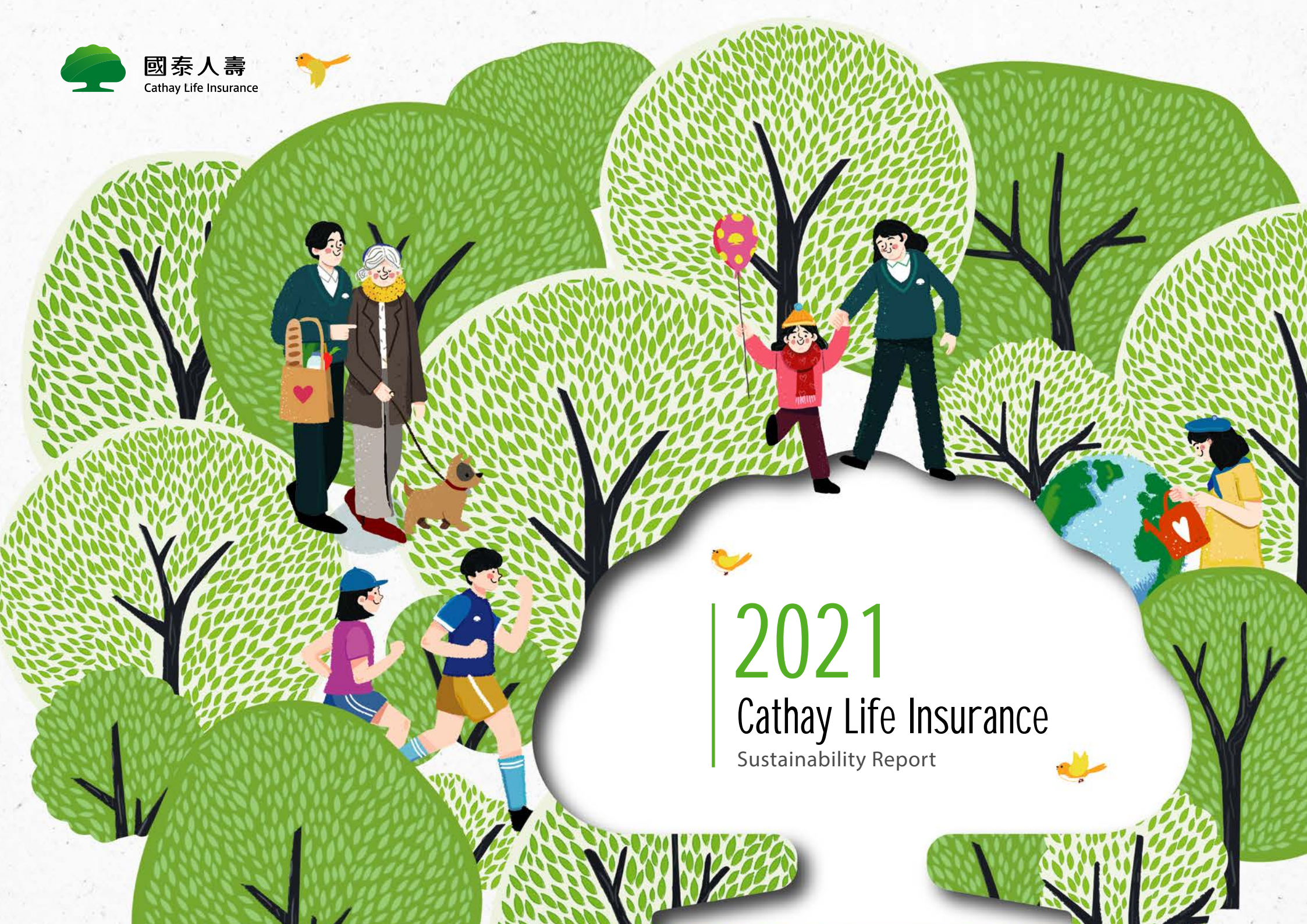




國泰人壽
Cathay Life Insurance



2021

Cathay Life Insurance

Sustainability Report



About this Report

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With a vision to "Lead the way in sustainable insurance and ensure the happiness of society," Cathay Life Insurance incorporates E (Environment), S (Society), and G (Governance) in its decision making, and establishes short-term, mid-term, and long-term goals and action plans based on the sustainability theme "CARE."

Reporting Period and Scope

The period of information disclosed in this report is 2021 (January 1 to December 31, 2021). 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, 2021, or after December 31, 2021, to present the complete performance of projects and events. The previous report was published in June 2021, 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
Sustainability Accounting Standards Board, SASB	SISC Financial-Insurance
United Nations	Sustainable Development Goals, SDGs
	Principles for Sustainable Insurance, PSI



Standard

Data Category	Standard	Certification Institution
Finance	Annual Financial Report	Deloitte & Touche
Environment	ISO 14067 2018 Carbon Footprint Standards	SGS Taiwan
	ISO 20400 Sustainable Procurement – Guidance	
	ISO 14064-1:2018 GHG Inventory Standards	
	ISO 14001 Environmental Management Systems	
	ISO 50001 Energy Management Systems	
Customer Service	QualiCert Service Certification	BSI
	ISO 10002 Customer Satisfaction – Guidelines for Complaints Handling in Organizations	
	ISO 9001 Quality Management Systems	
Information Security	ISO 27017 Cloud Security Certification	BSI
	ISO 27001 Information Security Management System	
	BS 10012 Personal Information Management System	
	SO 29100 Security Techniques – Privacy Framework	
	ISO 22301 Business Continuity Management	
Occupational Safety	ISO 45001 Occupational Safety and Health Management System	

Report Assurance

The Company has engaged PwC Taiwan to corroborate its report compiled based on the GRI Standards 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" (references ISAE3000), to which PwC has concluded with an opinion of limited assurance. The scope of assurance covers information from 2021, and it does not include information on and before December 31, 2020. A copy of the assurance report is included in the appendices of this report. The results of the assurance will be explained and optimized with the relevant personnel in the internal meeting of CS.



Contact Information

- Contact Department**
 Corporate Planning Department, Cathay Life Insurance Co., Ltd.
- Company Address**
 No. 296, Section 4, Ren'ai Road, Da'an District, Taipei City
- Phone No**
 02-2755-1399
- Cathay Life Insurance's Email for Corporate Sustainability**
 CS@cathaylife.com.tw
- Cathay Life Insurance's Corporate Sustainability Website**
<https://patron.cathaylife.com.tw/ODAB/ODAB0000>

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About Cathay Life Insurance - Message from the President

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Principle 1

Being Brave is the Only Way to Create Infinite Possibilities after Stepping into Post-pandemic New Normal

The year 2021 was full of challenges for Taiwan and other countries in the world: The COVID-19 pandemic continued to have an impact on every country. The daily lives of Taiwanese people were completely changed by the abrupt Level 3 epidemic alert. Also, during this time, the climate change report released by the Intergovernmental Panel on Climate Change (IPCC) of the UN issued a "code red" for humanity. If temperature continue to rise unchecked, species and natural resources will face an unprecedented crisis.

In the battle of fighting against viruses and racing against time, no one can stay out of it. What can we do as a financial institution?

President

劉正旗



Dare to Change: Leveraging our "Digital Brain" to Drive Innovation for the Digital Transformation

The digital transformation experience accumulated over the years has not only increased agility in operational processes and provided better customer experience, but also enabled Cathay Life Insurance to gain a foothold during the dramatic changes caused by the pandemic. Immediately following the issuing of Level 3 epidemic alert, Cathay Life Insurance launched remote insurance services, which were upgraded to the Cathay Vision Experience (CVX) platform in the shortest time possible. The platform allows policyholders to complete insurance enrollment with zero contact. As customers obtained protection on the spot, family members who are apart can meet "in the cloud," breaking the constraints of time and space. Through insurance, love is shown and promises to each other are fulfilled. In terms of employee protection, we prioritized the safety of our staff and promptly activated work-from-home mode, which was accompanied by a series of digital tools that enabled employees to maintain high productivity, smooth communication and team cooperation. Also, online collaborative learning removed the restraints that time and location put on learning. The average number of participants in each online session exceeded 1,000.

Dare to Persist: Commit to Protecting Taiwanese People's Bodies, Minds and Wealth

The average life expectancy of Taiwanese people continues to rise with the concomitant increase in unhealthy life years. Whether longevity means happiness or not depends on one's health. Cathay Life Insurance does more than focus on products and help customers build insurance awareness and obtain suitable protection. We also use spill-over effect insurance to encourage customers to maintain good health, continuously expand our health ecosystems service, and integrate healthy behaviors into daily living. Moreover, we pay attention to more than just the health of our customers, mental and financial health are also greatly important to us. We've established Cathay Happiness Farms at various locations in Taiwan, where we guided elderly people to grow vegetables and share meals. The increased interaction between elderly people lowers the risks of being a lonely senior. We also worked with the National Police Agency in holding Anti-Fraud Squad Board Games in local communities to reduce the risk of seniors being scammed out of their pensions and create opportunities for interpersonal interactions.

Dare to Believe: Building a "Sustainable Heart" with Zero-carbon Operations and Low-carbon Investments

"Net Zero" has become a common language between governments and businesses around the world. In 2021, Cathay Group made a commitment to completely use renewable energy by 2030 and achieve net zero carbon emissions by 2050. As the largest subsidiary of Cathay Group, Cathay Life Insurance has also launched a dual strategy that includes "Zero Carbon Operation Transformation" and "Low-Carbon Investment Allocation." Our continuous promotion of paperless services, such as mobile insurance, enabled us to obtain the only Environmental Protection Administration-certified carbon reduction label in the life insurance sector. We will also launch workplace transformation programs, including letting staff take turns working from home and setting up hot desks, to save electricity and reduce our carbon footprint. At the same time, we will actively arrange renewable electricity procurement and businesses. In terms of low-carbon investment allocation, we will continue to uphold our institutional investor stewardship responsibilities by promoting green transformation in Taiwanese industries through low-carbon investments and engagements.

