society.

Music wanderer



Strives to preserve indigenous folk songs, teach indigenous students how to sing the songs and the meaning of the songs in indigenous culture.

Plum entertainment



Formed by employees of Cathay Life Insurance and Cathay United Bank, Plum Entertainment hopes to build a platform for the elderly to show their energy and complete their dreams, letting everyone live their life to the fullest.



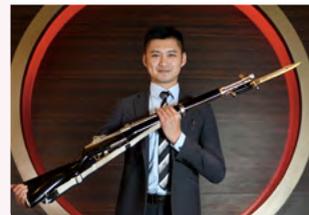
(IV) Cathay Talents Challenge

Cathay Life's 26,000 sales representatives all have their own talents. We have organized the Cathay Talents Challenge for 3 consecutive years to unveil their diverse talents. Every year, 19 Cathay Talents have been selected to participate in the Challenge and offered professional training in public speech and Facebook fanpage operating strategies to help them bring their talents to coveted spotlights. A total of 57 Cathay Talents have been selected over the 3 years. They have not only realized their dreams but also actively engaged in social participation to expand the scope of their influence.

Drill team expert

Lin Wei-Cheng

He has dedicated years of effort to the promotion of drill team, supported Taiwan's student drill team in getting on the international stage, increasing Taiwan's visibility around the world.



Theater expert

Wu Ying-Hsuan

Besides life insurance consulting work, she has utilized theater performance expertise to bring performances into campuses, introducing children to theater and cultivates future stars.



Hair stylist

Hung Kuo-Che

Besides insurance planning for customers, he designs unique hairstyles and volunteers in charity events by cutting hair.



A Healthy Way of Life

Cathay Life aims to ensure our employees' devotion to work with ease and pleasure by organizing health promotion events and establishing management mechanisms to create a safe, friendly and equal work environment, hoping to promote our employees' health and wellbeing. We organized health consultations, cancer screening, mother classrooms, health seminars, and physical fitness tests in 2019, and a total of 38,332 people participated in the health promoting activities.

(I) T Coin Battle

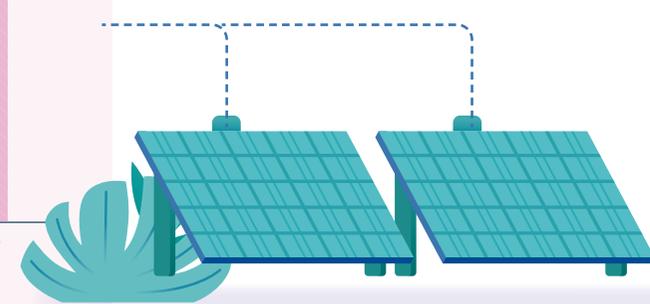
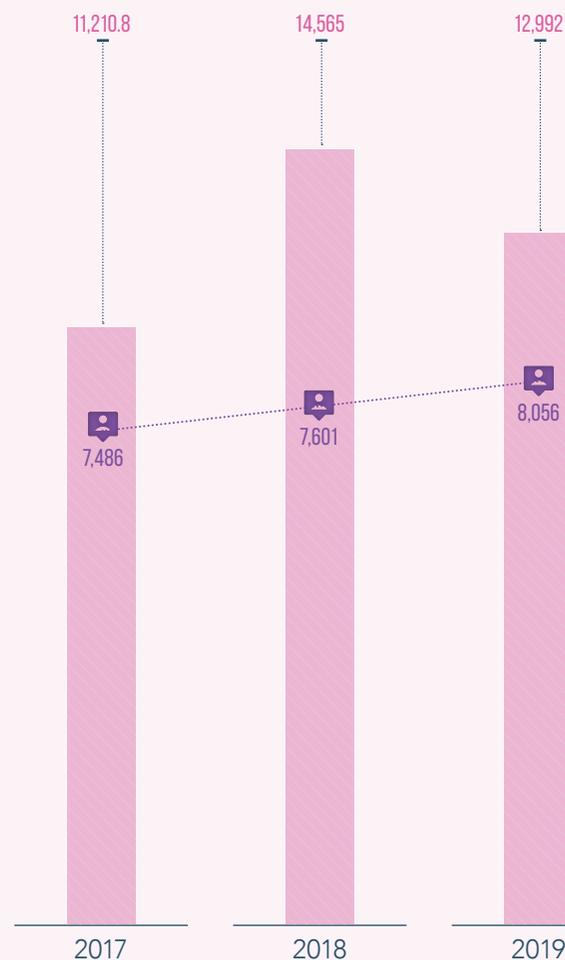
A group walking online battle that based on Cathay Walker was launched in 2019 to get employees into the habit of walking, and also improve relationships between colleagues. Participants received T coins (virtual currency for the event) for reaching goals, and used the T coins for games and to calculate their rewards. A total of 8,424, about 25.5% of employees participated in the event. Participants gave an average score of 4.54 points for the event helping develop the habit of exercise, and 4.44 points for the event improving relationships between employees. [Please see p.33 for details on Cathay Walker](#)

(II) Weight-Loss Competition

We began organizing the Weight-Loss Competition in 2016 in response to the group's event, and encourage employees to lose weight healthily through rewards, nutrition courses, and aerobics exercises. The event has even been connected with our charity activities, in which we donate NT\$100 for every kg of body weight lost for the construction of solar power panels; the income from electricity sales is also be reserved for elderly care funds. We have converted the donations accumulated through the past 3 years into solar power panel funds, with which we completed the construction of solar power panels for the New Laiyi tribe in Pingtung. The competition was combined with Cathay Walker for the first time in 2019 and encouraged participants to win "prizes" and "health" through walking.



» Weight-Loss Competition ● Number of applicants ● Total weight loss (kg)



Health promoting activities

We organized health consultations, cancer screening, mother classrooms, health seminars, and physical fitness tests in 2019, and a total of **38,332** people participated in the health promoting activities.

(III) Occupational Safety Management

In accordance with relevant laws, Cathay Life has appointed 5 occupational safety and health supervisors, who conduct occupational safety and health checks. We have also introduced risk assessment mechanisms and implement 3-tiered management policies, thereby dedicating to the prevention of occupational accidents. We also appoint over 16 occupational healthcare personnel (nurses) at our offices around Taiwan, who are responsible for implementing health-promoting activities and health management tasks as well as regularly implementing occupational safety and health training for new and existing employees.

Year	2017		2018		2019	
	Office staff	Sales agent	Office staff	Sales agent	Office staff	Sales agent
Occupational injuries	10	36	6	21	2	6
Occupational deaths	0	1	0	0	0	0
Disabling injury frequency rate	0.16	0.61	0.60	0.39	0.21	0.11
Disabling injury severity rate	3.61	119.04	3.31	21.25	21.83	10.85
Lost days	133479.13		9294.5	159541	7029.5	154624.5
Absence rate	1.82%		0.745%	2.373%	0.576%	2.204%

(IV) Employee Assistance Program (EAP)

We introduced the Employee Assistance Program (EAP) in 2018, through which a 24-hour helpline is offered to help prevent and solve employees' issues including psychological wellbeing, legal affairs, health, financial management and others so that our employees can commit to work with a healthy mind and body. 3 free external professional consultations focusing on one particular issue are available for each employee every year. We share articles on topics related to work and life with employees on a monthly basis.

In 2019, a total of **368** employees used the consultancy service.

All users have found it helpful for solving problems and improving work performance.



(V) Cathay Pregnancy Club

Creating a considerate work environment, Cathay Life promotes the *Cathay Pregnancy Club* under our *Maternity Healthcare Protection Program*. We not only seek to understand the requirements of workplace protection from pregnant employees through questionnaires or interviews, but also prepare prenatal and postpartum gift (e.g., baby care products) for new parents to allow them to take care of their babies with peace of mind.

We also organize the Friendly Family event series with activities tailored to children in different age groups. We organized nearly 20 events in 2019, including water bamboo harvest, earth oven cooking, baking, dancing, healthcare, dental care, etc. to improve employees' family happiness with average satisfaction reaching 4.59 points.



