



國泰人壽  
Cathay Life Insurance



# 2019 Cathay Life Insurance Responsible Investment and Stewardship Report

2019-01-01-2019-12-31

# ABOUT CATHAY LIFE INSURANCE

Founded in **1962**

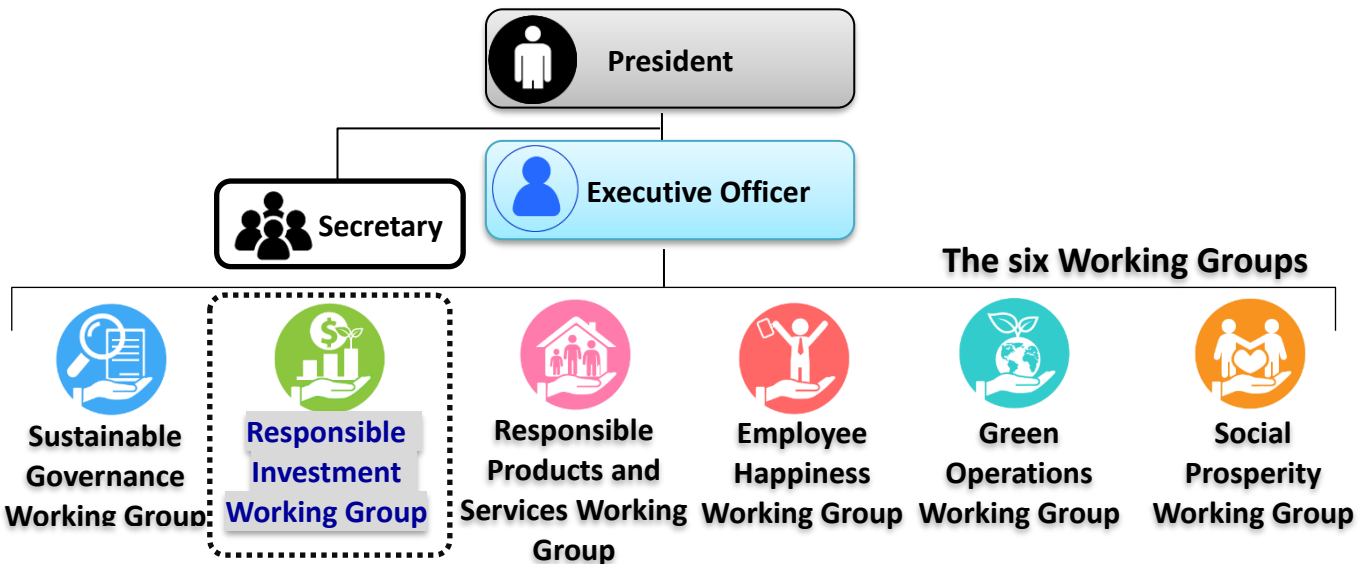
**33,000** Employees

**7.92 million** policy holders

Total assets Over **US\$ 235 bn**

Founded in 1962, Cathay Life Insurance has 33,000 employees, 7.92 million policy holders, and total assets of over US\$ 235 billion, and is the leader of Taiwan’s insurance industry. “Lead the way in sustainable insurance and ensure the happiness of society” is Cathay Life’s vision of sustainability, which consists of four strategic directions: Commitment, Accountability, Richness, and Eco-Living (C.A.R.E.).

## ■ Cathay Life Corporate Sustainability Team



## ■ Strategic Focuses & Directions



## **STATEMENT**

Since 2015, Cathay Life has been self-complied with the Principles for Responsible Investment (PRI) on its own initiative. On July 25, 2016, Cathay Life signed the Taiwan Stewardship Principles for Institutional Investors issued by TWSE Corporate Governance Center, and became the first insurance company in Taiwan to become a signatory.

When Cathay Life use the core investment capabilities to pursue economic growth, we will always commit to integrate environmental, social and governance (ESG) factors into investment decision-making and ownership practice, through the system establishments and process adjustments in order to fully exercise its expertise and influence as an institutional investor and fulfill the duties of an asset owner, thereby increasing the long-term values of its customers and shareholders and realizing responsible investment.

This report is not only we demonstrate our efforts in responsible investment and stewardship but also claim to abide by six principles of PRI and Taiwan Stewardship Principles for Institutional Investors and publish annually.

## **CONTACT INFORMATION**

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

Financial Planning Department, Cathay Life insurance

Joy Chang, Project Manager

Tel: +886-2-2755-1399#1610

Email: [joy\\_chang@cathaylife.com.tw](mailto:joy_chang@cathaylife.com.tw)

Address : No.296 Ren Ai Road, Sec. 4 Taipei 106, Taiwan, R.O.C

Cathay Life is the first and only institutional investor in Taiwan to receive the AsianInvestor Institutional Excellence Awards from AsianInvestor magazine.

Taiwan Stewardship Principles  
for Institutional Investors



Signatory

 Cathay Life Insurance  
2016.07.25



Cathay Life

Compliance Statement-  
Stewardship Principles for  
Institutional Investors



## CONTENTS

<b>Responsible Investment Working Group .....</b>	<b>4</b>
(I) Our Working Grope .....	4
(II) Our tasks .....	4
(III) ESG policies and mechanism .....	6
<b>Responsible Investment Measures .....</b>	<b>8</b>
(I) Implementing integration of ESG factors .....	8
(II) Asset manager mandating and monitoring .....	12
(III) Interacting with investee companies .....	13
1. Dialogue.....	13
2. Engagement.....	14
3. Proxy voting disclosure .....	18
(IV)Sustainable investment.....	19
<b>Appendix I: Principles for Responsible Investment Content Index .....</b>	<b>21</b>
<b>Appendix II: Taiwan Stewardship Principles for Institutional Investors</b>	
<b>Content Index .....</b>	<b>23</b>
<b>Other sustainability of Cathay Life .....</b>	<b>24</b>