The future may be full of uncertainties, but only by moving forward bravely can we have the opportunity to encounter beautiful things. In 2022, as Cathay Life Insurance enters its 60th anniversary, the Company will daringly take up more challenges against the impossible, generate more momentum toward sustainability, and continue to protect our beloved land.



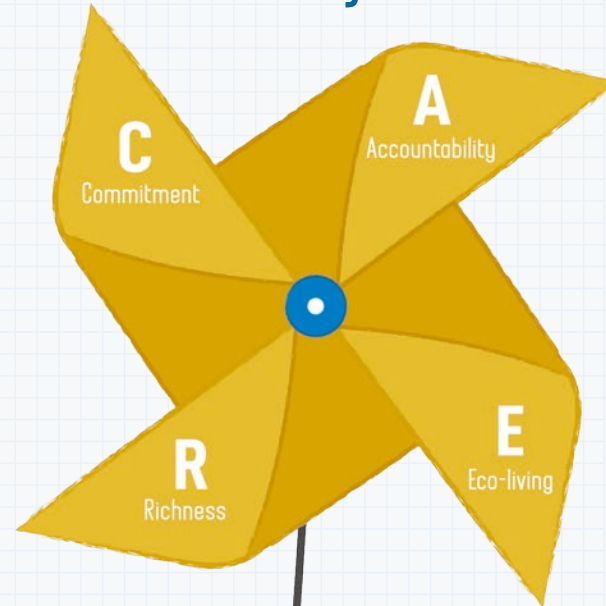
About Cathay Life Insurance – Sustainability Performance and Accolades

Commitment Performance

- Cathay Life is actively engaging with the **3** Taiwanese enterprises through Climate Action 100+. Hon Hai Precision Industry (2020/11), China Steel Corporation (2021/8), and Formosa Petrochemical Corporation (2021/10) have committed to Net Zero or Carbon Neutrality goal by 2050.
- The success rate of engagement of CDP Non-Disclosure Campaign was **25%**, and we encouraged **10** companies to respond CDP questionnaire. The success rate of engagement and numbers of companies respond to CDP all hit the record high.
- Cathaylife is the first company in Taiwan to combine a backward-looking quantification method (carbon footprint) with a forward-looking scenario simulation method (Climate VaR) for enhanced climate risk assessment and management.
- Adopting the standard of Partnership for Carbon Accounting Financials (PCAF) to calculate total carbon emission of our portfolio, with a coverage rate of **100%**.
- Cathay adopted climate scenarios such as NGFS and RCP8.5 emissions to comprehensively evaluate the impact of climate change on the value of equity investment targets under **3** different scenarios.

Richness Performance

- In 2021, the turnover rate of head office staff was **4.69%**, which lay within a 1 standard deviation in the past three years. On the other hand, the retention rate of sales personnel has increased on a yearly basis, reaching **66.8%**.
- Total learning hours on the Hahow self-learning platform reached **44,708** hours; applicants for learning leaves reached **2,211**.
- Number of volunteer hours reached **48,331** hours in 2021.
- **4** Cathay Happiness Farms were built, thereby creating barrier-free vegetable gardens for elderly people. We also worked with the Criminal Investigation Bureau to improve local elderly people's anti-fraud knowledge and skills through tabletop games. A total of **72** sessions were held in 2021, and nearly **2,000** elderly people participated.



Accountability Performance

- Thematic investments (low-carbon, Infrastructure, elderly care, water resources, and inclusive finance, etc.) reached NT\$ **1.2** trillion.
- Cathay Life Insurance actively held shareholder meetings in which voting for the climate change proposal "Acting in Line with the Paris Agreement's Carbon Reduction Goals" took place. We hope to guide the Company in taking more concrete actions on climate change. In 2021, **100%** of voters supported climate change-related proposals.
- We were the only insurance company on TWSE's 2021 List of Institutional Investors with Better Performance on Information Disclosure Stewardship.
- Cathay Vision Experience, known as CVX, was the first remote insurance service platform approved in Taiwan. It provides one-stop online insurance services including insurance enrollment, insurance policy changes, premiums, claims applications, etc. A total of **66,000** cases have been processed as of the end of 2021.
- Launched **7** spillover-effect products and underwrote a total of **288,000** policies to fulfill diverse needs.
- We participated in the Health Promotion Administration's training program on "Dementia Prevention and Dementia Friendly Communities." To date, over **13,000** of our salespeople throughout Taiwan are certified "Dementia Friendly Angels," and **126** of our service locations have completed the Dementia Friendly Organization Certification.

Eco-Living Performance

- The first financial institution in Taiwan to obtain the ISO 20400 certification, with green procurement amount reaching NT\$123,231,890.
- The first institution in Taiwan to obtain the ISO 14067 certification and the carbon reduction label.
- E-policies usage rate reached **93.7%**, the highest in the industry.
- In line with Cathay FHC's Science Based Targets (SBT), we have set the industry-leading target of using **100%** renewable energy in our service locations by 2030 and achieving net zero emissions by 2050.
- We established the Responsible Property Investment and Management Policy, and all of our new buildings use eco-friendly energy efficient designs for green buildings. As of 2021, we have a total of **17** green buildings (2 more than in 2020) and **21** green building certificates (5 more than in 2020).

Awards

Commitment

Taiwan Corporate Governance Association

Jointly gained the Excellent reating with Cathay FHC and Cathay United Bank for the second consecutive year from the Corporate Governance System Assessment

CSR Works International

Silver Award at the Asia Sustainability Reporting Awards

Asia Insurance Review

The Life Insurance Company of the Year Award and Sustainability Award at the Asia Insurance Industry Awards (AIIA)
→ In the 25th AIIA, we were the only company to win two awards and the only Taiwanese insurance company to be shortlisted and awarded.

Taiwan Insurance Institute

Won 7 awards at the 9th Taiwan Insurance Excellence Performance Award



Accountability

Stevie Awards from the American Business Awards

Tech Innovation & Applications Award
→ We were the only company in Taiwan to be awarded at the event.

Global Views Monthly's CSR Awards

Recognized as "Exemplary" in the Environment Friendly Category

Risk Management, Insurance and Finance Foundation

The Best Product Innovation Award at the 22+1 Faith, Hope & Love Awards of Insurance organized

Insurance Asia Awards

The CSR Initiative of the Year Award

Digital Financial Service Awards

Digital Transformation Model Excellence Award, Digital Information Services Award, and Online Insurance Service Award

Commercial Service Industry Evaluation

The Gold Award in the Life Insurance Category

2021 Excellence and Best Rating Survey

The Best Trusted Brand Award in the Financial Holdings Category

2021 Taiwan Financial Award

Best Insurance Service Award and Best Recommended by Life Insurance Policyholders Award — in the Life Insurance Category

IDC Asia/Pacific Future Enterprise Awards

The Industry Ecosystem Innovation Award

Financial Industry Treating Customers Fairly Evaluation Micro Insurance Contest and Elderly Friendly Award by Financial Supervisory Commission's (FSC)

The Excellent Performance Award, Excellent Economic Relief Award and first place in the Life Insurance Category in FSC's Micro Insurance Contest; awarded the Elderly Friendly Award by the FSC for our petty amount whole life insurance

International Innovation Awards

Recognized in the Service & Solution Category at Enterprise Asia's 5th International Innovation Awards

Richness

Asia Insurance Review

Young Executive of the Year and Insurance Agency Leader of the Year — at the 6th Asia Trusted Life Agents & Advisers Awards

22+1 Faith, Hope & Love Awards

The Best Contribution to Insurance Education Award, Best Communication Award, and Best Professional Life Insurance Consultant Award - Internal Life Insurance Company Category

Taiwan Institute for Sustainable Energy

The Gold Award at the Taiwan Sustainability Action Awards

PwC Sustainability Impact Awards

The Educational Innovation Impact Award

Sports Promotion Award

The 2021 Sports Promotion Award from the Sports Administration

Buying Power

The First Prize at the 2021 Buying Power - Social Innovation Products and Services Procurement Award

Eco-living

Global Views CSR Awards and

Recognized as "Exemplary" in the Environment Friendly Category of the Global Views CSR Awards

Asia Insurance Industry Awards

The Sustainability Awards

Taiwan Corporate Sustainability Awards

The Climate Leadership Award of the Taiwan Corporate Sustainability Awards



Brief Overview and Business Performance

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Basic Information

Company Name	Cathay Life Insurance Co., Ltd.
Date of Incorporation	October, 1962
Core Values	Integrity, Accountability, Creativity
Number of Employees	32,400 individuals
Number of Customers	8,025,339 individuals (not including group insurance customers)
Primary Products and Services	Life insurance, accident insurance, health insurance, annuity insurance, and investment-linked insurance
Participation in Important External Associations	Insurance Society of the Republic of China, Life Insurance Association of the Republic of China, International Insurance Society (IIS), Life Insurance Marketing and Research Association (LIMRA), Life Office Management Association (LOMA), Life Insurance Management Institute of the Republic of China, Actuarial Institute of the Republic of China (Taiwan), Institute of Financial Law and Crime Prevention, Chinese Insurance Service Association, Chinese National Association of Industry and Commerce, Risk Management Society of Taiwan

Cathay Life Insurance has been operating in Taiwan for over 60 years, upholding our mission to "shelter you like a big tree and make your life easier." With our vision to "combine insurance and technology to bring you closer to happiness," we continue to innovate our services, uphold corporate sustainability duties, and protect the well-being of every family as we progress toward becoming a leading financial institution in the Asia Pacific region.





Business Sites

Cathay Life Insurance's business sites around Taiwan include 19 branches and 354 agencies; we have service centers set up throughout Taiwan with over 27,000 salespeople to provide customers with a wide variety of thoughtful products and friendly services. Moreover, Cathay Life Insurance 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 China and Vietnam.

19
branches

354
agencies

2.7
sales agents

Region	Northern Taiwan	Central Taiwan	Southern Taiwan	Eastern Taiwan	Offshore Islands
Branches	6	6	5	2	0
Agencies	151	66	127	91	1

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

Country	Description	Number of Business Sites
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

Business Performance

In Taiwan, one out of every three people is a policyholder of Cathay Life Insurance. In the face of diplomatic and economic challenges, digital transformation and market competition, Cathay Life Insurance keeps pushing and encouraging itself to provide the best products and services through continuous innovation and breakthroughs with customer-centric values. The company also strives to improve profitability in order to return business achievements to all shareholders.