Social Care and Value Creation

Principle 3

In line with our brand philosophy of "happiness is giving happiness," Cathay Life actively invests in corporate volunteer and related resources. Starting with understanding the needs of people from diverse backgrounds, we collaborate with our employees, customers, local communities and NGOs in spreading love and care to every corner that needs help, thereby creating a society of common good.

▶ Volunteer involvement



» Public welfare expenditure

Category	Amount
Cash donation	33,558,920
Time contributed	40,567,224
Supplies donation	6,150,000
Management expenses	605,336
Total	Total Amount: 80,881,480

Theme Subjects Plan

Foreseeing a new force

Second-generation immigrants

- Dedicated Empowerment Program
- English-Vietnamese Camp
- Talent Empowerment Program

Revolutionizing education

Students & teachers in remote areas

- Dream Come True Program
- TFT Partnership Project
- After-school Care Program

Dreaming forward

Young students

- Cathay Youth Excellence Scholarship
- Student and Inmate Care Program

Contributing to community

Local communities

- Summer Blood Donation Campaign
- Charity Bazaars
- Winter Warmth Program
- Tree-planting Campaign
- Senior Care Program

Sustainable Campus

Students

- Anti-drug
- Environmental Education



▶ Impacts of public welfare

○ Foreseeing a new force— Strengthen the advantage of second-generation immigrants coming from two cultural backgrounds, improve their self-identification and confidence.

» Dedicated Empowerment Program

We collaborated with Eden Social Welfare Foundation in organizing "Dedicated Empowerment Program," aiming to improve the social skills and confidence of second-generation immigrants. We offered courses such as drama classes, teenage classes, and young leadership classes for different age groups. Besides courses in dance, film and television, we even arranged for second-generation immigrants to offer volunteer services at Eden nursery homes. We also incorporated our core competencies and offered "Financial Investment" courses, which helped second-generation immigrants establish basic knowledge of risk management and saving.

In 2019, a total of **100** second-generation immigrants took part in the courses; **70%** of the participants found the courses rich and interesting. Participants in drama classes and leadership classes even increased their self-confidence and discovered new aspects of their own potential during the courses.



» English-Vietnamese Camp

We organized a one-week English-Vietnamese Camp to further motivate second-generation immigrants to learn Vietnamese language and culture. We invited 20 Vietnamese high school students to Taiwan to teach English and Vietnamese to 78 junior high school and senior high school students through courses featuring everyday scenarios. The camp not only creates an exchange platform for Taiwanese and Vietnamese students but broadens the international perspective of second-generation immigrants. Nearly 98% of the students liked the courses and activities in the camp.

98% of students believed that they gained a better understanding of Vietnam's history and culture, **99%** of students felt that they learned how to speak Vietnamese, and **91%** of students felt their English improved.

» Talent Empowerment Program

To help senior high school or higher education students to understand their advantages, and improve risk prevention ability and expertise. We planned courses jointly with Legislator Lin Li-Chan such like Forum on the Advantages of Second Generation Immigrants, risk and financial management, and soft power cultivation.

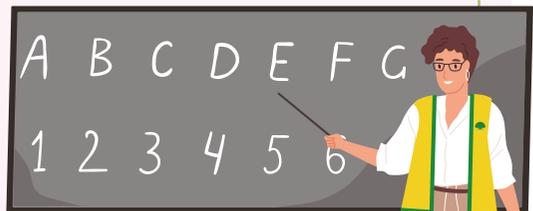
In 2019, we designed **6** courses, which attracted around **120** participants and received positive feedback. **90%** of students were satisfied with course arrangements and felt that the courses were very practical.





The Dreams Come True Program like a strong light sphere that draws people with dreams. This light sphere gives people power and nurtures those with dreams. We have seen the power of this program over the past three years.

Principal Lin of Zheng-Min Elementary School in Yunlin



Revolutionizing education– Supporting teachers in giving students an opportunity to turn things around

» Dreams Come True Program

We launched the "Dreams Come True Program" to encourage students in remote areas to pursue their dreams. This program accepts proposals submitted by elementary schools in remote areas with different characteristics, and offers up to NT\$200,000 in subsidy for one-year. This aim is to encourage teachers to lead students in goal setting and accomplishing them through team work, which improved their confidence and problem-solving ability. We also integrated resources including the Group's financial competencies, hospital, women's basketball and table tennis teams, as well as from partners such as Cloud Gate Dance Company, with which we planned child growth camps lasting 4 days and 3 nights to expand the diversity of learning dimensions.

In 2019, we sponsored 21 elementary schools and helped 457 students in remote areas fulfill their dreams. To date, the program has subsidized 81 elementary schools and helped 1,937 students in remote areas accomplish their dreams.



» TFT Partnership Project

Taiwan's remote areas have lacked a stable source of high quality teachers for years. Cathay sponsored Teach for Taiwan (TFT) to train young talent for the front lines of education, and encourages teachers to use innovative teaching methods to increase learning motivation and improve learning outcomes among students in remote areas.

Over the past three years, the program has supported 164 young teachers in turning around the situation at 46 elementary schools in rural areas of Yunlin, Tainan, Pingtung, Hualien, and Nantou, benefiting around 5,000 students.



» After-school Care Programs

To bridge the learning gap of student in remote areas, we subsidized after-school care classes in 6 schools in Dongshan Dist., Tainan and Keliao Village, Yunlin, in which teachers were employed to assist students in everyday-life needs and provide academic counseling. We also incorporated the core competencies of Cathay Life and Cathay Hospitality Management in our courses of financial risk management and career education for students in Tongyuan Junior High School, aiming to enlighten the exploration of their professional potentials.

After-school class programs benefit 272 students in Tainan Dongshan District and 45 students in Yunlin Keliao Village each year. We added two after-school class programs in 2019 - 29 students at Grass Book House in Sanxia and 30 students at Let Love Fly Association in Hualien, reducing their learning gap.

Dreaming forward – Let every child have the opportunity to pursue their dream

» Cathay Youth Excellence Scholarship

We offer scholarships to economically disadvantaged high school students who exhibit outstanding performance, extraordinary achievements or contributions, or those who advance substantial research and charity proposals aligned with current trends. In this way, we support outstanding young talent and facilitate students' social participation as well as their involvement in education, communal development, sustainable future, and emerging issues.

In 2019, we jointly provided NT\$ **6.6 million** in rewards with Cathay United Bank Foundation and Cathay Real Estate Foundation to **79** groups of students.



Thank you for giving me warmth, as it has allowed me to pass on the positive energy. My family was poor from when I was young, but I felt that poverty should not be a reason blocking us from moving forward. On the contrary, it should be a force driving us forward. I hope to change my destiny in the future and change from receiving assistance to providing assistance.

Hsu OO



» Student and Inmate Care Program

Since 2007, we have been sponsoring the Mixes Disabled Troupe, which is constituted by members with various categories of disabilities. The Troupe has been touring around general and vocational high school campuses and prisons to inspire disoriented students and segregated inmates through performances based on true stories by conveying themes of life education such as positivity towards life and resistance against the seduction of drugs, thereby encouraging the younger generation to establish a healthy view of life.

In 2019 it performed at **9** campuses/prisons to nearly **4,000** viewers.



Even if someone has physical defects, he/she can still shine. I was moved by every performer, they were all so good. If it were me, I would have probably given up on life! I have been frustrated with some things recently, but they really made me regain hope.

Student of Nantou Senior high school



Contributing to communities – Cathay volunteers, your good neighbors

» Summer Blood Donation Campaign

To solve the blood donation supply shortage crisis in summer season. Starting in 2000, we collaborated with Taiwan Blood Services Foundation and took advantage of its service availability in all regions of Taiwan to encourage blood donations from local communities as well as from our customers. In 2019 we established 383 blood stations and attracted 38,744 blood donors, who contributed a total of 57,122 bags of blood.

Blood donors donated a total of **360 thousand** bags of blood over the past 20 years. Based on the theory that every bag of blood can be used to help 3 injured persons/patients, it is estimated that **1.08 million** persons have thereby regained their health.



» Winter Warmth Program

For 18 consecutive years, Cathay has hosted the Winter Warmth Program in which our employees' donations are used to acquire materials that give warmth in winter. These goods are distributed by our volunteer teams to schools in remote areas, thus expressing our care for teachers and students in these areas and raising public awareness of remote area issues.