## **Responsible Investment Working Group**

Cathay Life's total assets over US\$ 235 billion (investment asset approx. US\$ 213 billion), accounting for a fourth of the total funds in Taiwan's insurance industry. As one of the largest institutional investors in Taiwan, Cathay Life has long been focusing on appropriately using the funds of policy holders and shareholders to make its capital usage more meaningful. With the growing awareness worldwide on corporate sustainability and ESG issues, responsible investment has become a mainstream value. In response, Cathay Life also considers the integration ESG issues into our investment decision making process. We not only pay attention to the operational prospect of our investees, but also hope to set a model for our investees that focuses on sustainable development. From encouraging our investees' development towards becoming a good company and demonstrating good behavior to changing other companies, we can make our environment more sustainable, retain long-term viability of our operations, mitigate the impact of ESG risks, and generate positive economic benefits, all in order to establish a model for corporate accountability and create a sustainable future.

### **(I) Our Working Grope**

The working group consists of fixed-income, equity, alternative investment and financial planning departments and the leader of the group is our executive vice president of investment department, with responsibilities to set short-, medium and long-term goals and specific implementation plans each year to refine and complete our sustainable investment projects. As of the end of 2019, there are approximately 40 members in the working group, 2 of whom are dedicated responsible investment officers. The team members continue to expand research resources to strengthen the company's responsible investment energy and improve ours sustainability.

### **(II) Our tasks**

1. To set short-, medium- and long-term goals and specific implementation plans each year in the hope of becoming the leader in responsible investment in Taiwan;
2. To pay continuous attention to international trends and study responsible

investment measures of international benchmark companies, thus perfecting sustainable investment;

3. To progressively internalize ESG concepts into investment teams, thereby making sustainable investment an integral part of everyday investment;

- To utilize external professional ESG databases to assist investment teams in integrating ESG into the investment decision making process;

- To organize training courses to improve investment teams' understanding of responsible investment and develop talent in ESG investment;

4. To pro-actively interact with investee companies to improve their understanding and commitment to ESG, thereby changing their behaviors. ;



### (III) ESG policies and mechanism

#### 1. Perfecting ESG management policies :

We not only comply with the Responsible Investment and Lending Policy established by Cathay FHC, but also establish relevant ESG policies and mechanism tailored to individual investments in assets of different natures. In addition, we report the implementation results of responsible investment to the Board of Directors every year.

#### 2. Fully implementing responsible investment :

We exclude assets that fall outside the scope of responsible investment operations (e.g., cash, foreign exchange hedging, and Separate account). The total responsible investment assets amount to US \$178 billion.

#### Securities Investment

- We stipulate “Investment Management Procedures” and “Investment Policy” to follow the PRI by refining the investment procedures, utilizing its investment information systems, and referring to the external research resources.
- We also established “Stewardship Principles,” which incorporates ESG factors into various stewardship activities.

#### Equity and Fixed Income

- ESG Risk Review Procedure (P.6)
- Interacting with investee companies (P.11)

#### Fund and Mandate

Asset Manager Mandating and Monitoring (P.10)

#### Corporate Lending

We stipulate “Responsible Lending Policy” and “Notice for Review of Loans to Corporations” and design an ESG checklist to verify lending customers’ achievements of ESG matters.

#### Real Estate Investment

We establish its “Responsible Property Investment and Management Policy”, which states that real estate investments must improve the performance of its real estate holdings so as to engage in the proper utilization of Earth’s resources and the proper management of investment and operating risks. (P.10)

### 3. Managing conflicts of interest:

Cathay Life is consistently committed to steady, pragmatic operation in the principle of business integrity. In order to ensure that the use of funds is in line with the policyholders' expectations and shareholders' rights, Cathay Life has established the Employees' Code of Conduct and policies on managing conflicts of interest. It establishes a mechanism for preventing conflicts of interest in investment transactions, and requires equity, non-equity and real estate investment teams as well as departments that are aware the content of investment transactions prior to the transactions to adhere to high ethical standards and perform investment businesses with diligence and professionalism to avoid conflicts of interest. Relevant personnel must also report on investment transactions between themselves and stakeholders and check whether conflicts of interest are involved on a monthly basis. No incidents involving conflicts of interest occurred in Cathay Life in 2019.