In 2021, Cathay Life Insurance generated NT\$646 billion in premium income. Our market share was approximately 21.7%, placing us at the lead in the industry. Cathay Life Insurance will uphold the core competency of being people-oriented and the sustainability principle of reciprocity ("benefiting oneself by benefiting others") and progress toward becoming a leading financial institution in the Asia Pacific region.

	2019	2020	2021
Total assets	7,034,859,538	7,604,328,475	7,985,208,989
Total premium income	674,146,710	666,082,336	645,960,574
Operating income	906,585,211	906,260,419	914,813,668
Net profit after tax	37,845,953	51,744,594	112,085,095

Unit: NT\$, in thousands



Sustainable Organizational Structure

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Sustainability-related Events



In 2016, Cathay Life Insurance established the Cathay Life Corporate Sustainability (CS) Team, which is explained as follows:

Supervision and management

The President is the committee member responsible for supervising the team's operations; a senior vice president serves as the executive officer and directs affairs of the 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.

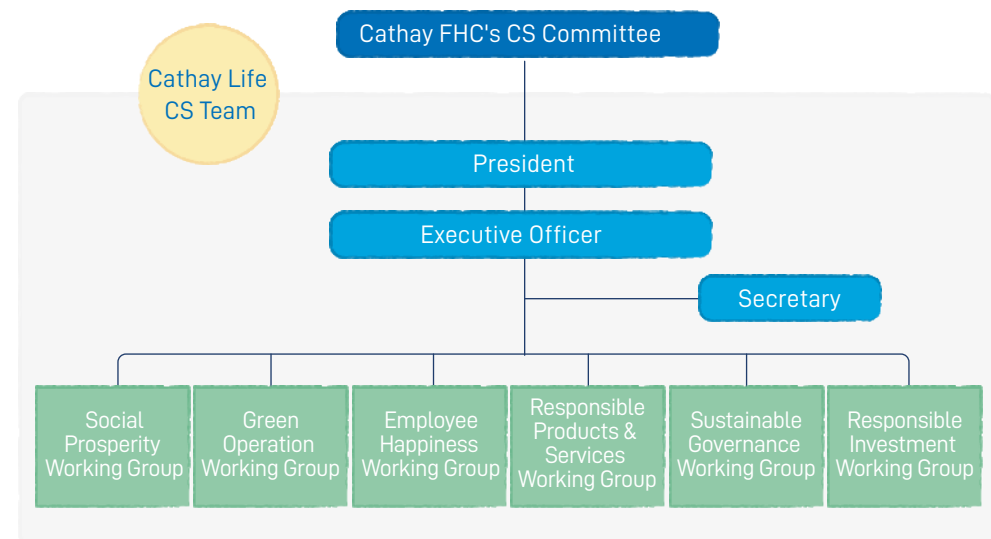
Operating mechanisms

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.

Issuing of the Sustainability Report

We issue a Sustainability 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.

Organizational Structure



Strategical Blueprint and Goals

Cathay Life Insurance is Asia's first life insurance company to take the initiative in complying with the Principles for Sustainable Insurance (PSI), incorporating ESG issues in its daily operations. To better exert our core competencies and expand the scope of our influence, we adopt the strategical focuses of Commitment, Accountability, Richness, and Eco-Living (C.A.R.E.) to achieve the sustainability vision to "lead the way in sustainable insurance and ensure the happiness of society," protecting the happiness of employees, policyholders, and the public.

Strategic Focus and Goals

Four major strategic focus areas, eight main strategic directions and their corresponding short-term goals were formulated.

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Principle 1

Commitment

Solid Governance and Steady Operations

Corresponding to material issues

Corporate Governance and Ethical Corporate Management

Information Security and Customer Privacy

Legal Compliance and Response

2021 Goal Attainment Status

- Plan and construct mechanisms that connect senior management performance and corporate sustainability
- Establish the Information Security Advisory Team on the Board of Directors
- Integrate ESG into enterprise risk management (ERM)
 - Establish ESG and climate risk standards
 - Establish a link between the Risk Management Committee's performance and ESG
 - Complete preliminary climate risk scenario analysis tools and disclose financial impact figures
 - Assist Life Insurance associations in including climate change risks in guidelines for risk management practices

Supporting Initiatives and Expanding Scope of Influence

Corresponding to material issues

Sustainable Financial Investment

Climate Initiatives

2021 Goal Attainment Status

- Become the leading brand in life risk management in Taiwan
 - Publish life risk trend survey reports
 - Hold life risk trend forums (Note: due to the impact of the pandemic, report contents were shared through digital advertorials during Q1 2022 instead)
- Become the leader in responsible investment initiatives in Taiwan
 - Participate in Climate Action 100+, CDP Non-disclosure Campaign, and AIGCC Asian Utilities Engagement initiative
 - Organize one engagement meeting per year
- Coverage rate of carbon footprint check for listed equity and corporate bonds reached 100%
- Set response strategies for climate change in the listed equity in response to the international trend of researches of industries with high carbon emission

Accountability

Responsible Investment and Paradigm Proposal

Corresponding to material issues

Sustainable Financial Investment Climate Initiatives

2021 Goal Attainment Status

- Refine the content of ESG risk review
 - Study and identify sensitive industries based on international trends and ESG risk factors, and adjust the investment exclusion list and sensitive industry list
- Organize two responsible investment training events targeting investment teams every year
- Facilitate disclosure of responsible investment measures: Publish stewardship reports and voting result disclosure reports

Diverse Coverage and Thoughtful Services

Corresponding to material issues

ESG Products and Services

Customer Rights Preservation and Service Quality

FinTech Application Financial Inclusion

2021 Goal Attainment Status

- Advance health-promoting concepts and elevate people's willingness to participate
 - Launch 1-2 spillover-effect products every year to encourage equal attention on both insurance and health
 - Optimizing Cathay Walker Product: Increase health promotion mechanisms, enhance health-promoting spillover effects, increase applicable insurance types
 - Cathay Walker+ promotion plan: Increase number of collaborative companies, enrich service diversity, reach 380,000 in number of members
- Establish an elderly service framework
 - Launch 5 protective or financial products to satisfy the demands of elderly customers
 - Introduce the second wave of services and accumulate 10 service items
 - Connecting service scenarios: enhance the service-to-sale service scenario and improve synergy
- Improve and realize financial inclusion
 - Fulfill the demands of access: Provide 5 or more financial inclusion products and add product descriptions in foreign languages for more than 10 products
 - Expand the scope of usage: Provide more than 5 insurance products
 - Mobile insurance usage rate reaches 90% or higher (Note: Due to the impact of the pandemic, customers' willingness to visit in person declined, and transactions were conducted online and through other channels. In addition, due to the signing of dedicated paper applications in the contact information correction project, paper document quantity increased, which also affected the usage rate of policyholder services. Consequently, the goal for policyholder service usage was not achieved.)
- Enhance customer satisfaction, improve the fairness of customer service, enhance service quality, and protect customer rights.
 - Customer service satisfaction reaches 90% or higher
 - R-NPS reaches 20
- Digital service satisfaction reaching 90% or higher

Vision

Lead the way in sustainable insurance and ensure the happiness of society

Value Proposition

Cathay Life Insurance 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.

Please see P.74 for the medium and long-term (2025-2030) Goals

Please see P.77-78 for the Principles of Sustainable Insurance (PSI) Correspondence Table

Attainment ● Attained ● Unattained

Richness

Healthy Lifestyle and Work-life Balance

Corresponding to material issues

Attracting and Developing Talents
Financial Inclusion

Employee Welfare and Rights

Workplace Safety and Health

Workplace Equality, Diversity and Inclusion

2021 Goal Attainment Status

- **Expand and implement internal recruitment mechanisms: 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**
- **Developing multi training channels and encourage employees' spontaneous learning**
 - Continue to introduce various learning channels and integrate diverse training resources
 - The overall average number of training hours per person reaches 220 hours/year
- **Increase employee engagement and satisfaction**
 - Analyze the dimensions of lower employee engagement survey scores and conclude on major factors for improvement; the goal is 4 or higher in both engagement score and satisfaction score (on a 5-point scale)
- **Construct a safe work environment and promote health awareness**
 - Continue to implement work environment monitoring for our main office buildings
 - Enhance employees' safety and health awareness, and maintain disabling injury frequency below 0.5
 - Attendance in full-year health-promoting events (including health-related lectures and health education campaigns) reaches 30,000
- **Percentage of positions held by women in senior management reaches 20%**

Social Care and Value Creation

Corresponding to material issues

Participation in Charity and Welfare

2021 Goal Attainment Status

- **Push for volunteering by all Cathay employees and respond to demands from the public with alternative projects**
 - 75,000 volunteer service hours (Note: Some charity activities were suspended to comply with epidemic prevention measures and reduce risks of cluster infections. Consequently, volunteer hours were affected.)
 - 800,000 beneficiaries in charity projects or events
- **Produce event organization manuals and organize professional event management lectures and trainings**
- **Introduce charity project management mechanisms and social impact assessment tools**
 - Analyze one SROI project through industry-academia cooperation
 - Increase beneficiaries and social value through interdepartmental and cross-sector cooperation

Eco-Living

Green Operations and Impact Mitigation

Corresponding to material issues

Supply Chain Management

Green Operations

2021 Goal Attainment Status

- **Improving usage efficiency of energy and resources**
 - A decrease of 2.5% in carbon emissions compared to the previous year
- **Develop renewable energy usage plans**
 - Green Electricity Planning: Launch the Renewable Electricity Procurement Pilot Project for Cathay Life Insurance's Head Office Building
 - Renewable Energy Certificate Usage: Outsource certification + electricity generation for self-use
 - Solar panels with the capacity of 125kW were installed on the office building at Qingping Section, Taoyuan City; solar panels with the capacity of 64.02kW were installed on the building at Shixing Section, Zhubei City, totaling 189.02kW