In 2019, our volunteer teams visited a total of **95** elementary schools in remote areas, encompassing **15** cities and counties, and offered materials with love to over **7,100** students.



» Charity Bazaars

Every year, we co-organize 3 bazaars with Eden Social Welfare Foundation, Taichung YMCA, and Kaohsiung YMCA at which we sell used goods collected from our employees and customers, and then invest the money raised in these events in second-generation immigrant empowerment. These events were held to encourage our employees to participate in charity and raise public awareness of immigration issues.

The funds raised in the bazaars amounted to approximately NT\$ **3.6 million** in 2019. Participants not only learned to cherish used goods better, but also affirmed our donation of bazaar income toward second-generation immigrant empowerment for the joint creation of a virtuous cycle for society.



» **Tree-Planting Campaign**

We participated in tree-planting activities organized by local governments, at which we also promoted our Electronic Insurance Policies, and invited local residents to make our environment more beautiful by saving energy. In doing so, we respond to issues including climate change and environmental protection in compliance with the policies of the Environmental Protection Administration including energy conservation, carbon reduction and greening communities.

In 2019 we participated in **4** tree planting and mountain cleaning events and **1** bitter vine removal event.



Mikania micrantha

Mikania micrantha (a.k.a. "bitter vine," etc.) is an invasive plant species, whose great reproduction speed poses threats to the survival of surrounding plant species, and is therefore also known as "ecological killer," "plant killer," or "green cancer."



» **Senior Care Program**

We establish Cathay Happiness Farms in Changhua Shetou and Nanao Townships in 2019. The farms not only facilitate community engagement, interpersonal interactions, and physical activity among the elderly, the crops planted can also be used to make meals shared by local communities, and left ingredient can be shared with other social welfare institutions. This has benefited 300 people. Furthermore, Cathay Life worked together with Hondao Senior Citizen's Welfare Foundation for four consecutive years in sponsoring the elderly stage show "Seniors on Broadway," encouraging the elderly to venture outdoors and go on stage to express themselves. The purpose is to help them build confidence, regain health, and increase their self-worth. We also utilized our core competencies to organize two financial anti-fraud tabletop games at care locations and benefited 40 people.



Feedback from the elderly
I rarely exercised in the past, but exercised a lot more after joining the happiness farm, and it makes me very happy!

Feedback from volunteers
I volunteer in my off hours, and seeing the smiles of elderly people makes me feel good.



Sustainable Campus

Cathay Life Insurance began offering student group insurance in the 2017 academic year (September 2017). Besides providing insurance coverage, we jointly implemented the Sustainable Campus Project with the K-12 Education Administration. We made "anti-drug" the project's theme in the 2019 academic year, and instead of the anti-drug stage show tour, we worked together with the online game-based learning platform PaGamO, and incorporated anti-drug knowledge into an online game. The online events and promotions by Cathay volunteers on campus makes children want to play the anti-drug game again and again. It not only benefits teachers and students, service personnel also gain a sense of achievement while volunteering.

As of the end of March, over **100 thousand** students have participated.

PaGamO Online Anti-drug Mission

The anti-drug questions were designed by professors at National Taiwan Normal University and National Chung Cheng University and approved by the K-12 Education Administration. The questions are available on PaGamO for junior high school and elementary school students to learn through an online game. A total of 99,841 people have participated.

Volunteers go on campus organize small anti-drug gaming competitions

5,500 Cathay volunteers go on campus as anti-drug ambassadors and help organize anti-drug gaming competitions in classes. Volunteers went into 137 schools and reached 8,355 students.

National anti-drug gaming competition

Sponsored PaGamO Open 2020 Taiwan and allowed third to ninth graders nationwide to register free of charge. At present, over 4,841 students have registered for the event.



Note: Statistics up to March 2, 2020.



Feedback from teachers

Gaming competitions have become an effective anti-drug campaign, and parents have all praised the event!

Feedback from teachers

I am grateful to the volunteers from Cathay Life Insurance for providing services and anti-drug events. Compared with lectures in the past, gaming competitions allow students to gain a greater sense of participation and improves their anti-drug knowledge.

Feedback from volunteers

In only two months since I became a member of Cathay Life Insurance, I transformed from being afraid of speaking on stage to now hosting the anti-drug gaming competition. This growth is something I never would have thought to be possible.

Feedback from volunteers

The anti-drug gaming competition brought the team closer together and allow us to make a breakthrough in campuses!



Eco-Living

58 Green Operations and Impact Mitigation

60 Eco-Friendliness and Sustainable Homeland

Achieving environmental sustainability to fulfill our commitment

The land where this tree takes root is our home and we will never leave it. We make Earth greener through our efforts in operations and by working together with government, suppliers, employees, and the general public. This also allows our commitment to be passed down to future generations.

Obtained the **ISO 14067** (Carbon Footprint Standards) certification and the EPA's carbon-footprint reduction label.

Organized supplier conferences for four consecutive years; In 2019, **47** and **157** companies were invited to the events

Green procurement amount reached NT\$ **182,457,454** in 2019, up 51% compared to 2018

Green Operations and Impact Mitigation

Principle 3

Being friendly to the environment starts from daily operations. Cathay Life Insurance periodically reviews the energy and resources used in operations, and reduces carbon emission through equipment maintenance and replacement. We actively support the renewable energy policy by developing renewable energy usage plans, and was recognized with the Bronze Award from the 1st National Enterprises Environmental Protection Award from the EPA.

Statistics

» Electricity consumption

Item	Unit of measurement	2017	2018	2019
Electricity consumption	kWh	61,771,872.6	59,584,583.2	57,521,425.9
Consumption intensity	kWh/person	1,972.97	1,861.20	1732.10

» Water consumption

Item	Unit of measurement	2017	2018	2019
Water consumption	kWh	407,965	411,380	406,422
Water consumption intensity	kWh/person	13.03	12.85	12.24



» GHG emission and overall energy consumption

Item	Unit of measurement	2017	2018	2019
Scope 1 Emission	metric tons/CO ₂ e	2096.34	2,174.89	2,348.84
Scope 2 Emission	metric tons/CO ₂ e	34,221.62	31,758.58	30,658.92
Scope 1+2 Emission	Metric tons/CO ₂ e	36,317.96	33,933.47	33,007.76
Scope 1+2 Emission intensity	Metric ton/Person	1.16	1.06	0.99
Total energy consumption	GJ	225,524.45	216,944.19	211,211.68
Energy consumption per capita	GJ/person	7.20	6.78	6.36
Scope 3 (Business travel)	Metric tons/CO ₂ e	154.12	703.38	395.02

Note 1: We used ISO 14064-1: 2006 in 2017; We began using ISO 14064-1: 2018 for the GHG inventory in 2018 and 2019. We commissioned BSI to conduct the inspection in 2019.

Note 2: The Bureau of Energy adjusted the electricity emission factor for Category 2 Electricity Emissions, so the calculation uses the updated factor, which is 0.554 (2017), 0.533(2018, 2019)kg CO₂e/kWh.

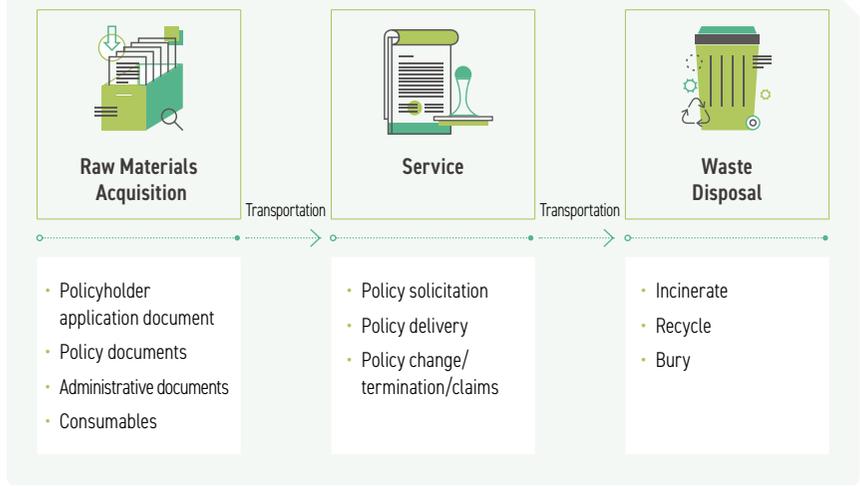
Note 3: The number of employees at locations in the scope of inventory was 31,309 (2017), 32,014 (2018), and 33,209(2019).