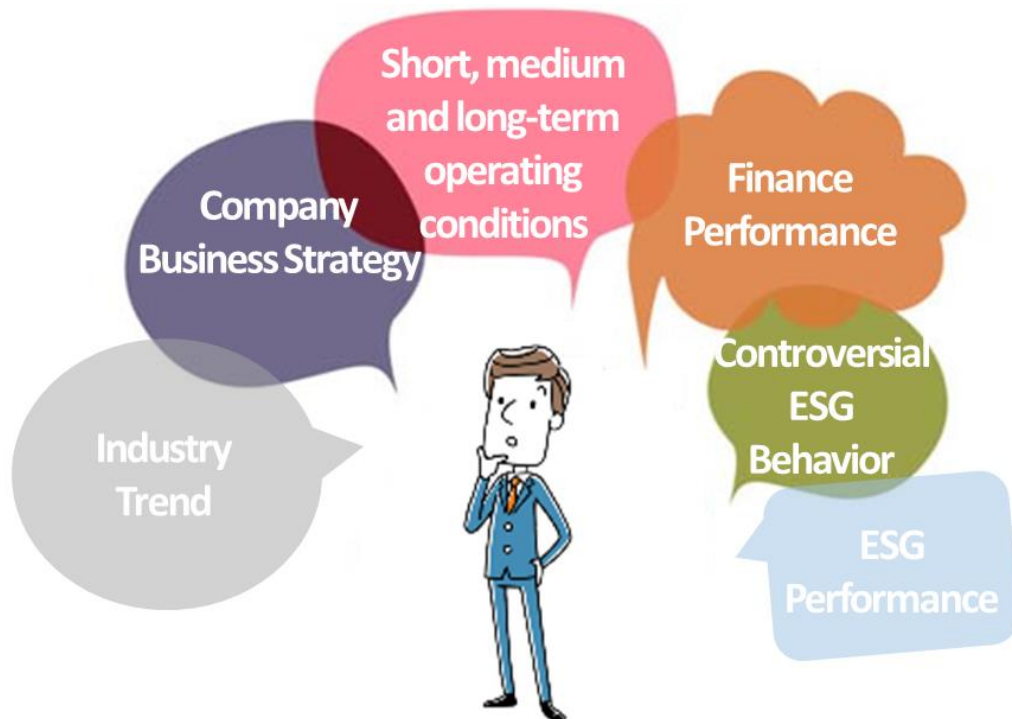


## **Responsible Investment Measures**

### (I) Implementing integration of ESG factors

#### 1. Incorporating ESG issues into the investment decision-making process

In order to lower the overall risks of investment portfolios and refine the sustainability project of responsible investment, Cathay Life is the first insurance company in Taiwan to establish ESG Risk Review Procedures. When investing in equity and fixed income, we must consider the financial and non-financial performances of the investee companies, and adopt ESG integrated management mechanisms such as comply-or-explain and escalation process.



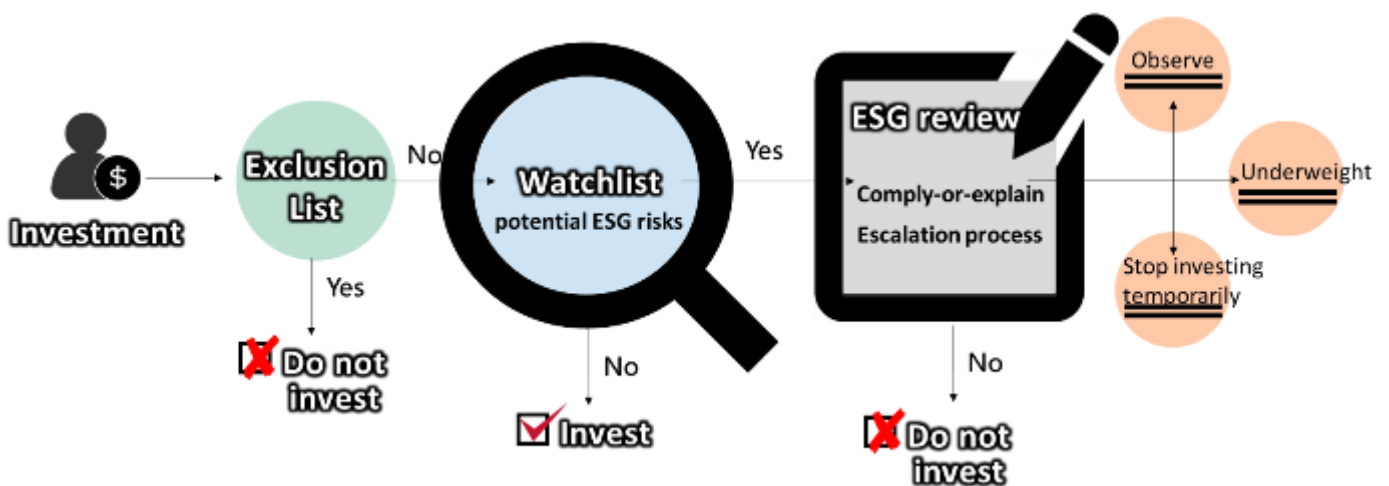
#### (1) Carefully considering the ESG performance of investment buylist

When adding a new investment target in our buylist, investment teams must check if the target is included in the exclusion list or watchlist. Targets on the exclusion list shall not be accepted in our investment buylist. If a target belongs to the watchlist, further reports that evaluate its capabilities of ESG risk management shall be provided and the internal escalation process shall be conducted before adding the target as a new investee. Furthermore, the new investee company shall be continuously observed and followed up on its ESG performance in order to avoid ESG risks.

(2) Reviewing the ESG performances of investment positions on a periodic or ad hoc basis

Utilizing data from external professional ESG research institutions, our investment teams monitor the changes in the ESG performance of existing investment targets at any time. When an investment target declines in ESG performance and is placed on the watchlist, investment teams must immediately provide an evaluation report and take appropriate risk management measures (e.g., continuing to observe and follow up on developments, reducing position size, or holding current position). Furthermore, we conduct a comprehensive ESG review of existing investment targets every September.

In 2019, a total of 246 stock and bond positions were reviewed, among which 3 were held in current positions and 1 was reduced in position size.