Eco-Friendliness and Sustainable Homeland

Corresponding to material issues

Environmental Concern

2021 Goal Attainment Status

- **Develop alternative solutions to enhance promotion of environmental sustainability**
 - Increase the number of individuals reached by our environmental sustainability promotions by 1,500 (using 2018 as the baseline year)
 - Environmental education hours per employee reach 4 hours
- **Strengthen supplier management**
 - 100% of suppliers sign Cathay's Sustainability Value Declaration, and continue to provide suppliers with education and training
 - Provide education and training to 100% of suppliers
 - Collect and compare the risk assessment methods of suppliers among the industry and other related information

Stakeholders and Material Issues

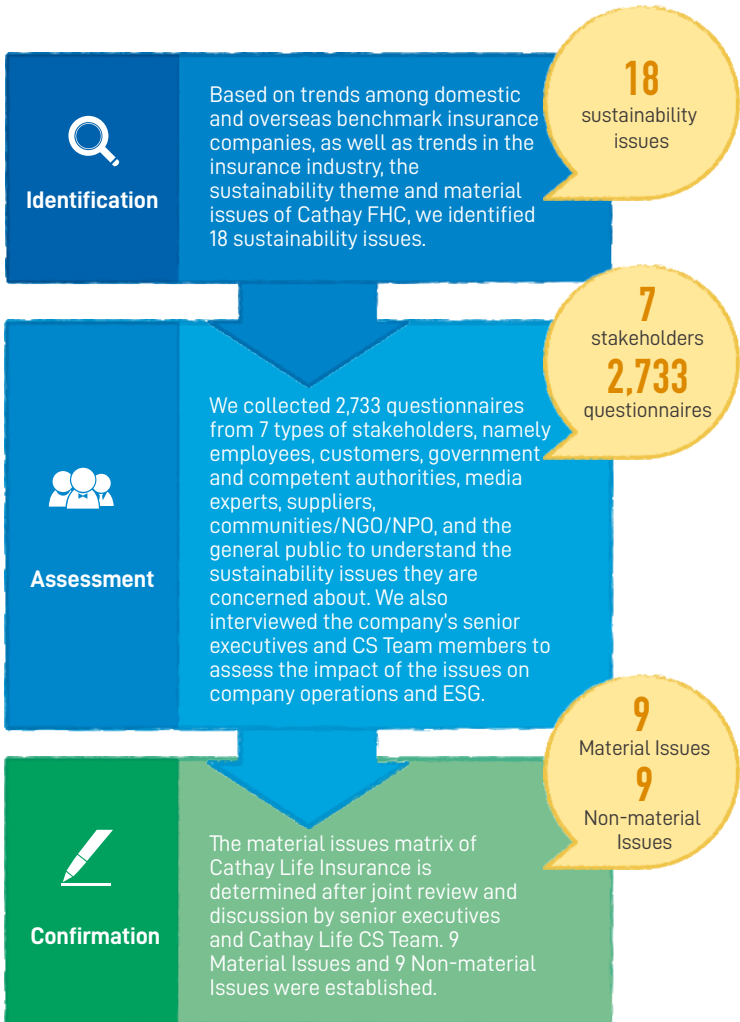
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Cathay Life Insurance selects seven objects by assessing own business scope and reference to peers and Cathay Financial Holdings. We communicates with stakeholders through different channels in response to different trends and challenges, and focuses on issues that stakeholders are concerned about. Hoping to respond to stakeholders' needs and expectations, our actions plans are guided by the C.A.R.E strategy focuses, which are formulated in line with the UN's SDGs, so that we can work together to make the world a better place.



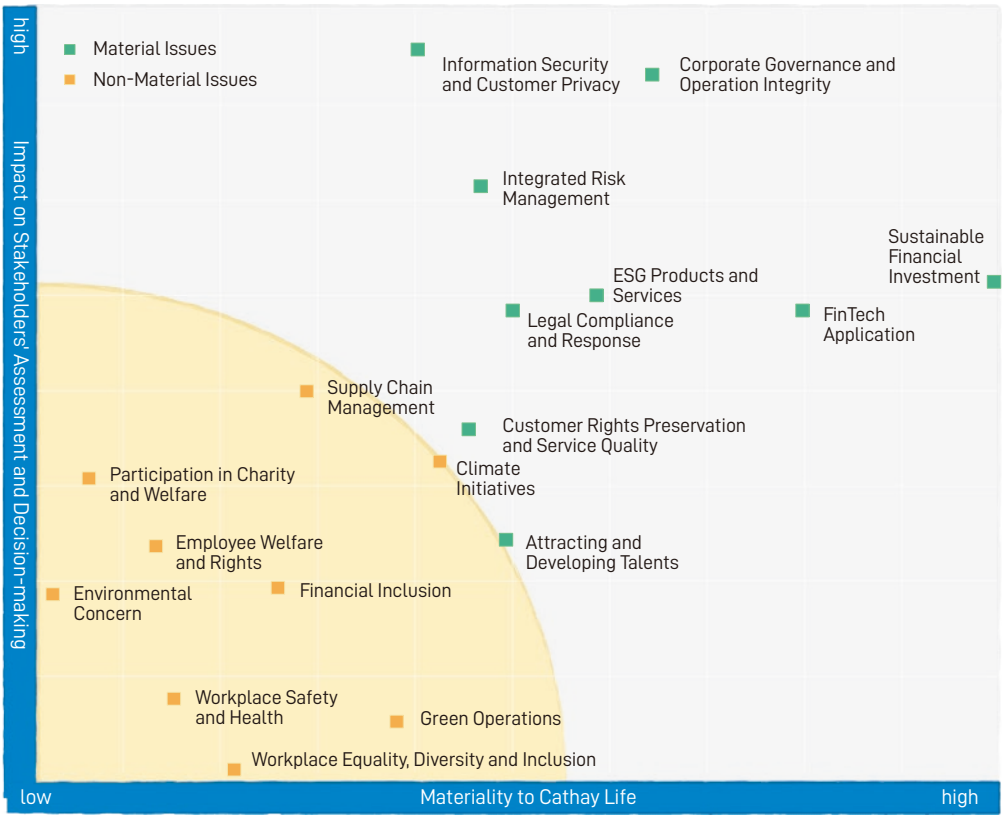
Material Issues

(I) Analysis of Issues



(II) Matrix

- Changes Made to Material Issues in 2021:**
- Considering the contents of the topic "Responsible Investment and Lending," the topic was broken down into "Sustainable Financial Investment" and "Climate Initiatives."
 - A few titles were renamed to enhance communication with stakeholders. "Accessibility and Affordability of Goods and Services" was changed to "Financial Inclusion," and "Goods and Services Developed in Response to Sustainability Issues" was changed to "ESG Goods and Services."



(III) Material issues and Their Impacted Boundaries

● Direct shock ○ shocked by business relationship

Material issue	significance	Impacted Boundaries					GRI Standards	Management
		Cathay Life Insurance	Value chain					
			Customers	Government and Competent authority	Suppliers	Community		
Corporate Governance and Operation Integrity	Establish an effective corporate governance structure to protect the rights and interests of shareholders and take into account the interests of other stakeholders in order to achieve Cathay Life's operational objectives and fully disclose relevant information.	●	○	○		○	GRI205 Anti-corruption	Solid Governance and Steady Operations ■ Operational Integrity
Attracting and Developing Talents	Provide complete employee recruitment and career development policies and mechanisms to strengthen the soft and hard skills of talents.	●				○	GRI401 Employment GRI404 Training and Education	Healthy Lifestyle and Work-life Balance ■ Talent development & cultivation ■ Employee care
Information Security and Customer Privacy	Establish a complete and reliable information security system and customer data management mechanism to ensure customer privacy.	●	○	○		○	GRI418 Customer Privacy	Solid Governance and Steady Operations ■ The Great Steady Tree
Legal Compliance and Response	Comply with internal and external laws and regulations, and continue to pay attention to the trend of regulatory changes, in order to adjust business in real time. Through the management system to tracking the status of compliance with laws and regulations. Establish a complete handling and improvement mechanism for violations of laws and regulations.	●		○			GRI419 Socioeconomic Compliance	Solid Governance and Steady Operations ■ Operational Integrity
Customer Rights Preservation and Service Quality	Ensure that customers fully understand the content and rights of goods and services. Regularly care for customer status and provide various communication channels to respond to customer opinions to improve service quality and safeguard customer rights and interests.	●				○	GRI G4 Financial Services Sector Disclosures	Diverse Coverage and Thoughtful Services ■ Customer-centric approach
ESG Products and Services	Responding to sustainability issues (social trends, environmental change and corporate governance, e.g. Aging or climate change, etc.) to designing insurance goods and services.	●	○			○	Material Issues Identified by Cathay Life	Diverse Coverage and Thoughtful Services ■ Providing Diverse Protection
FinTech Application	Adopt digital technology and innovative technology to establish a new service model and operation process to improve service quality and efficiency.	●	○			○	Material Issues Identified by Cathay Life	Diverse Coverage and Thoughtful Services ■ Developing Digital Services
Sustainable Financial Investment	Take corporate governance, environmental and social risks into account in the investment process to guide funds in a low-carbon and sustainability.	●	○	○		○	Material Issues Identified by Cathay Life	Responsible Investment and Paradigm Proposal ■ Sustainable Investment Mechanism
Integrated Risk Management	Develop a comprehensive risk management mechanism, objectives and contingency plan for the operational risks, financial risks and emerging risks associated with environmental/social trends that Cathay Life may face to mitigate the negative impact of risks as they occur.	●	○	○		○	Material Issues Identified by Cathay Life	Solid Governance and Steady Operations ■ The Great Steady Tree

Commitment



18 Solid Governance and Steady Operations

- 18 The Great Steady Tree
- 22 Operational Integrity

24 Support Initiatives and Expand Influence

- 24 TCFD Compliance and Strengthening Climate Resilience
- 34 Pioneering Sustainability and Leveraging the Power of Dialog

Core Philosophy

To fulfill the commitment to sustainability of Cathay Life Insurance, we strive to set an example by strengthening our risk management and operation integrity through our strong corporate governance, in order to lay a solid foundation for the company's operations. We continue to expand our sustainable influence through initiatives and actions, so that Taiwanese industries and families can continue to grow strong and sturdy like a large tree.