Note 4: Business travel emissions are emissions from THSR rides and flights taken by employees. Emissions from flights are calculated according to data from the ICAO and Taiwan High Speed Rail (34 g CO₂e/person-km).

▶ Green operations and actions

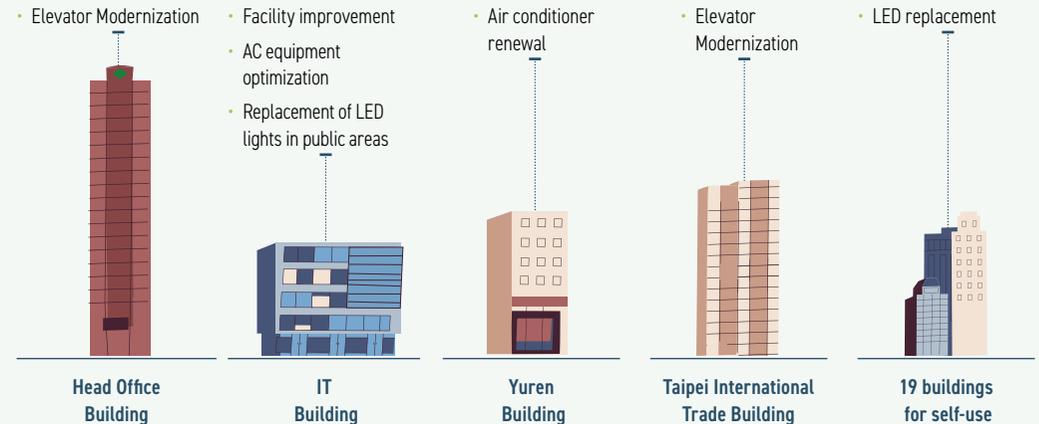
Carbon reduction engineering

Cathay Life Insurance began promoting mobile insurance and electronic policies services in 2012. Besides improving our service efficiency, we are also reducing the energy and resources used by our core products. We launched the Insurance Service Carbon Footprint Project in 2019, and calculated carbon emissions in each phase of a policy's life cycle, from raw materials acquisition, policy solicitation, delivery, change, payment, claims, to disposal according to ISO 14067 (Carbon Footprint Standards) and the EPA's Product Category Rules (PCR) for life insurance products. After verified by the third party in 2019, the carbon emission of each insurance policy was 3.37kg in 2018, decreased by over 14% compared to the 3.92kg in 2016. We also obtained the ISO 14067 (Carbon Footprint Standards) certification and the EPA's carbon-footprint reduction label. All insurance policies of Cathay Life Insurance are green products certified by the competent authority.



Equipment replacement

Cathay Life Insurance's carbon reduction strategies includes improving energy efficiency and using renewable energy. We take a rolling inventory of equipment to increase energy efficiency, and examine the service life and energy consumption of equipment to determine what equipment to replace. Equipment replaced in 2018-2019 are as follows:



In addition to the continued replacement of energy-consuming equipment, Cathay Life in 2019 began using the solar panels installed on the roof of its Education Building in Wuri, Taichung, the largest solar rooftop in the financial industry that generates electricity for self-use. The solar panels are expected to generate about 200,000 kWh of electricity a year.

Renewable energy development

Since 2017, Cathay Life has been participating in the Renewable Energy Certification Program promoted by the Bureau of Standards, Metrology and Inspection of the Ministry of Economic Affairs (MOEA), Bureau of Energy of the MOEA, Environmental Protection Administration, and Taiwan Institute of Economic Research. In September 2017, we completed the first batch of Taiwan renewable energy certificate transaction in Taiwan by subscribing to 53 solar power certificates from the National Museum of Marine Biology and Aquarium. In 2018, we subscribed to another 60 aforementioned certificates, and transformed our Zhongxiao Concept Store into a business location that operates 100% on green energy. In 2019, we subscribed to another 70 T-RECs certificates (amounted for 70,000 kWh), and finished the first power purchase agreement project in Taiwan. In this project, Cathay Life donates the cost of the construction of solar panels based on the result of weight loss Competition. We will buy the power which estimate generate 120,000kwh by such solar panels a year and provides an elderly care organization with a long-term and stable source of funding. [Please see p.48 for Weight-Loss Competition](#)

Eco-Friendliness and Sustainable Homeland

102-9
Principle 3

Cathay Life's long-term investment in green operations and green finance is not limited to routine operations, but include collaborations with employees and partners in our progress towards sustainability. We raise employees' environmental awareness through various internal promotion channels. We support eco-friendly suppliers through the power of purchasing, and invite suppliers to jointly develop a sustainable homeland through regular exchanges. We influence the public through continuous promotion efforts, and start by drawing their attention and improving their understanding of environmental issues, so that they will further participate in and promote environmental sustainability. These actions show our determination to protect the environment.



Sustainable Supply Chain

» Green Procurement

Cathay Life supports the government’s green life and consumption policies, and supports the development of green products through actual purchases. We include eco-friendly and energy-saving products as priority procurement items in the Procurement Principles in the Procurement Management Regulations in the hope of reducing environmental impact brought by our daily operations. Furthermore, our procurement priorities include products with eco-friendly, energy-saving, and water-saving labels. For example, we use FSC certified paper, documents printed with soy ink, office furniture with low-formaldehyde certifications, computers with green label, monitors with the Energy Star label, and uniforms made with eco-friendly and comfortable fabrics, thereby providing our employees a healthy and friendly office space and making our contribution to environmental protection. Green procurement amount reached NT\$182,457,454 in 2019, up 51% compared to 2018.

» Corporate sustainability annual supplier conferences

Cathay Life Insurance led the industry in organizing corporate sustainability annual supplier conferences for four consecutive years since 2016, inviting suppliers and experts to share their knowledge about sustainability trends and thereby creating an exchange platform for suppliers across industries. We organized 2 supplier conferences in 2019, and invited 47 and 157 companies to the events, respectively. Companies with excellent performance were invited to share sustainability practices, in hopes of helping our partners better understand sustainability, and utilize their abilities to also contribute to environmental sustainability. We successfully implemented ISO 20400 (Sustainable procurement — Guidance) began 2018, and became the world’s first financial institution to obtain this certification.



Date of event

May 17

No. of inviting companies

47 in total

We introduced ISO 20400 to suppliers through a workshop, and explained sustainability trends relating to procurements, including giving priority to energy-efficient products, and showing concern for human rights issues and labor issues of suppliers, in hopes of jointly achieving sustainability with our suppliers.

Date of event

October 29

No. of inviting companies

157 in total

During the conference, excellent suppliers were praised, and Signify Taiwan Limited, Milk House, and Unity Sustainability Services Co., Ltd. shared their experience in circular economy, social enterprises, and corporate sustainability.



Green procurement

amount reached NT\$ **182,457,454** in 2019, up **51%** compared to 2018.

ISO 20400 Sustainable procurement – Guidance

We integrated sustainability concepts into our guidelines for organizational procurement procedures, and clearly defined the sustainable procurement principles as including transparency, due diligence and respect for human rights and ethical conduct. These efforts aim to increase the level of sustainability and reduce procurement risk in our supply chain.



▶ Green initiatives

» Employees

Eco-friendly, zero waste lifestyle initiative

We encourage employees to develop the habit of bringing eco-friendly bags, tableware, and cups with them, in order to reduce waste. A total of 11,140 people participated and saved over 190 thousand pieces of disposable tableware, 70 thousand paper cups, and 1.34 million plastic bags in 3 months. Employees also share their own tips about reducing personal waste on the internal website, and there are 233 articles on the discussion forum to date.