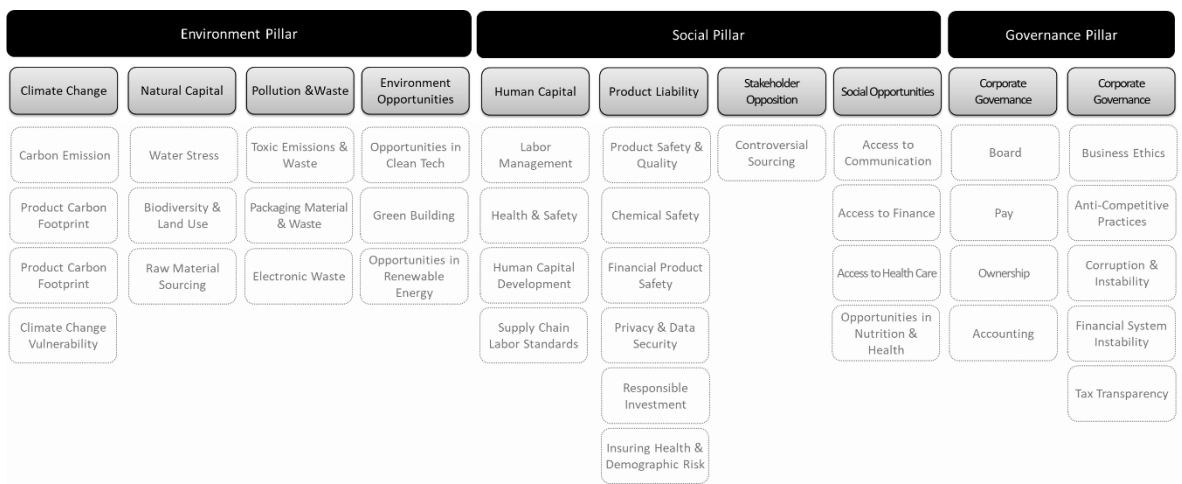
- Exclusion list

We comply with Cathay FHC and Subsidiaries Investment and Lending Exclusion Policy and our own Investment Management Principles for Sensitive Industries and place government bonds issued by countries that systematically violate human rights or exhibit major disputes over human rights and controversial industries that involve high environmental, social and moral risks that lead to negative social impacts (e.g., power generation company whose main source of revenue is coal-fired power generation and have not actively transferred to renewable energy), on the “exclusion list.” Each year, we regularly adjust and review the exclusion list according to factors including international sustainability trends and ESG risks.

- Watchlist

(1) Considering risks from material ESG factors

Governance pillar are the core of ESG and the foundation for evaluating the ESG performance of each company. The environmental and social pillars, on the other hand, are associated with the core competencies of operation and emphasize material issues related to corporate operation or finance performance (e.g., water resource management for the semiconductor manufacturing industry). Cathay Life evaluates the ESG performance of investee companies with reference to data from international ESG research institutions. Those performing poorly in ESG will be placed on the watchlist.



## (2) Evaluating controversial incidents

We evaluate investee companies' compliance with the UN Global Contract and monitors their ESG incidents in real time. If an investee company is involved in a severe ESG controversy of a large impact scale, it will be placed on the watchlist.

Environment	Social			Governance
	Customers	Labor Rights & Supply Chain	Human Rights & Community	
<ul style="list-style-type: none"> <li>Biodiversity &amp; Land Use</li> <li>Toxic Emissions &amp; Waste</li> <li>Energy &amp; Climate Change</li> <li>Water Stress</li> <li>Operational Waste (Non-Hazardous)</li> <li>Supply Chain Management</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>Anticompetitive Practices</li> <li>Customer Relations</li> <li>Privacy &amp; Data Security</li> <li>Marketing &amp; Advertising</li> <li>Product Safety &amp; Quality</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>Impact on Local Communities</li> <li>Human Rights Concerns</li> <li>Civil Liberties</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>Labor Management Relations</li> <li>Health &amp; Safety</li> <li>Collective Bargaining &amp; Union</li> <li>Discrimination &amp; Workforce Diversity</li> <li>Child Labor</li> <li>Supply Chain Labor Standards</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>Bribery &amp; Fraud</li> <li>Governance Structures</li> <li>Controversial Investments</li> <li>Other</li> </ul>

## (3) Classifying targets from sensitive industries

According to Cathay Life's Investment Management Principles for Sensitive Industries, if a company belongs to a sensitive industry and has a medium-high level of impact on the environment and society, it shall be placed on the watchlist.

## 2. Incorporating ESG factors into corporate lending decision-making process

When implementing know your customer (KYC) guidelines, Cathay Life designs an ESG checklist, which assesses corporate lending customers' environmental, social and corporate governance performance in order to ensure their ESG implementation. These customers are further divided into those "not complying with requirements of sustainable development," those "requiring closer watch," those "conducive to sustainable development," and those "engaging in normal transactions with Cathay Life." In 2019, all new loan customers and existing customers who were not involved in ESG incidents were categorized as customers engaging in normal transactions with Cathay Life.

### 3. Real estate investment

As a demonstration of our commitment to ecology and environmental protection, for 2016 onwards, architects commissioned by Cathay are required to design buildings invested and developed by Cathay based on green building standards, so that all real estates can reach certain standards of energy use, greening, and waste. At present, Cathay has a total of 15 green buildings and continues to promote sustainable cities.

## (II) Asset manager mandating and monitoring

### 1. Fund

The following methods are adopted to understand the ESG policies and measures of counterparties or funds that are selected by Cathay Life-invested ETFs or funds and that are in line with Cathay Life's investment philosophy:

- Checking whether counterparties have signed the PRI and local stewardship principles or implemented ESG;
- Utilizing data from external professional ESG assessment institutions to review the ESG performances of funds or institutions for fund management.

### 2. Mandate

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

As of the end of 2019, 99% of our mandate assets were managed by asset management companies that are either PRI signatories or who have follow the government stewardship code in place. Those who have not signed also have related responsible investment actions.

### (III) Interacting with investee companies

Owing to the tremendous impact of corporate sustainability development on business operations, which in turn affects the rights of institutional investors, Cathay Life believes that continual communication with investee enterprises to attach importance to ESG risks and opportunities together is the best way to add value to all parties involved. Therefore, we interact with investee companies through dialogue, engagement and proxy voting, thus demonstrating the stewardship measurement of active ownership.