- Cathay Life is actively engaging with the **3** Taiwanese enterprises through Climate Action 100+. Hon Hai Precision Industry (2020/11), China Steel Corporation (2021/8), and Formosa Petrochemical Corporation (2021/10) have committed to Net Zero or Carbon Neutrality goal by 2050.
- The success rate of engagement of CDP 「Non-Disclosure Campaign」 was **25%**, and we encouraged **10** companies to respond CDP questionnaire. The success rate of engagement and numbers of companies respond to CDP all hit the record high.
- Cathaylife is the first company in Taiwan to combine a backward-looking quantification method (carbon footprint) with a forward-looking scenario simulation method (Climate VaR) for enhanced climate risk assessment and management.
- Adopting the standard of Partnership for Carbon Accounting Financials (PCAF) to calculate total carbon emission of our portfolio, with a coverage rate of **100%**.
- Cathay adopted climate scenarios such as NGFS and RCP8.5 emissions to comprehensively evaluate the impact of climate change on the value of equity investment targets under **3** different scenarios.

SDG 3

SDG 16

Solid Governance and Steady Operations

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Principle 1

Corporate governance is the foundation of corporate sustainable operation. Cathay Life Insurance not only establishes a rigorous framework of corporate governance, but also refines risk management organizations and mechanisms by strengthening the competencies of the Board of Directors and enhancing the leadership capabilities of the management team, so as to protect the rights of Cathay stakeholders, including shareholders, employees, and policyholders.

The Great Steady Tree

(I) Board Diversity and Operation

Cathay Life Insurance convened a total of 10 directors' meetings in 2021, which were attended by all directors in person or via proxies [Please see "Attendance of 20th Term Board of Directors "on P.85"](#), thereby performing the duty of supervising the company's various business operations. In 2021, the results of the overall board performance assessment are "beyond standards" showing the success of Cathay Life Insurance's efforts in improving the efficacy of board operations. The Board of Directors appointed a corporate governance officer as the highest level manager of corporate governance related affairs. The corporate governance officer assists directors and supervisors with compliance and Board affairs, and attends training programs provided by institutions designated by the competent authorities each year.

To facilitate the sound development of board composition and structure, Cathay Life Insurance's Board of Directors comprises members from a diversity of backgrounds (in terms of age, gender, industry experience, and relevant knowledge) to elevate its effectiveness. The composition of the board of directors of Cathay Life Insurance is tabulated below.

Board Diversity

Name of Director	General									Industry experience							Professional knowledge							
	Nationality	Gender	Serving concurrently as a company manager	Age				tenure of Independent Director			Banking	Insurance	Securities	Asset Management	Real Estate	Construction/ Medical Care	Health Management	Commerce	Finance/ Accounting	Law	Finance	Mathematics/ Actuarial Science	Overseas Investment	Risk Management
				41-50	51-60	61-70	71-80	Less than 3	3-9	More than 9														
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	●		●						●	●			●		●			●	●	●	●	
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	Femal			●			●			●	●	●				●			●	●	●	●	
Tang-Chieh Wu	R.O.C	Male				●		●			●	●	●				●			●	●	●	●	

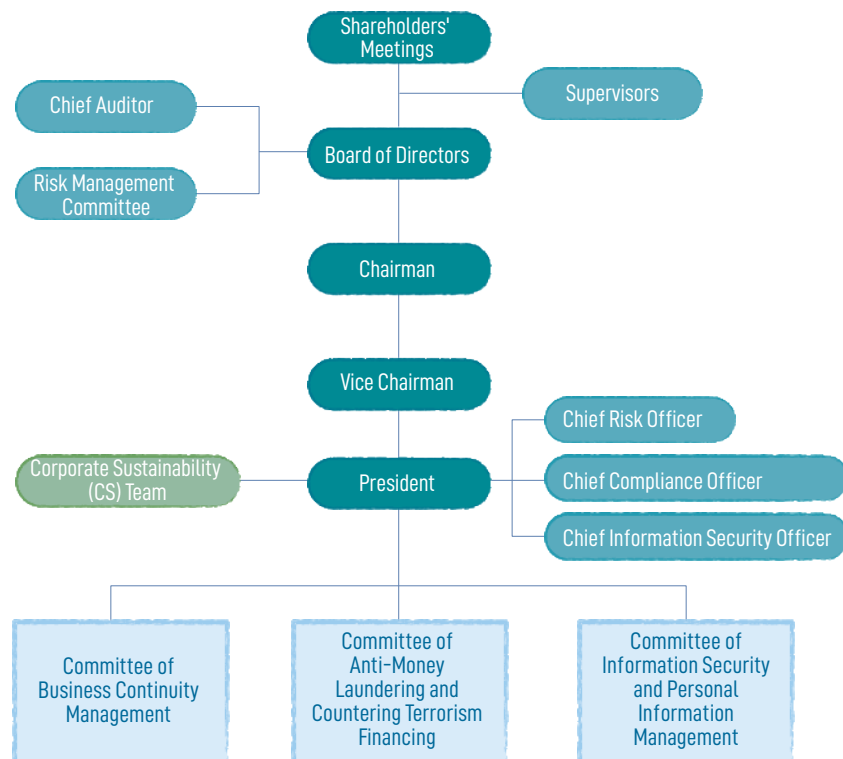
Note1. Composition of the board of directors: Independent Director 20%, Executive Director 30%, Non-Executive Director 50%

Note2. Age distribution of the Board of Directors: Age 41-50 : 30%, Age 51-60 : 30%, Age 61-70 : 30%, Age 71-78 : 30%

Note3. Gender of the Board of Directors: Female 10%, Male 90%



(II) Corporate Governance Organization and Evaluation



We were evaluated by the Taiwan Corporate Governance Association together with Cathay FHC and Cathay United Bank (CUB) in 2020 and received the highest level rating of "Excellent" in the evaluation results (two-year period). We will continue to make improvements in related operations as recommended by members of the evaluation committee to achieve even better corporate governance.

(III) Strengthening Risk Management

Cathay Life Insurance upholds the Principles for Sustainable Insurance (PSI) and has incorporated ESG issues into our daily operations. We monitor and promptly respond to potential operational, financial, and emerging risks in relation to environmental or social trends. We have established a complete risk assessment process, goals, and response plans through enterprise risk management (ERM), ensuring the smooth operation of risk management mechanisms, while mitigating the negative impacts of risks when they occur.

The Risk Management Committee was 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, Chief Compliance Officer 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-related risks and issues.

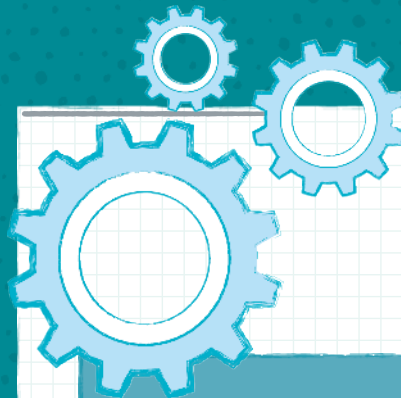
Complying with International Standards

We have actively engaged in international exchanges and learned from the experience of others, so as to reinforce our professional skills and strengthen our risk assessment abilities to prepare for the transition to IFRS 17. We have also engaged in discussions with domestic academics, the Taiwan Insurance Institute, and competent authorities in hopes of facilitating the establishment of an accounting system that not only complies with the international framework, but also suits Taiwan's industry characteristics. Cathay Life Insurance is formulating business strategies and implementing systems to successfully transition to IFRS 17.

Furthermore, Cathay Life Insurance began voluntarily participating in the field testing of the Insurance Capital Standards (ICS), which was proposed by the International Association of Insurance Supervisors (IAIS) in 2015 to get a head start on understanding trends in international capital supervision. During the field testing process, we made constructive proposals in response to the regional characteristics of Taiwan, such as long-term debts, so that the ICS can reasonably reflect on the solvency of life insurance companies in Taiwan.

Developing risk management systems through industry-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, Cathay Life Insurance has been collaborating with experts and academics from various countries and working in various disciplines in establishing quantitative models for financial risks and emerging risks for the purposes of establishing an effective risk control mechanism and drawing up response plans. As of the end of 2021, we have established 43 models, including financial risks, operational risks and emerging risks. We began responding to Task Force on Climate-Related Financial Disclosure (TCFD) in 2019, and worked together with academics in the modeling and quantitative assessment of the effect of climate change on claims of life insurance products, so as to improve our tools for risk assessment.



Financial risk model

Purpose

To increase familiarity with the probability of financial risks and their possible impact on financial matters when they become real, thus facilitating the day-to-day monitoring of solvency.

Practices

To complete all-around financial risk quantification models including the asset valuation model, stochastic market risk factors model, credit default model, asset/liability matching model, R&D on dynamic hedging strategies, thereby developing a comprehensive model for solvency assessment.

Operational risk model

Purpose

In light of the risk factors that exist in operations and could potentially affect our business stability, we have established the relevant early-warning and prompt-response models for all departments.

Practices

We completed establishing relevant operational risk models, such as: loan default and appraisal, underwriting and claims, anti-money laundering, mortality rate, hospitalization rate, surgery incidence rate, catastrophic illness incidence rate, and risk rating models, in order to give operational risk warnings in advance.

Emerging risk model

Purpose

To cope with the possible impacts brought by climate change, aging society, and public health issues by providing more diverse insurance products to assist with economic security and medical care for the elderly, as well as taking relevant risk management measures in advance and complying with IFRS 17 standards.

Practices

We established relevant risk quantification models, such as: models for monitoring long-term care incidence rate and analyzing the effects of taking walks on morbidity in response to population aging, and for evaluating the effects of climate change on mortality/morbidity rate to analyze the changes and impacts of future trends.