Power-saving competition

We designed 6 topics of EDM, including air conditioning, lighting, computers, and printers in the office, to raise employees' environmental awareness. Besides, 2 episodes of TV programs on the internal education platform are provided each month. We also organized electricity saving competitions and calculated electricity savings during the summer. Departments with excellent electricity saving performance received rewards to encourage employees to reduce peak electricity consumption during the summer. Thanks to the collective efforts of all employees, our peak power consumption during the summer was reduced by 5.6% in 2019.

» Policyholders

Cathay Life Insurance began providing mobile insurance services in 2012, and integrated insurance application, claims, premiums, and policyholder services. The use of tablet and PCs eliminates the need to fill out paper application forms when customers apply for insurance. Thanks to the support of our policyholders, usage rates of mobile application, claims, premium, and policyholder services are all exceeded 90%. [Mobile insurance p.38](#)

» Students

In the 2018 academic year, Cathay Life jointly implemented the Sustainable Campus Project with the K-12 Education Administration, and co-organized the Carbon Reduction Summit with Pley School, a social enterprise that specializes in game-based teaching. Students played the role of decision-makers and important stakeholders (such as: the head of the environmental protection authority in a highly industrialized country, the president of a country that will soon be drowned by rising sea levels, and advocate for an international organization) of environmental issues worldwide. After several rounds of debate and engagement, students learned "why environmental protection is important" and "how to start protecting the environment" by putting themselves in different roles. Besides influencing students, we also organized teacher workshops, so that teachers will have a ripple effect on their students after returning to their positions.

Carbon Reduction Summit

A total of 725 students participated in the 19 workshops held around Taiwan

Game Design Workshop

A total of 138 teachers participated in the 4 workshops held around Taiwan





Appendix

2019 Goal Attainment

Commitment

Achieve 2020 Goals in Advance On Schedule Attention

Strategic direction	Aspect	Short-term (2020) Goals	2019 Goal Attainment	
Solid Governance and Steady Operations	Corporate governance and operation integrity	Strengthen the competencies of corporate governance units and increase support for the Board of Directors - appoint Corporate Governance Officer and staff	<ul style="list-style-type: none"> The Board of Directors appointed the Executive Vice President Tu-Chih Kung as the Chief Corporate Governance Officer in May 2019 The Board of Directors amended the Organization Regulations in August 2019 and established a Corporate Governance Section to assist the Board of Directors. 	
	Information security and customer privacy	Information security and personal data protection training achieve 100% coverage rate	<ul style="list-style-type: none"> Information security and personal data protection training achieve 100% coverage rate Completed 3 hours of online education and training for all employee. The courses provide practical cases in life and ensure the effectiveness by test Executed "Principles of Information Security Training in Work Environment". After analyzing the results of 7 workplace inspections, the spirit of the plan began to deepen the work awareness of all employee Provided education and training on different themes for 1,393 employees based on results of social engineering exercises 	
	Integrate ESG into enterprise risk management (ERM)	Undertake climate risk quantitative model and social risk impact studies	<ul style="list-style-type: none"> Identified the health impacts of climate change through the White Paper on Health Impact Policy in Response to Climate Change issued by the Ministry of Health and Welfare Began working with college professors since October 2019, and used National Health Insurance data to quantitative a quantified model for evaluating the impact of climate change on deaths and medical treatments, which is expected to be completed in the first half of 2020 	
Support Initiatives and Expand Influence	Responses and initiatives	<p>Being the leading brand in personal risk management in Taiwan</p> <ul style="list-style-type: none"> Publish reports for trend in personal risk Organize forums for trend in personal risk Develop heat map tools for trend in personal risk 	<ul style="list-style-type: none"> Assembled internal teams: Based on the topic of report and scope of application, we assembled internal teams that convene weekly meetings to discuss project contents Verified the topic of report: We checked the external communication projects in 2020 to figure out the relevant issues, and will understand the perception of the public through a survey Selection of external partners: Considering less commercial and more neutral to the report, we invited consulting companies and college professors together to make proposals 	
		<p>Being the leader in responsible investment initiatives in Taiwan</p> <ul style="list-style-type: none"> Participate in Climate action 100+ and CDP Non-Discloser Campaign Organize one engagement meeting per year 	<ul style="list-style-type: none"> Continue to participate in Climate action 100+ and the 2019 CDP Non-Discloser Campaign Organized the Climate Change Forum on December 11, 2019 	
	Comply with TCFD	<ol style="list-style-type: none"> Coverage rate of carbon footprint check in equity reach 50% Set response strategies for climate change in the listed equity in response to the international trend of researches of industries with high carbon emission 	<ul style="list-style-type: none"> Completed carbon footprint calculation of Securities (Stock and Bonds), coverage rate reach 98% and 75% separately Reduce investment in the coal-fired power industry: If power producers whose main source of revenue is coal-fired power generation and have not actively switched to renewable energy are listed as not eligible for investments. 	

Accountability

Strategic direction	Aspect	Short-term (2020) Goals	2019 Goal Attainment	
Responsible Investment and Paradigm Proposal	Responsible Investment and Lending	<p>Refine the content of ESG risk review</p> <ul style="list-style-type: none"> Study and identify 1-2 focus industries based on international trends and ESG risk factors, and adjust investment and lending exclusion lists and watch lists Organize two responsible investment training events targeting investment teams every year 	<ul style="list-style-type: none"> Completed sensitive industry investment and management principles, and updated investment and lending exclusion lists and watch lists Organized education and training sessions in February and November 2019 Completed an internal section for responsible investment 	✓
		<p>Advance stewardship management and facilitate disclosure of responsible investment measures</p> <ul style="list-style-type: none"> Study international voting standards, refine voting procedures, and disclose voting principles publicly Establish individual engagement mechanisms and specify 1 - 2 engagement themes Issue stewardship reports 	<ul style="list-style-type: none"> Continuously research international voting standards Completed individual engagement themes and screening principles Publish Responsible Investment and Stewardship Report in May 2020 	✓
		<p>Aging society and health investment</p> <ul style="list-style-type: none"> Investment amount grow by 2.5% using 2018 as the baseline year 	<ul style="list-style-type: none"> Investment amount reached NT\$363.7 billion in 2019, up 13.2% compared to 2018 	✓
		<p>Low-carbon green energy investments</p> <ul style="list-style-type: none"> Investment amount grow by 5% using 2018 as the baseline year 	<ul style="list-style-type: none"> Low-carbon green energy investment amount reached NT\$134.1 billion in 2019, up 7.3% compared to 2018 	✓
Diverse Coverage and Thoughtful Services	Products and Services for Sustainability Issues: Aging Society and Health	<p>Advance health-promoting concepts</p> <ul style="list-style-type: none"> Launch 1 - 2 insurance products with spillover effect every year Raise the number of participants in health-promoting events to 200 thousand by combining health-promoting products and services 	<ul style="list-style-type: none"> Offered 8 insurance with spillover effects and sold 24,000 policies with FYP of approximately NT\$700 million in 2019 As of the end of 2019, the number of Cathay Walker participants had reached 200 thousand 	✓
		<p>Establish an elderly service framework</p> <ul style="list-style-type: none"> Launch 5 protective, financial or protective conversion products to satisfy the demands of elderly customers annually Add 5 or more professional new services tailored to the elderly or elder-friendly measures Integrate products and services to perfect the system of insurance protection 	<ul style="list-style-type: none"> Offered 5 long-term care products and 6 pension products (11 in total) in response to the demand from elderly people, and sold 1.7 thousand policies with FYP of approximately NT\$400 million in 2019 New services exclusive for the elderly are currently being planned 	✓
		<p>Focus on the nature of insurance</p> <ul style="list-style-type: none"> Increase sales of protective products by +94% in 2020 Set recommended insurance amount for 6 major protections and actively communicate with people to prepare for retirement ahead of time 	<ul style="list-style-type: none"> Protection product FYP was NT\$19.08 billion (+85%) The insurance amount for the 6 major aspects shows an upward trend among existing policy holders (statistics up to October 2019) 	✓