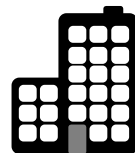


#### 1. Dialogue

Cathay Life communicates with the top management, investor relations (IR) departments, or CSR team of investee companies in the forms of telephone conferences, forums, investor seminars, or attending shareholders' meetings. Among the dialogue methods with investee company we adopt, we deem company visits the most straight-forward and efficient. Through face-to-face dialogue, we are able to improve our understanding of information on investee companies, discern the gap between disclosed information and actualities, keep track of key risks and opportunities, and perfect the soundness of our investment analysis. The outcome of 2019 company visits is as follows:



A total of **3,248**  
employees participated



Visited a total of **788** companies;  
total no. of visits reached **2,057**  
Averaged **2.6** visits per company  
visited

## 2. Engagement

The Engagement Policy, jointly established by Cathay Life, Cathay FHC, and various Cathay subsidiaries, publicizes Cathay's sustainable spirit and corporate governance values to exert our influence as a sustainable investor. We uphold the importance of engagement and adopt a progressive approach to communicating ESG-related concepts with companies, so that they become aware of the impact of ESG on themselves and recognize the importance of ESG issues, and then take a further step to participate in and implement ESG. In addition, we also participate in various relevant activities to share our responsible investment measures with other insurance companies to urge the investment business industry to realize responsible investment, so that a genuine positive cycle of the industry can be created.

### (1) Specifying engagement themes

Focusing on issues that we believe will improve the risk/performance profile of investee companies. 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 performance improvement and ESG disclose trenchancy” to be our main engagement themes.

### (2) Implementing engagement measures



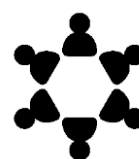
**2**

International Initiatives



Individual Engagement:

**51** companies



Collaborative Engagement:

**91** companies

#### ■ Individual Engagement

Since 2017, Cathay Life has participated international initiatives, including CDP Non-Discloser Campaign and Climate Action 100+ (hereinafter referred to as “CA100+”) and began to engage with our investee companies on “Climate change” issues. Since 2019, Cathay Life has engaged with our investee companies on “Improve ESG Transparency and ESG Ratings” issues based on

the results of international ESG Rating assessments. In 2019, a total of 51 companies were communicated with each other through one-on-one engagements:



#### CDP Non-Disclosure Campaign

- Participated in the campaign for 3 consecutive years since 2017 and is the only insurance company in Taiwan to be a participant.
- Encouraged companies which have yet to respond to CDP Climate change, water, forest questionnaires, thus urging enterprises to formulate relevant response strategies and management approaches.
- Material Measure:  
Engaged with a total of 69 companies, among which 16 (23%) have responded, since 2017. When those companies reply to the questionnaire again in the next year, 60% companies' CDP score make progress.



- Participated in the campaign for 3 consecutive years since 2017 and is the only insurance company in Taiwan to be a participant.
- Of the 161 companies around the world on the watchlist, we engagement as a leading investor with a petrochemical company and a supporting investor with an international electronics company, urging these companies to reduce GHG emission and enhance the disclosure of climate change information to contribute towards into a low-carbon economy.

Note: engaging with 3 companies starting in 2020

#### ■ Collaborative Engagement

In addition to one-on-one engagements with companies, we also adopt a collaborative engagement to organize climate change forums to encourage companies to learn more about climate change and respond to the risks and opportunities of climate change through reciprocal exchange and improvement with all Taiwanese companies.

### (3) Engagement examples

#### **Case1: A manufacturing company**

Since 2017, Cathay Life and Cathay Financial Holdings have engaged with the target company, starting with the CDP Non-Discloser Campaign, inviting them to respond to CDP's climate change questionnaire and disclose their climate change actions. After understanding the importance of climate change issues, the company began to gradually set appropriate climate risk response strategies to



mitigate or adapt to the impact of climate change. As a result, the company's CDP climate change score was rated at C in 2017, reached to B in 2018, and upgraded to A- in 2019.

In the end of 2017, Cathay Life participated in the Climate action 100+ initiative and became the company's leading investor. First, Cathay Life Insurance, Cathay Financial Holdings, and Cathay SITE visited main office of the company to communicate the purpose of CA100+. After that, we arrange several meeting with the president, environmental safety and health department. At the meeting, we hope that the company will improve their climate risk management, reduce GHG emission, and enhance disclosure of financial information related to climate change in accordance with the framework of Task Force on Climate-related Financial Disclosures (TCFD) issued by the FSB in June 2017 and shared climate actions taken by international benchmark companies. In addition, we also invited the director of the Asia Investor Group on Climate Change (AIGCC) to visit the company's plant to let international organization understand the actual operation of the company and let the company more understand carbon reduction expectation of CA100+.

The company has also briefly described their climate risk and opportunity management mechanism in the 2019 corporate social responsibility report, referring to the recommendations of the climate change risk identification method TCFD report, and when formulating risk scenarios, consider transformation risks and physical risks, and take account of possible occurrences. Event, make a risk statement.

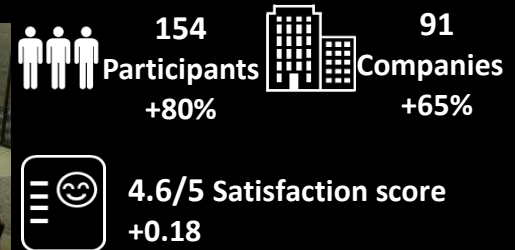
The company has disclosed climate risk and opportunity management related content in 2019, including identifying risks and opportunities of climate change based on TCFD, considering transfer risks and physical risks when performing scenario analysis, and making risk statements about possible events . In the evaluation of opportunities process, the aspects will be considered include resource efficiency, energy, products and services, markets, resilience, etc.