Business Continuity Management

In light of the massive impact of major emergency events (such as natural disasters or major emergency public health events) on crucial operations of Cathay Life Insurance, Cathay Life Insurance organizes drills on system remote backups every year to prevent disruptions to the Company's business operations. We perform self-assessment by using international standards, continue to improve business continuity management systems, and optimize our emergency response and business recovery mechanisms, so as to protect our business operations against any impact and continue to provide customer services. Furthermore, we use international verification standards to examine our insurance services, administrative operations on insurance claims services, and customer consultation services. In July 2021, Cathay Life Insurance became the first insurance company in Taiwan to receive ISO 22301 certification.

We provided each employee with 3 hours of information security promotion courses, and a total of 31,949 employees received 95,487 hours of training in 2021. We provided training related to specific topics for 30 employees based on results of the social engineering exercise, in order to embed information security concepts among all employees.

Information security course content

- General knowledge on information security
- Self-protection measures
- Precautions about social engineering mails and working from home
- Case studies from other insurance companies
- Personal data protection
- Analysis of actual cases

Information Security

Cathay Life Insurance continues to refine the information security management system to enhance our ability to defend and protect in response to various risks with information security and personal data, ensuring the security of customer privacy and the Company's confidential information. In addition to the information security system and customer information management mechanisms, we established the Information Security Department in April 2018, to enhance strategic planning and technological management of information security. In 2021, we adopted an ex-ante preparation, in-process investigation, and post-hoc monitoring approach, placing emphasis on increasing cybersecurity monitoring, enhancing the resiliency of cybersecurity operations, bolstering information security management, and building collaborative defense capabilities. In doing so, we ensure continuous system operations and data security, thereby creating a secure environment for the development of financial services. In 2021, personnel from the Information Security Department completed the relevant training of 15 hours per person to continuously acquire professional skills. Under such a rigorous information security management framework, Cathay Life Insurance found no significant information security and invasion of customer privacy event in 2021 and as a result, won the BSI Information Resilience Visionary Award.

Increasing cybersecurity monitoring

- Establish an information security consultation task force that reports to the Board of Directors
- Appoint a CISO

Enhancing the resiliency of cybersecurity operations

- Ramp up Distributed Denial of Service (DDoS) drills
- Participate in cybersecurity defense competitions for financial sector

Bolstering information security management

- Acquire international information security certifications (e.g., ISO27001, 27017, PCI-DSS)
- Promote financial cybersecurity maturity assessments

Building collaborative defense capabilities

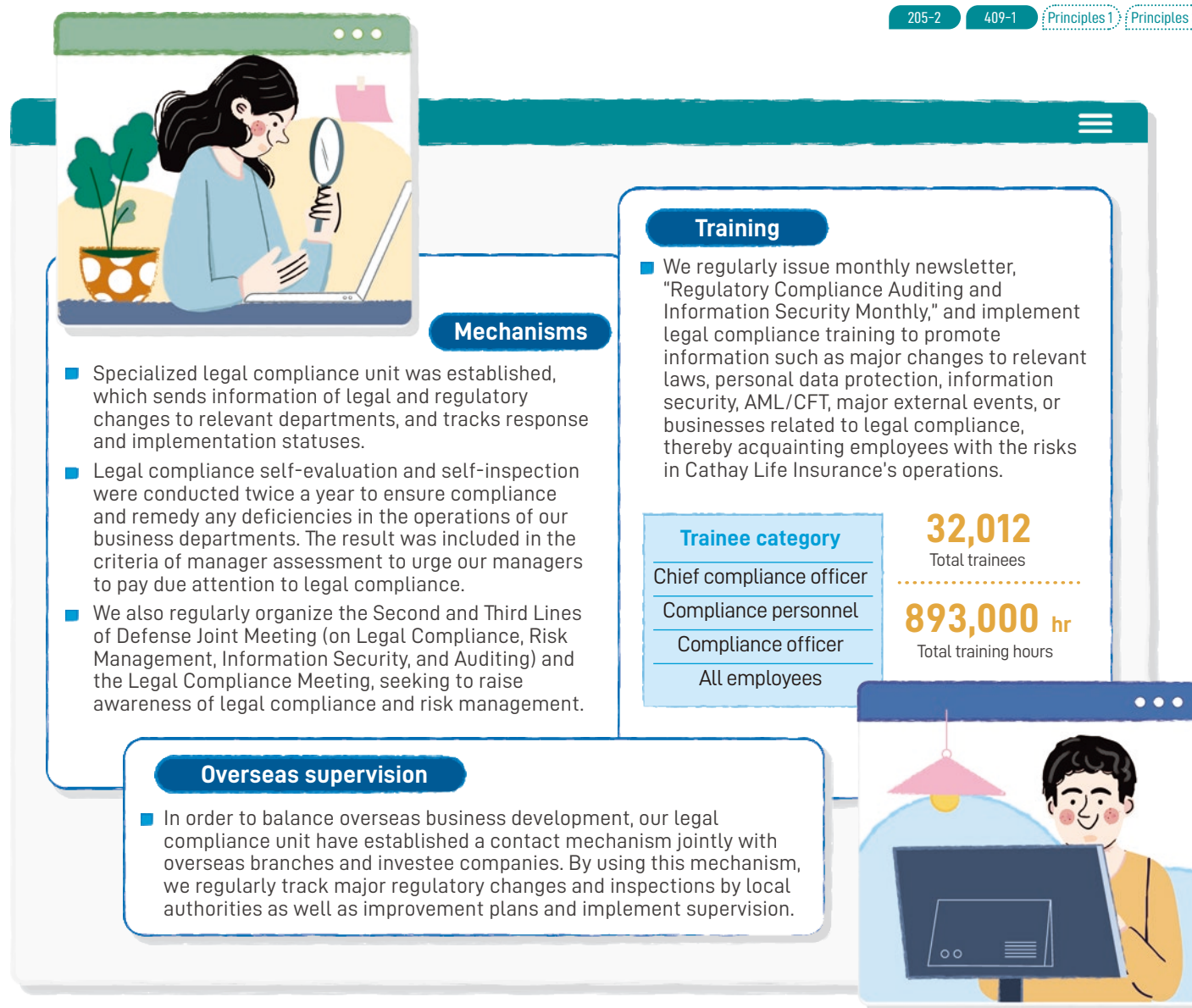
- Expand the control scope of the Security Operation Center (SOC)
- Assist group subsidiaries in strengthening their cybersecurity capacity

Operational Integrity

Integrity, Accountability, and innovation are the core values of Cathay Life Insurance. We strive to form an organizational culture of regulatory compliance, in order to implement operational integrity and enhance our control of 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 demonstrate regulatory compliance and implement compliance, intellectual property protection, as well as AML/CFT in daily operations and services.

(I) Regulatory Compliance

Cathay Life Insurance 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 2021, we completed the optimization of our Legal Compliance Management System and integrated it with the enforcement systems of other insurance companies to improve compliance performance.



Negative information in 2021 and improvement measures:

Cathay Life Insurance was imposed a fine of NT\$1.2 million by the FSC on December 8, 2021 for the following:

Case and amount

For failure to further clarify inconsistencies in a sales agent's solicitation report.

For failure to engage in proper telephone marketing with people with physical and mental disabilities and rejected their insurance application without proper assessments.

For paying out policy cancellation fee without first checking whether cancellation was done over the phone; for using only annotated clauses to change its method of applying crediting interest rate; for failure to refund the unearned premium to the policyholder as agreed in the terms and conditions when the policyholder terminated his/her contract.

Improvement measures

Introduce a system inspection mechanism that actively manages and reminds underwriter to ramp up their review of sales agents' solicitation report and identify any inconsistencies.

Adjust choice of words used during telephone marketing with people with physical and mental disabilities, and review insurance applications based on a careful and comprehensive assessment of risks, so as to protect persons with physical and mental disabilities against unfair treatment.

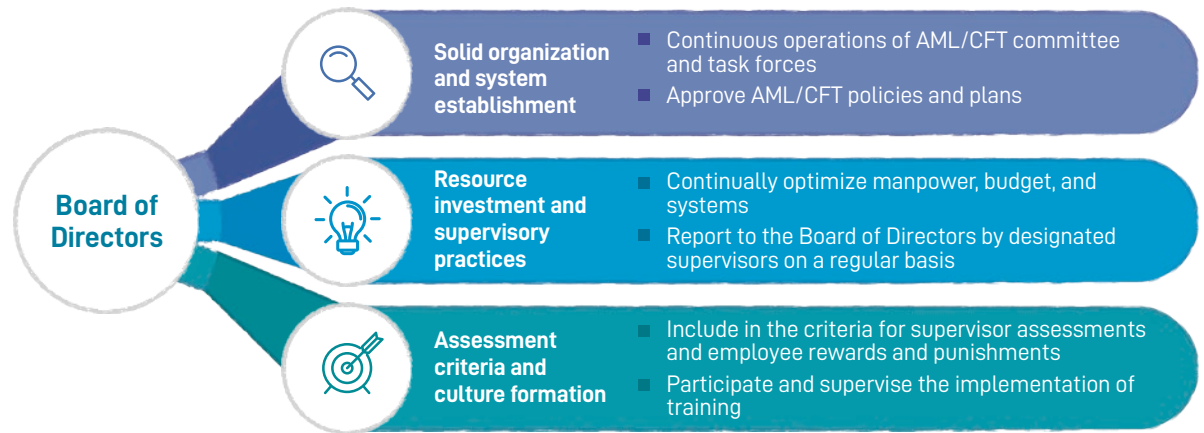
First, adopt a policy cancellation telephone control mechanism; Second, build up a review mechanism where an item that reviews whether a product meets the treating customers fairly principle, is included in the product development ESG checklist, which is provided during product review group meetings; Third, adopt a system for refunding unearned premium after termination of agreement (before the system is launched, all insurance policies will be checked and tracked).

Note1. A major fine is defined as a case of more than 1 million fines.