Message from the President	Key Sustainability Achievements	About Cathay Life Insurance	Start from "CARE"	C Commitment	A Accountability	R Richness	E Eco-Living	Appendix
2019 Goal Attainment	Corresponding PSI	Corresponding SDGs	GRI Standards Index	Employee Structure	Summary of Subject Matter Assured	Independent Limited Assurance Report		

Strategic direction	Aspect	Short-term (2020) Goals	2019 Goal Attainment	
Diverse Coverage and Thoughtful Services	Products and Services for Sustainability Issues: Financial Inclusion	<p>Enhance and realize financial inclusion</p> <ul style="list-style-type: none"> Fulfill the demands of access: Provide 5 or more financial inclusion products Expand the scope of usage <ol style="list-style-type: none"> Provide 5 or more online insurance products Mobile insurance utilization reaching 90% or above 	<ul style="list-style-type: none"> Provided 2 petty amount whole life insurance, 5 micro insurance, and 2 sub-health insurance policies (9 in total), and sold 32 thousand policies with FYP of approximately NT\$490 million in 2019 Provided 7 insurance products for online insurance application (does not include additional Clauses), and sold 90 thousand policies with FYP of approximately NT\$1 billion in 2019 Mobile insurance utilization <ul style="list-style-type: none"> Insurance enrollment: 99.15% Conservation: 91.2% Claims: 95.82% Premiums: 97.18% 	✓
	Customer Rights Preservation	<p>Enhance customer satisfaction and ensure all customers being treated fairly</p> <p>Improve service quality and protect customer rights</p> <ol style="list-style-type: none"> Customer service satisfaction reaches 90% or higher R-NPS reaches 15 or higher 	<ul style="list-style-type: none"> Customer service satisfaction: 94.3%; R-NPS: 6.5^(Note) 	!
	Financial technology application	Digital service satisfaction reaching 90% or higher	<ul style="list-style-type: none"> Digital service satisfaction reached 94% 	✓

Note: We will continue optimizing the quality of each service node, and providing more warm service in order to improve NPS.

Richness

Strategic direction	Aspect	Short-term (2020) Goals	2019 Goal Attainment	
Healthy Lifestyle and Work-life Balance	Attracting and developing talent	<p>Expand and implement internal recruitment mechanisms</p> <ul style="list-style-type: none"> Expand the scope of internal recruitment to include vacancies of general positions; recruit simultaneously from internal and external sources, with replacements by internal candidates accounting for 3% or higher of total recruitment 	<ul style="list-style-type: none"> The ratio of case officers promoted to authorizing officers was 11.1% in 2019 (30 people promoted, 270 people recruited as authorizing officers) During organizational reviews in the middle of the year, managers all indicated that they are willing to encourage case officers to transition to authorizing officer positions that are suitable for them Proposed the need to develop an internal talent recruitment platform in October 2019, in hopes of linking together the human resources reporting process for more convenience and better efficiency 	✓
		<p>Develop multiple training channels and encourage employees' spontaneous learning</p> <ul style="list-style-type: none"> Continue to advance existing training channels to meet the training hours as required by relevant laws and regulations and fulfill the needs for training of Cathay Life and individual employees. The overall training hours per employee per year shall be 220. 	<ul style="list-style-type: none"> In 2019, a total of 20 Sharing Club events and 4 lectures were held with a total of 538 participants Held monthly trend meetings starting in April 2019 60 people completed testing of the external online platform in September 2019 and determined the vendor The average number of training hours per person was 243.1 hours 	✓

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Strategic direction	Aspect	Short-term (2020) Goals	2019 Goal Attainment	
Healthy Lifestyle and Work-life Balance	Attracting and developing talent	<p>Improve employees' engagement and happiness</p> <ul style="list-style-type: none"> Analyze the dimensions of engagement and happiness with lower scores and conclude on major factors for improvement; the goals are 4 or higher in engagement score (on a 5-point scale) and 8 or higher in happiness score (on a 10-point scale) 	<ul style="list-style-type: none"> Engagement score of 4.11 (Sales agent 4.17; Office staff 3.84) Happiness score of 7.88 (Sales agent 8.03; Office staff 7.21) 1. Perception of cross-departmental collaboration still requires improvement (Office staff 3.43) 2. Perception of career development opportunities still relatively low (Office staff 3.54) 3. There is a gap in the perception of IDP between supervisors and employees, and employees' IDP perception of 3.59 points, there is still room for improvement 4. Employees' confidence in the readiness for digital transformation still has room for improvement (3.65) 	✓
	Workplace safety and health	<p>Construct a safe work environment and promote health awareness</p> <ul style="list-style-type: none"> Raise workplace safety and employees' awareness of safety and health Participants in full-year health-promoting events reach 30 thousand Implement work environment monitoring for head office and other buildings owned by Cathay 	<ul style="list-style-type: none"> Produced 9 CSN promotional clips, made 1,750 hazard prevention posters, organized 3 traffic safety promotion events, and completed hazard prevention surveys and AED training Participants in full-year health-promoting events reached 38,332 Occupational safety and health management personnel implemented work environment monitoring of 14 buildings owned by Cathay, including the head office 	✓
	Workplace Equality, Diversity and Inclusion	<p>Increase the ratio of female in senior management</p> <ul style="list-style-type: none"> Improve gender balance through policy establishment; female shall occupy at least 20% of all positions in senior management 	<ul style="list-style-type: none"> Ratio of Women in Senior Management in 2019 1. President and under: 20% 2. President + Board of Directors: 20% 	👍
Social Care and Value Creation	Social Care	<p>Push for volunteering by all Cathay employees and respond to demands from the public with alternative projects</p> <ul style="list-style-type: none"> 60 thousand volunteer service hours for charity projects or events in the year 400 thousand beneficiaries in charity projects or events in the year 	<ul style="list-style-type: none"> Promoting volunteering in CS education training course and set up accomplishment rewarding Number of volunteer hours exceeded 75 thousand hours in 2019 Cathay Life Insurance's projects benefited 415,181 people in 2019 	✓
	Value Creation	<p>Introduce charity project management mechanisms and social impact assessment tools</p> <ul style="list-style-type: none"> Apply management tools to systematically record resources, business, and benefits of every projects; Optimize projects based on analysis results Evaluate the social value and impact of charity project by using the method of SROI 	<ul style="list-style-type: none"> Implemented the LBG Model, evaluated the benefits brought by events to society, and further measured the social impact Used Dedicated Empowerment Program for Second-Generation Immigrants + Charity Bazaars for calculation 	✓

Eco-Living

Strategic direction	Aspect	Short-term (2020) Goals	2019 Goal Attainment	
Green Operations and Impact Mitigation	Lower carbon emission generated in operations	<p>Improving usage efficiency of energy and resources</p> <ul style="list-style-type: none"> The basic goal for carbon reduction is 4% using 2016 as the baseline year, the ideal goal is 8% reduction Using 2017's amount of paper reduction as baseline year, annual paper reduction raise 30% due to e/M operation. Complete waste inventories for all rented buildings as well as representative buildings owned by Cathay Life 	<ul style="list-style-type: none"> Completed the 2018 GHG inventory and carbon emission decreased 3.46% compared to 2016 The amount of paper reduction in 2019 is 59% higher than the amount in 2017 Completed a waste inventory for the Head Office Building and representative rented buildings (27 buildings) 	✓
	Respond to renewable energy policy	<p>Develop renewable energy usage plans</p> <ul style="list-style-type: none"> Obtain green or renewable energy certificates Increase the installed capacity of solar power in Cathay-owned buildings to 200kW 	<ul style="list-style-type: none"> Purchased 70 thousand kWh in renewable energy certificates Signed the Dingshan renewable energy purchase agreement (120 thousand kWh/year) The solar power system of Logistics Republic Yangmei began operations in February and has a capacity of 2 MW 	✓
Eco-Friendliness and Sustainable Homeland	Green supply chain	<p>Strengthen supplier management</p> <ul style="list-style-type: none"> Engage suppliers to introduce green procurement 	<ul style="list-style-type: none"> 2 corporate sustainability sharing events with suppliers were organized on May 17 and October 29, 2019 	✓
	Environmental sustainability promotion	<p>Develop alternative solutions to enhance promotion of environmental sustainability</p> <ul style="list-style-type: none"> Pursue a 25% increase in the number of individuals reached by our environmental sustainability campaigns using 2018 as the baseline year Environmental education hours per employee reach 4 hours 	<ul style="list-style-type: none"> Promoted the concept of using paperless and mobile services to reduce carbon emissions to customers, and electronic insurance policy utilization was approximately 40%, equals to 3.2 million people in 2018. Utilization surpassed 95%(7.6 million people) after 2019 Q3, growing by 137.5% 2 hours of CSN educational programs and 4 hours of environmental education during morning meetings each year 	✓



Corresponding PSI

Cathay Life became Asia's first life insurance company to adopt UN's Principles for Sustainable Insurance (PSI) on its own initiative in 2016. The four principles incorporate ESG into the business decision making process. We are jointly promoting ESG with our customers, partners, government agencies, and other stakeholders.