## Case2: An electronic company

Cathay Life and Cathay Financial Holdings have engaged with the company on "Improve ESG Transparency and ESG Ratings" issues since 2019. We visited the management to share the trend of responsible investment by international investment institutions, the comparison of the group's main subsidiaries with its peers in ESG rating, the trend of climate change. Our engagement found that the company actively set relevant ESG goals to improve ESG rating. Then, Cathay Life kept to following the progress through IR team. As a result, the company's ESG rating was upgraded to one level at the end of 2019.

### Climate Change Forum

Since 2017, Cathay Life has been co-organizing the Climate Change Forum with Cathay FHC. In 2019, we even co-organized the Forum with TWSE and Asia Investor Group on Climate Change (AIGCC). Focusing on TCFD practice and carbon reduction practice, we invited the government, international organizations, and benchmark companies to attend the Forum and share their understanding of the impact of climate change on their operations from diverse points of view of the government, industry and academia, thus encouraging attendee companies to attach importance to such issues. Furthermore, an exhibition of suppliers in the fields of renewable energy and circular economy was held at the venue in order to raise the companies' awareness of the climate change issue and thus take actions.



- 50% of the constituent companies in FTSE TWSE Taiwan 50 Index have participated
- 50% of the participants in 2018 continued to participate

In May 2019, Cathay Life was invited as a guest speaker to the ESG Investment Forum co-organized by the Taiwan Institute for Sustainable Energy and Aberdeen Standard Investments, in which we shared our responsible investment measures with directors and supervisors of other insurance companies and TWSE listed companies.

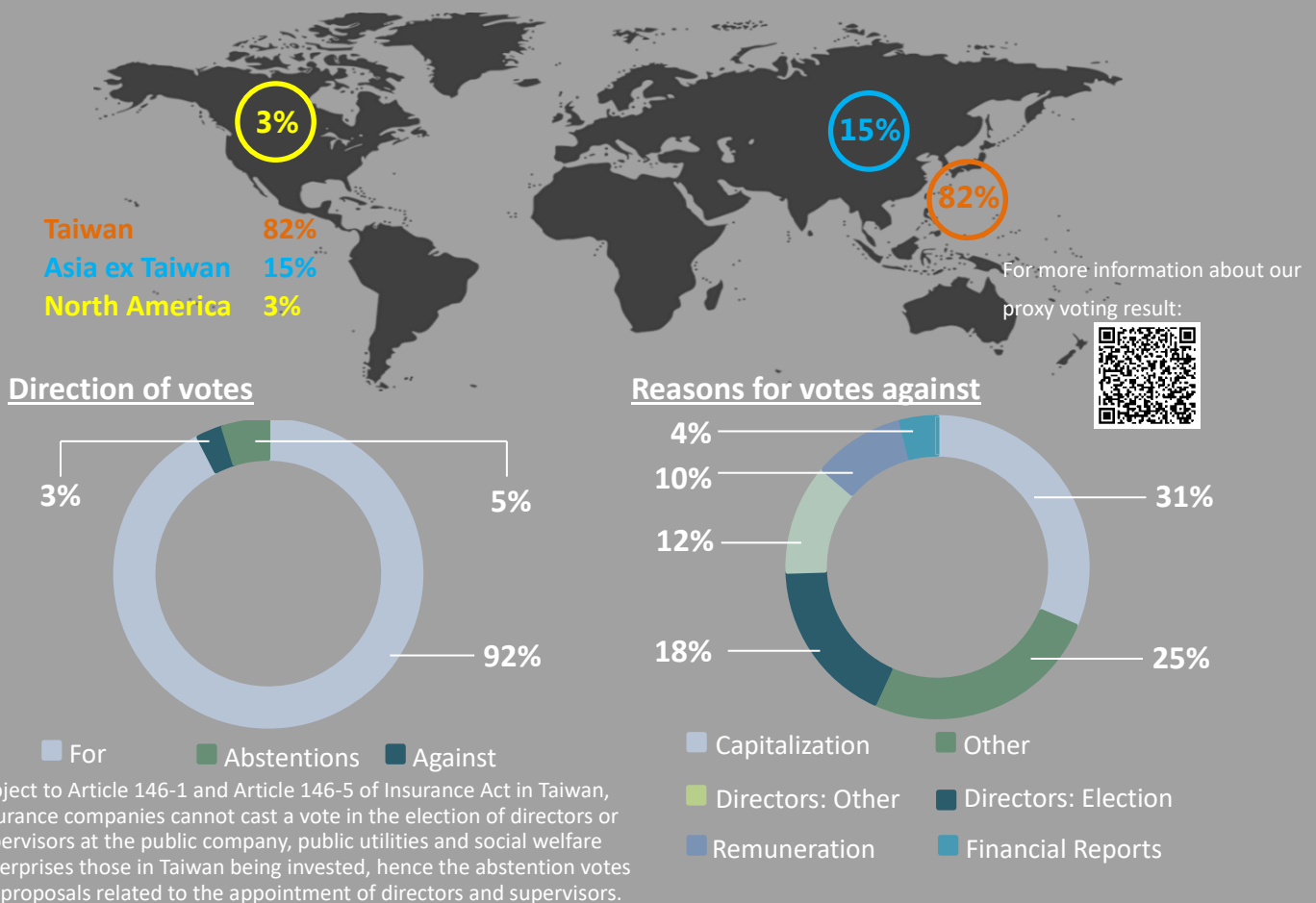
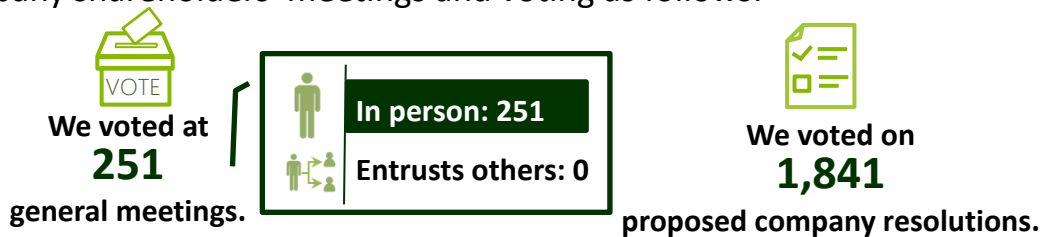