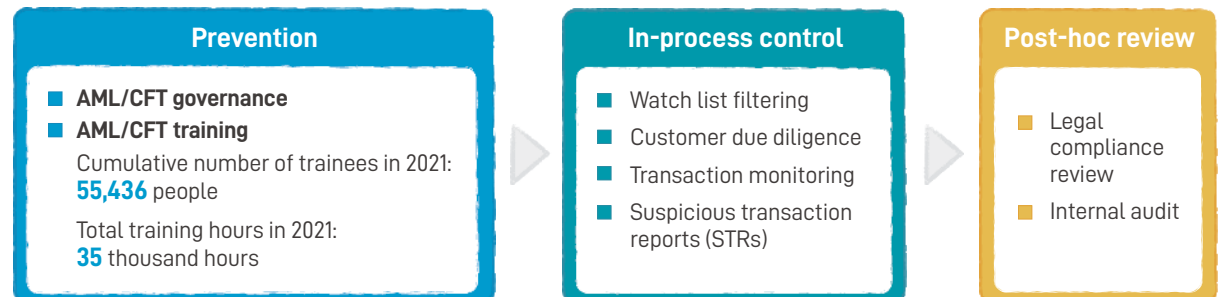
Note2. Please refer to Cathay Life Insurance Annual Report for information on other fines and improvement measures.

(II) Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)

In addition to developing a comprehensive AML/CFT policy, Cathay Life Insurance has also established an 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. All employees 100 % are required to be trained on AML/CFT, including but not limited to tax crimes, Asia / Pacific Group (APG) reports, identification of risk factors, case studies of AML operations and sanctions, etc.



AML/CFT process:



Supporting Initiatives and Expanding Scope of Influence

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Principles 1

Principles 3

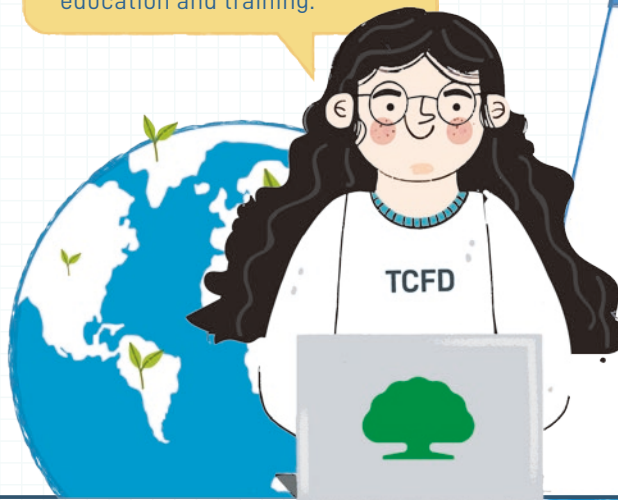
Cathay Life took initiatives and was the first in the industry to adopt the sustainable development frameworks. We review and improve our own sustainability measures, and encourage stakeholders to join in the implementation of sustainability measures through periodic disclosures. In addition to leads the industry in participating in initiatives and activities from international organizations, Cathay Life uses the power of investment to conduct in-depth engagements with investee companies and urges other insurance companies to implement Principles for Responsible Investment (PRI), in hopes that our investee companies and other insurance companies can also jointly take initiatives and respond to sustainability issues, so that Cathay Life can become a role model as the leader of sustainable insurance.



TCFD Compliance and Strengthening Climate Resilience

The World Economic Forum's Global Risks Report 2022 pointed out that the top three most severe global risks in the next ten years are all associated with climate change. Confronted by the increasingly harsh impact of climate change, Cathay Life Insurance has been actively developing and responding to climate-related risks and opportunities. In June 2018, we signed agreements in support of Task Force on Climate-related Financial Disclosures (TCFD) released by the Financial Stability Board (FSB). The following description is based on the four core element of TCFD Governance, Strategy, Risk Management, and Metrics and Targets."

Cathay attaches great importance to climate issues, and raises employees' awareness of climate change risks through internal education and training.



In April 2021, consultants were invited to provide a lecture on TCFD development trends for the President and manager-level personnel or above. The lecture focused on "Aspects of TCFD Implementation for Companies."



The required courses for employee education and training cover corporate sustainability and climate change, in order to improve employees' climate awareness.

(I) Governance

Cathay Life Insurance Climate Governance Framework



Board of Directors

The Board of Directors has the ultimate responsibility for climate-related risk management and is responsible for approving and supervising climate-related management structures and policies.

Risk Management Committee

The Risk Management Committee under the Board of Directors convenes quarterly meetings, while the Risk Management Department periodically submits work reports on risk management to the Committee for review and reports to the Board of Directors.

- With the approval of the Board of Directors in May 2019, we adjusted our Risk Management Policies by amending the Guidelines for Emerging Risk Management (including climate change risks), and approved the ESG and Climate Risk Management Guidelines in March 2021. The Board of Directors and Risk Management Committee are responsible for supervising climate-related risk management, for strengthening climate-related risk management and for monitoring according to the three lines of defense, thereby implementing climate governance and management.

Please see "Solid Governance and Steady Operations" for the composition of the committee P.19

Risk Management Department

Since May 2020, we have also incorporated climate risk management issues in the Own Risk and Solvency Assessment (ORSA) Report and Risk Management Implementation Report, which are submitted to the Board of Directors annually to report on climate-related risk capacity and risk management status. (Three climate-related management personnel have been appointed in 2021)

TCFD Task Force

In 2018, we co-established the cross-subsidiary TCFD Task Force with the Cathay FHC Risk Management Division. The task force is based on our business characteristics divided into four working groups, covering core products, real estate investment and mortgage, negotiable securities, and corporate credit loan; it is supervised on a monthly basis under the leadership of Cathay FHC's CRO (with participations from the Cathay FHC's Chief Investment Officer, Vice President of the Sustainability Office, and the CRO of each subsidiary). The primary mission of the four task forces is to research the ways in the impact of climate phenomena on economic activities and corporate risks in the hopes of establishing models for scenario analysis and to discuss incorporating climate risk into our risk management mechanism.

President

Corporate Sustainability (CS) Team

The Corporate Sustainability (CS) Team, led by the President of Cathay Life, has formulated an implementation plan for the short, medium, and long terms since 2018. The team not only meets on a quarterly basis to keep track of the work progress of each working group but also reports the implementation results to the Board of Directors biannually. In order to cope with the risks and opportunities in the low-carbon transformation brought about by climate change, the Responsible Investment Working Group and Green Operation Working Group have formulated response measures and conducted carbon footprint inventories from the investment and business operations aspects.

Please see "Sustainable Organizational Structure" on P.11

- Since 2020, we have also incorporated the results of responsible investment (including climate change) into the Investment Policy Review Report, which is annually submitted to the Board of Directors. Since 2021, climate risk scenario analyses and investment portfolios have also been added to the report.
- In 2021, in response to the Group's dedication to the RE100 initiative and commitment to the science-based carbon reduction targets (SBTs), Cathay Life Insurance promoted a dual strategy that includes "Zero Carbon Operation Transformation" and "Low-Carbon Investment Allocation." In 2022, relevant indicators will be linked to the performance of the President and senior management

Responsible Investment Working Group

Since the greatest impact of climate change on Cathay lies in our investment portfolios, our Equity Investment Department, led by its Vice President, emphasizes on incorporating climate change factors into the investment decision-making processes, on seizing investment opportunities for the low-carbon transformation and on implementing stewardship, thereby adapting to the impact of climate change on investment portfolios.

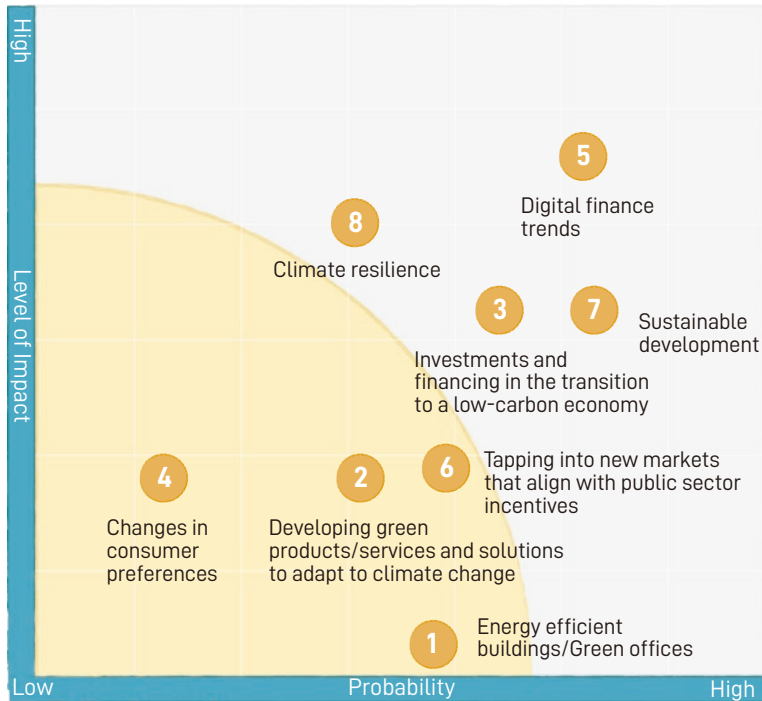
Green Operation Working Group

This group focus on the company's daily operations, led by the Vice President of the operation management department, evaluates our impact on climate through the management of energy resources and supply chains to lower carbon emissions generated in our operations.