Principles for Sustainable Insurance (PSI)

Established by the UNEPFI in 2012 as guidelines for sustainable development of the insurance industry, and encourages enterprises to actively respond to the risks and opportunities brought by ESG issues in operations. There are four major principles:

- Principle 1, Incorporating ESG issues into the insurance company's decision-making process
- Principle 2, Raise awareness of ESG issues among customers and business partners
- Principle 3, Jointly promote ESG with the government and other stakeholders
- Principle 4, Regularly disclose PSI implementation progress



» Principles for Sustainable Insurance (PSI)

PSI	Stakeholders	Description	Corresponding Page
(I) Incorporating ESG issues into the insurance company's decision-making process	Board of Directors Managers	<ul style="list-style-type: none"> • Cathay Life Insurance established the Cathay Life Corporate Sustainability (CS) Team in 2016 in compliance with Cathay FHC's CS Committee Organizational Framework. The President is a member who supervises the team's operations. • The team incorporates ESG issues into decision-making for routine operations, reports the progress of corporate sustainability to the Board of Directors every six months, and periodically meets with senior executives to discuss ESG issues. 	p.10
	Employees	<ul style="list-style-type: none"> • Cathay Life Insurance has created a happy workplace with diversity and equality, and also attaches importance to employees' voices and rights. We provide multiple internal communication channels, and have created a learning environment for diverse forms of learning and complete career development. • Establish an internal compliance culture and offer courses on compliance, information security, and AML/CFT. Improve employees' understanding of corporate sustainability through online and physical courses and channels. • Provide a variety of social engagement activities to exert employees' influence. 	p.19.45.49.50
	Investee and credit borrowers	<ul style="list-style-type: none"> • Incorporate PRI into investment procedures through the establishment of regulations and system, as well as process adjustments • Establish the Cathay Life Stewardship Principles, interact with investee companies through dialogue, engagement, and the exercise of voting rights, actively implement the stewardship principles for institutional investors, and issue stewardship reports each year. 	p.27

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PSI	Stakeholders	Description	Corresponding Page
(I) Incorporating ESG issues into the insurance company's decision-making process	Customers	<p>Risk management and underwriting</p> <ul style="list-style-type: none"> Cathay Life Insurance adjusted its strategies for investments, products, and fees in advance to smoothly transition to and reduce the impact of IFRS 17. Develop quantified financial risk and emerging risk models through industry-academia cooperation. <p>Products and services</p> <ul style="list-style-type: none"> Continue to offer innovative products in response to sustainability issues, and help each group gain a safety net of basic coverage. Advocate health promotion and transform the function of insurance from compensation to prevention. Being customer centric and establish Treating Customers Fairly Committee to listen to the voices of customers, and use the power of digital technology and innovation to provide customers with a more convenient, safe, and fast service experience. <p>Sales promotion and claims management</p> <ul style="list-style-type: none"> Cathay Life Insurance conducts telephone interviews for information disclosure, so that customers will fully understand the products they purchased and their rights. We also use a variety of materials to raise their insurance awareness. Cathay Life Insurance led the industry in promoting mobile insurance to improve the quality of claims services. We also provide a variety of claims services to simplify the claims application procedures for customers. 	p.18.32.35.36.38
	Customers Suppliers	<ul style="list-style-type: none"> Promote Cathay Life's sustainability actions through the sustainability website, sustainability related videos, and physical events, in order to raise their awareness and participate in sustainability actions. Use FinTech applications such as the SDCS chatbot and mobile insurance to improve the service efficiency of sales agents and customer experience. Co-organize corporate sustainability Annual Supplier Conferences together with Cathay FHC and communicate ESG issues with suppliers. Promote green procurement; the procurement amount was 182,457,454 in 2019. Cathay Life Insurance began issuing CS reports in 2018. The reports are prepared in accordance with the GRI Standards with a third party for assurance and verification. 	p.38.61
(III) Jointly promote ESG with the government and other stakeholders	Government	<ul style="list-style-type: none"> Received the best Assessment result in the Asia Pacific in the Asia/Pacific Group on Money Laundering (APG) Mutual Evaluation in 2018 Issued a Stewardship Report to show our stewardship as an institutional investor. Continue to invest in low carbon and green energy industries in response to the government's policy to support the 5+2 innovative industries. Develop a series of insurance with spillover effects products for health promotion. Provide student group insurance to protect students' health. Purchase renewable energy certificates, implement green procurement, and support the government's environmental policies. 	p.21.27.30.33.59
	Academic NGO Media	<ul style="list-style-type: none"> Actively respond to international organizations and ESG related initiatives, including the International Association of Insurance Supervisors (IAIS), CDP, TCFD, and Climate Action 100+. Collaborate with numerous NGOs to jointly promote sustainability issues, such as health promotion for the elderly and education for second-generation immigrants. Jointly develop quantified financial risk and emerging risk models with academia to complete risk mechanisms. Use anti-drug questions prepared by experts as e-learning materials for students. Offer related courses with different universities and engage in exchanges with students in insurance and ESG issues. Collaborate with different universities in the Sustainable Campus Project and Cathay Dream Come true program for Students to let students grow healthily and happily. Cathay Life Insurance issues a CS report every year prepared according to the GRI Standards, and also discloses related results according to the PSI. We promote sustainability concepts to stakeholders through a variety of online channels and physical events. 	p.18.51.54.55

(IV) Regularly disclose PSI implementation progress to achieve information transparency

Corresponding SDGs

Sustainability Strategic Focuses	Strategic Direction	Corresponding Sustainable Issue	SDGs
C	Solid Governance and Steady Operations	<ul style="list-style-type: none"> Corporate Governance and Ethical Corporate Management Information Security and Customer Privacy Integrated Risk Management Legal Compliance and Response 	 
	Support Initiatives and Expand Influence	Responsible Investment and Lending	       
A	Responsible Investment and Paradigm Proposal		<ul style="list-style-type: none"> Products and Services for Sustainability Issues Customer Rights Preservation and Service Quality FinTech Application Accessibility and Affordability of Products and Services (Financial Inclusion)
	Diverse Coverage and Thoughtful Services	<ul style="list-style-type: none"> Attracting and Developing Talents Employee Welfare and Rights Workplace Safety and Health Workplace Equality, Diversity and Inclusion 	
R	Healthy Life Style and Work-life Balance	Participation in Charity and Welfare	  
	Social Care and Value Creation		
E	Green Operations and Impact Mitigation	Environmental Concern and Initiatives	 
	Eco-Friendliness and Sustainable Homeland		

GRI Standards Index

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Universal Standards

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Materiality

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Employee Structure

» Distribution of Employees by Region

Category	Taiwan			Overseas			Total
	Female	Male	Total	Female	Male	Total	
Manager	2,235	1,619	3,854	2	22	24	3,878
General Staff	22,507	6,753	29,260	2	69	71	29,331
Total	24,742	8,372	33,114	4	91	95	33,209

Note 1: Figures include full-time employees only.

Note 2: "Managers" refer to office staff with positions not lower than manager and customer service deputy manager, and sales agents with positions not lower than unit supervisor.

Note 3: 29 part-time employees in total, all of whom are hourly employees.