In November 2019, Cathay Life was invited to Global Corporate Sustainability Forum as a panelist on "A Deep Dive into ESG Investing," in which we shared responsible investment measures.

### 3. Proxy voting disclosure

In pursuit of the greatest benefits for customers and shareholders, Cathay Life supports companies that attach importance to sustainable development. Attendance of shareholders' meetings, exercise of voting rights and offering of opinions on proposals in the shareholders' meetings of investee companies are some of the ways in which we perform stewardship.




We exercise our voting rights in shareholders' meetings in accordance with external laws and proxy voting policy we have established. We also carefully evaluate proposals before exercising our voting rights. To show our appreciation for our investee companies and promote their development, we support proposals from investee management. In principle, we oppose proposals violating investee ESG issues. Our 2019 attendance of investee company shareholders' meetings and voting as follows:



#### (IV) Sustainable investment




In addition to establish a comprehensive responsible investment policies and mechanism, we also invests in specific topics that solve social or environmental issues. The total amount of relevant sustainable investment as of 2019 is US\$ 34.3 billion (8.4% growth compared to 2018).

Theme	SDGs	2019 investment amount	Contents
 <p>low-carbon green energy</p>	 	<p>US\$ 4.5 bn (+7.3%)</p>	<p>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 low-carbon green energy industry to contribute to the wellbeing of the Earth.</p>
 <p>Infrastructure</p>	 	<p>US\$ 18.7 bn (+5.1%)</p>	<p>In order to maintain economic and social growth, eradicate poverty, and adapt to the impacts of climate change, infrastructure improvements will be crucial for continued sustainability. Cathay Life has invested in infrastructure-related industries to fund sustainable urban development and change people's lifestyle.</p>
 <p>Water Treatment</p>		<p>US\$ 46.5 mn (+21%)</p>	<p>With the scarcity of water resources, the rapid increase of the urban population, and the violent climate change, the issue of effectively using water resources is also one of the most important issues. We hope that areas can have better public water supply by investing in public sewage treatment and water resources development.</p>
 <p>Health</p>		<p>US\$ 12.1 bn (+13.2%)</p>	<p>With the rapid demographic changes, tremendous impact and demand will be placed on the medical system. In order to promote human health and well-being, we actively invests in health-related industries such as drug development and biotechnology.</p>

Theme	SDGs	2019 investment amount	Contents
	 	US\$153.2 mn	<p>Upholding our core 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 in doing so to contribute to the realization of inclusive finance.</p>

Note: Due to the overlapping of some sustainable investment contents, the total amount of sustainable investment is not a combination of low-carbon green energy, infrastructure, water treatment, health and financial inclusion directly.

## Appendix I: Principles for Responsible Investment Content Index

	<p><b>PRINCIPLE 1</b> <b>INCORPORATE</b></p>	<p><b>Incorporate ESG issues into investment analysis and decision-making processes</b></p>	<ul style="list-style-type: none"> <li>■ Complies with Cathay FHC’s Responsible Investment Policy and Investment and Lending Exclusion Policy</li> <li>■ Established the ESG risk review process;</li> <li>■ Stipulated Investment Management Principles for Sensitive Industries</li> <li>■ Established Investment Management Principles for Sensitive Industries.</li> <li>■ Invested in sustainable investment targets</li> <li>■ Reported the implementation results of responsible investment to the Board of Directors every year</li> </ul>	<p>P.6-12 &amp; P.19 - 20</p>
	<p><b>PRINCIPLE 2</b> <b>BE ACTIVE</b></p>	<p><b>Be active owners and incorporate ESG issues into our ownership policies and practices</b></p>	<ul style="list-style-type: none"> <li>■ On July 25, 2016, Cathay Life signed the Taiwan Stewardship Principles for Institutional Investors issued by TWSE Corporate Governance Center, and became the first insurance company in Taiwan to become a signatory.</li> <li>■ Interacts with investee companies through dialog, engagement, and exercise of voting rights to demonstrate the Company’s due diligence management as an active owner.</li> </ul>	<p>P.13 - 18</p>
	<p><b>PRINCIPLE 3</b> <b>SEEK DISCLOSURE</b></p>	<p><b>Seek appropriate disclosure on ESG issues by the entities in which we invest</b></p>	<ul style="list-style-type: none"> <li>■ Participated in CDP NDC and encouraged investee companies to respond to CDP questionnaires and disclose their carbon emission data and climate change measures.</li> <li>■ Participated in Climate Action 100+ and encouraged investee companies to strengthen climate risk disclosure and management.</li> </ul>	<p>P.14 - 17</p>

---

**Promote acceptance and implementation of the Principles within the investment industry**



**PRINCIPLE 4  
PROMOTE**

- Actively participates in activities to share Cathay Life’s responsible investment measures and encourages other insurance companies to implement responsible investment together.
- Took signing the Principles for Responsible Investment (PRI) into consideration for mandate partner evaluation, and required mandate partners to comply with Cathay Life’s exclusion policy and implement ESG management.