» Composition of Employees by Gender & Age

Category	Female			Male			Total
	Age 30 and Below	31-49	Age 50 and Above	Age 30 and Below	31-49	Age 50 and Above	
Manager	110	1,033	1,094	152	992	497	3,878
General Staff	3,053	9,831	9,625	2,408	3,419	995	29,331
Total	3,163	10,864	10,719	2,560	4,411	1,492	33,209

Note 1: Figures include full-time employees only.

Note 2: "Managers" refer to office staff with positions not lower than manager and customer service deputy manager, and sales agents with positions not lower than unit supervisor.

Note 3: The average age of Cathay Life employees is 43.7 years old.

» Numbers of New and Resigned Employees

	New Employees		Resigned Employees ^(Note)
	Female	Male	
Age 30 and Below	1,590	930	1,155
31-49	1,339	783	1,404
Age 50 and Above	173	101	486
Total	3,102	1,814	3,045

Note: Dismissal and retirement are not included.

» Figures of Disabled Employees

	2017	2018	2019
Number	313	319	340
%	1.01	1.00	1.02

Summary of Subject Matter Assured

#	Target Information	Applicable Criteria	Page	#	Target Information	Applicable Criteria	Page
1	Cathay Life has established 28 financial risks and emerging risks models as of the present.	The total number of financial risks and emerging risks models that Cathay Life has established and used as of Dec.31, 2019.	P.18		The total cases of Mobile Insurance in 2019 is 1,248.9 thousand and usage rate is 99.15%	The total cases of Mobile Insurance: In 2019, number of on-line life insurance application executed by sales agents on behalf of the clients. Usage rate of Mobile Insurance: In 2019, number of on-line life insurance application executed by sales agents on behalf of the clients divided by total number of insurance application.	
2	Total training hours of legal compliance, information security and AML/CFT amount to 769 thousand hours.	The sum of related training hours which complies with corporate legal compliance policy in 2019.	P.19	5	The total cases of Mobile Claims in 2019 is 767 thousand and usage rate is 95.82%. The total cases of Mobile Premium Payment in 2019 is 1,182.4 thousand and usage rate is 97.18%.	The total cases of Mobile Claims: In 2019, number of on-line individual life insurance claim application executed by sales agents on behalf of the clients. Usage rate of Mobile Claims: In 2019, number of on-line individual life insurance claim application executed by sales agents on behalf of the clients divided by total number of claim application. The total cases of Mobile Premium Payment: In 2019, number of authorized cases via tablet and eDDA. Usage rate of Mobile Premium Payment: In 2019, total cases of Mobile Premium Payment divided by the sum of total cases of Mobile Premium Payment and total cases of paper authorization which are available for authorization via tablet.	P.38
3	The first year premium (FYP) of Protection product in 2019 was NT\$19.08 billion.	Total FYP of Protection product in 2019.	P.35		The total cases of Mobile Policyholder Service in 2019 is 976.9 thousand and usage rate is 91.20%.	The total cases of Mobile Policyholder Service: For clients who qualify for on-line modification services, the number of on-line modification services executed by sales agents from January to December 2019. Usage rate of Mobile Policyholder Service: For clients who qualify for on-line modification services, the number of on-line modification services executed by sales agents from January to December 2019 divided by the total number of paper and on-line modification services executed for clients who qualify for on-line modification services at the end of the previous month.	
4	Alpha was used on average 120 thousand times each month in 2019. Its problem-solving rate ^(Note 1) has reached 83%, and the satisfaction score ^(Note 2) of 95% is similar to that of human customer services. Note 1: Problem-solving rate is defined as customers not calling or email customer service personnel within 24 hours after using Alpha. Note 2: Satisfaction score is defined as the percentage that customers give 4 or above score on satisfaction survey after using Alpha.	Average number of usage per month- 2019 number of Smart Digital Customer Services (SDCS) – Alpha usage per month divided by number of month in 2019. Problem-solving rate- Customers not contacting customer service personnel within 24 hours after using SDCS in 2019 divided by customers' total number of SDCS usage. Note: Customers' total number of SDCS usage is the number of person who use SDCS and log in member account and password. Satisfaction score- Number of satisfaction survey which give 4 score or above in 2019 divided by number of satisfaction survey in 2019.	P.38	6	The total cases of Electronic Insurance Policy in 2019 is 680.2 thousand and usage rate is 58.30%. The total cases of Electronic Documents in 2019 is 2,263.8 thousand and usage rate is 41.77%.	The total cases of Electronic Insurance Policy: The number of Electronic Insurance Policy in 2019. Usage rate of Electronic Insurance Policy: Number of Electronic Insurance Policy in 2019 divided by total number of Insurance Policy. Cases of Electronic Documents: Number of Electronic Documents in 2019. Usage rate of Electronic Documents: Number of Electronic Documents in 2019 divided by number of cumulative policyholder.	P.38
				7	Green procurement amount reached NT\$182,457,454 in 2019, up 51% compared to 2018	Total amount of green procurement reported to EPA in 2019, and the difference compared with that of 2018.	P.61
				8	Corporate sustainability annual supplier conferences in H1 Date: May 17 th : Number of inviting companies: 47 Corporate sustainability annual supplier conferences in H2 Date: Oct 29 th : Number of inviting companies: 157	Total number of Cathay Life inviting companies for Corporate sustainability annual supplier conferences in 2019.	P.61



Independent Limited Assurance Report

PWCM20000063

To Cathay Life Insurance Co. Ltd

We have been engaged by Cathay Life Insurance Co. Ltd (the "Company") to perform assurance procedures on the sustainability performance information identified by the Company and reported in the 2019 Corporate Sustainability Report (hereinafter referred to as the "CS Report"), and have issued a limited assurance report based on the result of our work performed.

Subject Matter Information and Applicable Criteria

The sustainability performance information identified by the Company (hereinafter referred to as the "Subject Matter Information") and the respective applicable criteria are stated in the "Summary of Subject Matter Assured" on page 75 of the CS Report. The scope of the aforementioned Subject Matter Information is set out in the "Reporting Period and Scope" on page 1 of the CS Report.

Management's Responsibilities

The Management of the Company is responsible for the preparation of the sustainability performance information disclosed in the CS Report in accordance with the respective applicable criteria, and for such internal control as management determines is necessary to enable the preparation of the sustainability performance information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We conducted our assurance work on the Subject Matter Information disclosed in the CS Report in accordance with the Statement of Assurance Engagements Standards No. 1, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" in the Republic of China, to identify whether any amendment is required of the Subject Matter Information to be prepared, in all material aspects, in accordance with the respective applicable criteria, and issue a limited assurance report.

We conducted our assurance work in accordance with the aforementioned standards including identifying the areas where there may be risks of material misstatement of the Subject Matter Information, and designing and performing procedures to address the identified areas. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

The extent of the assurance work we performed were based on the identified risk areas and determined materiality, and given the circumstances of the engagement, we designed and performed the following procedures:

- Made inquiries of the persons responsible for the Subject Matter Information to understand the processes, and the relevant internal controls relating to the preparation of the aforementioned information to identify

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- the areas where there may be risks of material misstatement; and
- Based on the above understanding and the areas identified, performed selective testing including inquiry, observation, and inspection to obtain evidence for limited assurance.

We do not provide any assurance on the CS Report as a whole or on the design or operating effectiveness of the relevant internal controls.

Compliance of Independence and Quality Control Requirement

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Statement of Auditing Standard No. 46, "Quality Control for Public Accounting Firms" in the Republic of China and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Inherent Limitations

Certain Subject Matter Information involves non-financial data which is subject to more inherent limitations than financial data. Qualitative interpretations of the relevance, materiality and the accuracy of data are subject to individual assumptions and judgments.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, we are not aware of any amendment that is required of Subject Matter Information to be prepared, in all material aspects, in accordance with the respective applicable criteria.

Other Matter

The Management of the Company is responsible for maintaining the Company's website. If the Subject Matter Information or the applicable criteria are modified after this limited assurance report is issued, we are not obliged to re-perform the assurance work.

PricewaterhouseCoopers, Taiwan

Li, Yi-Huah

Li, Yi-Huah
 Partner
 July 13, 2020



國泰人壽
Cathay Life Insurance