P.12  
&  
P.17

---

**Work together to enhance our effectiveness in implementing the Principles**



**PRINCIPLE 5  
COLLABORATE**

- Participated in AIGCC to increase international investors’ awareness of risks and opportunities in climate change and low-carbon investments and cooperate to strengthen investor engagement.
- Co-organized the Climate Change Forum with Taiwan Stock Exchange and AIGCC in 2019 to jointly promote the importance of the climate change issue.

P.14  
-  
17

---

**Each report on our activities and progress towards implementing the Principles**

- Published CS related reports on our activities and progress in the implementation of PRI.



**PRINCIPLE 6  
REPORT**



--

## Appendix II: Taiwan Stewardship Principles for Institutional Investors Content Index



**PRINCIPLE 1**

**STEWARDSHIP**

### Establish and disclose stewardship policies

- Complies with Taiwan Stewardship Principles for Institutional Investors and publish our compliance statement.
- Stipulate Stewardship Policy.

P.6



**PRINCIPLE 2**

**MANAGEMENT**

### Establish and disclose policies on managing conflicts of interest

- Ensures that we executes its businesses in the interest of its clients and shareholders, we has established the Employees' Code of Conduct and policies on managing conflicts of interest, including types of conflicts of interest and management approach.

P.7



**PRINCIPLE 3**

**OBSERVATION**

### On-going observation of investee companies

- Observes financial and ESG performance of investee companies through ESG data from the international ESG rating institutions, their website, conference calls, face-to-face meetings, participation in institutional investors' roadshows or attendance at shareholders' meetings or significant extraordinary general meetings

P.8  
&  
P.13



**PRINCIPLE 4**

**INTERACTION**

### Maintain an appropriate dialogue and interaction with investee

- Interacts with investee companies through various activities such as being a guest speaker or panelist on seminar or participating international initiatives, and holding climate change forums.

P.14  
-  
17



**PRINCIPLE 5**

**PROXY VOTING**

### Establish clear voting policies and disclose voting results

- Stipulates Proxy Voting Policy to establish our threshold for exercising voting rights, escercising manners and publish the voting result annually based.

P.18



Proxy voting report since 2017



**PRINCIPLE 6**

**REPORT**

### Periodically disclose to clients or beneficiaries the status of fulfilling its stewardship responsibilities

- Publishes a Stewardship Report every year.

--



2017 Stewardship Report



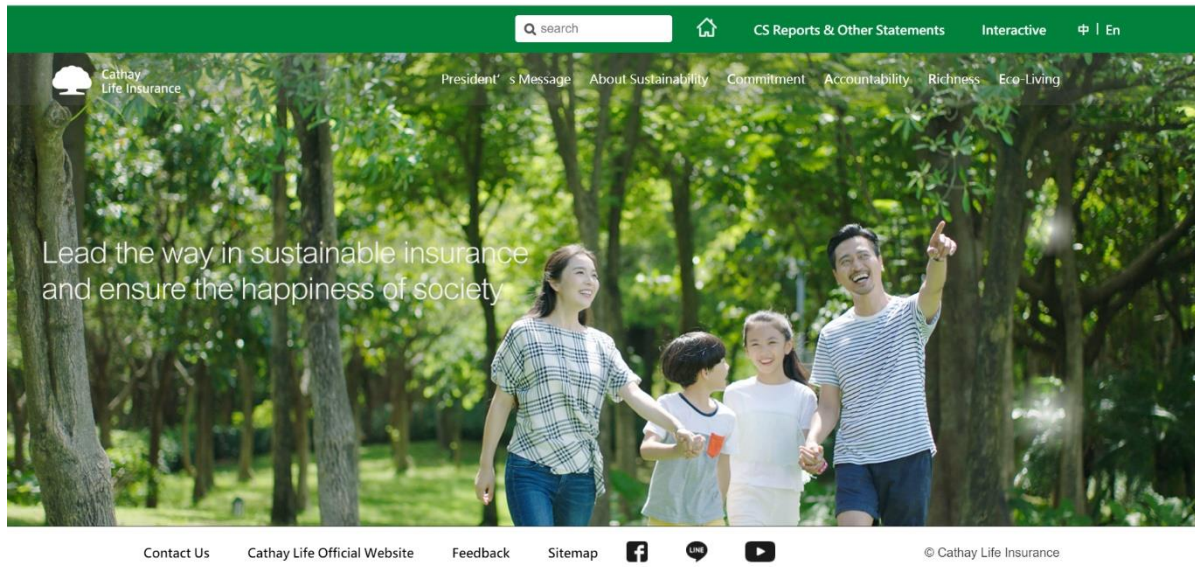
2018 Stewardship Report



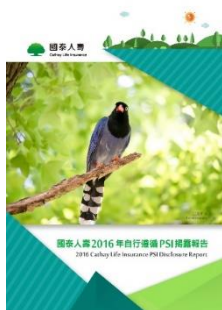
## Other sustainability of Cathay Life

### 1. CS website

<https://patron.cathaylife.com.tw/ODAB/en/ODAB0000>



### 2. Disclosure Report



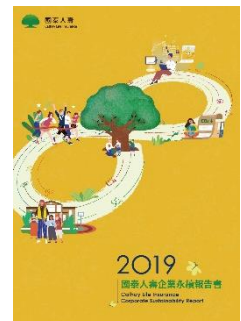
2016 Cathay Life PSI Report



2017 Cathay Life PSI Report



2018 Cathay Life CS Report



2019 Cathay Life CS Report