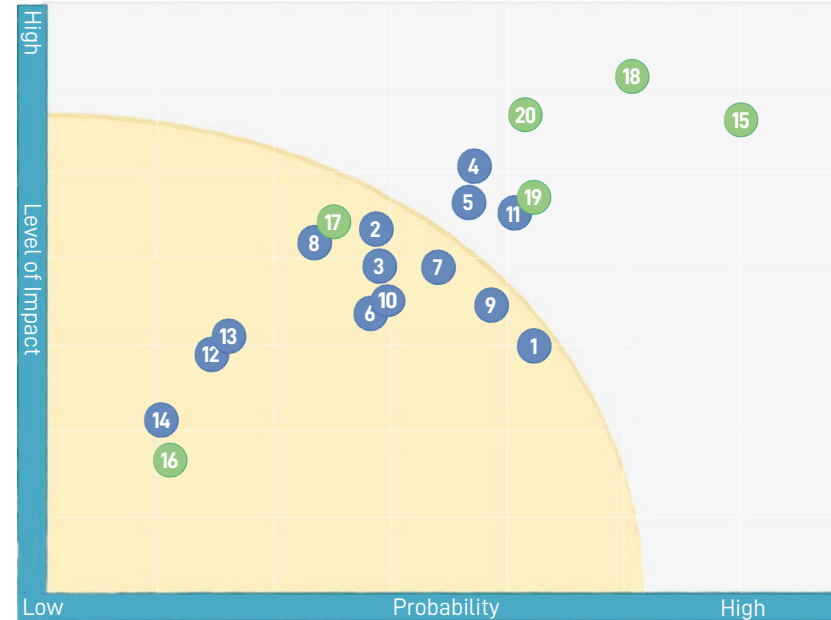
(II) Strategy

The impact of climate change on the life insurance industry includes physical and transition risks, and opportunities brought by the corresponding changes in the general public's behavior. Cathay Life Insurance's TCFD and CS team members cooperate with relevant units to identify climate risks and opportunities of different businesses every year. They also analyze their financial impact on the company, prioritizing climate risks and opportunities based on the qualitative assessment of questionnaires and quantitative scenario analysis results. In addition, they also conduct inventories and formulate relevant response measures on material matters.

Cathay Life Insurance Climate-related Opportunities Matrix



Cathay Life Insurance Climate-related Risk Matrix



- | Physical risks | Transition risks |
|---|---|
| 1 Increased typhoon severity, elevating operating costs ■ | 11 Increased drought severity, reducing investment income ■ |
| 2 Increased typhoon severity, reducing investment income ■ | 12 Rising sea levels, elevating operating costs ■ |
| 3 Increased typhoon severity, enlarging the amount of claims ■ | 13 Rising sea levels, reducing investment income ■ |
| 4 More frequent extreme temperature events, elevating operating costs ■ | 14 Rising sea levels, increasing the amount of claims ■ |
| 5 More frequent extreme temperature events, reducing investment income ■ | 15 Rising costs reducing and disclosing GHG emissions ■ |
| 6 More frequent extreme temperature events, increasing the amount of claims ■ | 16 Failure to comply with environmental standards and social welfare, resulting in related litigation/penalty risks ■ |
| 7 Increased heavy rainfall severity, elevating operating costs ■ | 17 Failure to develop green financial technology, affecting the chances of revenue ■ |
| 8 Increased heavy rainfall severity, reducing investment income ■ | 18 Reduced investment income due to increased risks in positions with high emissions from investment and financing ■ |
| 9 Increased heavy rainfall severity, enlarging the amount of claims ■ | 19 Market uncertainty and uncertainties in future product demand or services ■ |
| 10 Increased drought severity, elevating operating costs ■ | 20 Changes in consumer preferences, resulting in lower customer loyalty ■ |
- Operations ■ Investments ■ Claims

Table: Overview of Major Climate Change Risks, Opportunities, and Responding Actions

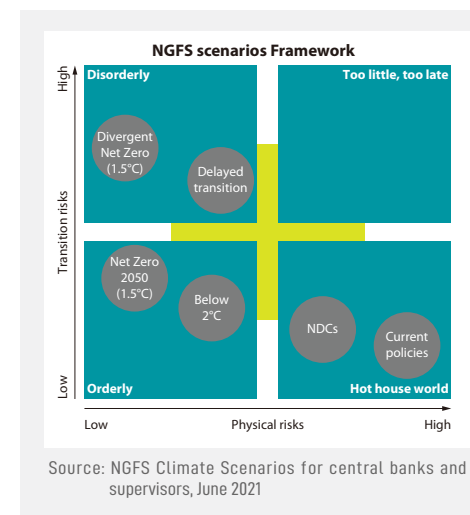
	Risk Items	Time Length	Potential Financial Impact	Corresponding Existing Risk	Mitigation Measures/Response Strategy
Transition risks	Policies and regulations	Short and medium terms	Reduction and disclosure of GHG emissions: Stringent climate-related policies or regulations may increase operating costs and related disclosure requirements (such as replacing energy-consuming equipment or purchasing renewable energy, etc.)	Operation	<ol style="list-style-type: none"> 1. Take a rolling inventory of the equipment to examine its service life and energy consumption to determine what equipment should be replaced 2. Reduce power consumption by installing solar panels, transforming workplaces, and promoting green building designs 3. Actively participate in the promotion of laws and regulations of the Life Insurance Association and cooperate with insurance industry peers to formulate the "Insurance Industry TCFD Implementation Guide" to meet the regulatory requirements
	Market	Short term	Market uncertainty: Uncertainty about future business and investment conditions due to unclear global or regional emission reduction and energy policies	Operations/Market	In response to the global trends of net zero emissions and green finance, we have actively committed to the SBTs, and have laid out and planned for the zero-carbon operations transformation and low-carbon investment allocation in advance, mitigating the impact of market uncertainty. We have also committed to using 100% renewable energy in all business locations in Taiwan by 2030 and achieving net zero emissions by 2050 in response to the global carbon reduction trend and stakeholders' expectations
	Reputation	Medium and long terms	Changes in consumer preferences: Failure to meet customer preferences or respond to customer complaints on corporate environmental strategies may lead to reduced customer loyalty and affect corporate revenue	Operation	
	Market	Short and medium terms (long)	Decrease in asset values of negotiable securities: Reduced investment income and asset values due to increased risks in investment and financing position with high carbon emissions	Market	
Physical risks	Long term	Medium and long term	Decrease in asset values of negotiable securities: Drought or extreme weather leads to water shortages and power cuts in investee companies and impacts their production capacities and asset values, increasing the probability of companies' defaults or decreasing in their market values, thus lowering our income and the values of assets we are investing in	Market	<ol style="list-style-type: none"> 1. Co-organized the Sustainable Finance and Climate Change Summit with Cathay FHC, strengthened communication with stakeholders, participated in international organizations that promote social initiatives to keep track of international climate change trends ahead of time, and actively engaged with industry peers to enhance their climate risk awareness and improve their carbon management mechanisms 2. Combine the backward-looking quantitative method (carbon footprint) and forward-looking scenario simulation (climate VaR) to improve the assessment of climate risks in securities 3. Implement ESG risk reviews and engagements to mitigate investment risks and increase investment resilience
	Long term	Medium and long term	Disruption of operations: Extreme weather leads to power cuts and abnormal operations, and even suspension of operations	Operation	Established a business continuity management mechanism and obtained the ISO 22301 Business Continuity Management Certification
Opportunities	Products and services	Short and medium terms	Digital finance trends: We provide low carbon services that meet the expectations of policyholders through the use of digital technology, further enhancing the company's performance and reputation. Furthermore, this allows us to increase operational efficiency and to reduce costs	-	<ol style="list-style-type: none"> 1. Carbon footprints in insurance policy services can be reduced through E/M services by encouraging policyholders to use e-policies, thereby reducing paper consumption in insurance policy production and services. The carbon reduction measures received the Carbon Reduction Label from the Environmental Protection Administration 2. The development and promotion of the Cathay Vision Experience (CVX) platform for remote insurance services not only reduced carbon emissions from the traveling of customers or sales personnel but also provided more convenient insurance services
	Resilience	Medium and long terms	Strengthening climate resilience to achieve business sustainability: Actively respond to climate-change issues, and improve the corporate sustainability and ESG rating in order to strengthen the brand sustainability value. In response to stakeholder expectations, build trust with stakeholders and support the company's long-term business operations	-	<ol style="list-style-type: none"> 1. In response to the global emissions reduction and climate emergency actions, we have followed the footsteps of Cathay FHC and actively committed to the SBTs, RE100 in our business locations by 2030, and net zero emissions by 2050, in order to provide an early response to climate risks and opportunities 2. In addition, we aim to reduce our environmental impact, starting from core functions such as investment and commodity services, and to keep track of green business opportunities and green technology. At the same time, we can avoid operation disruptions and continue to provide innovative services
	Market	Medium and long terms	Low-carbon investment: Actively search for prospective investment targets during the global transition to a low-carbon economy to increase income from investments	-	<ol style="list-style-type: none"> 1. Understand international low-carbon technologies and industry trends 2. Continue to carry out low-carbon, green energy, and water resources thematic investing as well as impact investing

Note: Definitions of time categories: Periods of three years (inclusive) or below are classified as short term. Periods ranging from three to ten years (inclusive), are classified as medium term, and periods longer than ten years are considered long term.

Cathay Life Insurance is Taiwan's largest life insurance company and institutional investor. In consideration of uncertainties related to climate change, Cathay Life Insurance will take into account major risks and core businesses and continuously refine forward-looking scenario analyses to assess the financial impact brought by climate change and perfect our strategy resilience:

Securities

In response to climate change, governments of other countries have intensified carbon emission supervision. If enterprises fail to transform themselves timely, they may have to pay for an extra cost incurred from carbon emissions. The increase in frequency and severity of extreme weather events will also damage the assets and equipments of enterprises and may even affect their operating capacities and asset values, which may lead to the loss of asset values for investors. Cathay introduced the model developed by MSCI, adopted climate scenarios such as NGFS and RCP8.5 emissions to comprehensively evaluate the impact of climate change on the value of equity investment targets, and measured the Climate Value-at-Risk (Climate VaR, CVaR) to keep track of climate risk in our investment portfolios ahead of time.



Description of NGFS Scenario and MSCI CVaR Scenario Analysis Results

NGFS scenario	Net Zero 2050(Orderly)	Delayed Transition (Disorderly)	Nationally Determined Contributions(Hot House World)
Scenarios assumptions	Make climate policies in advance and implement them gradually. We expect to achieve net zero emissions and limit temperature increase to 1.5°C by 2050. Physical and transition risks would be medium level.	Assuming that the scenarios will remain the same before 2030, there may be high transition risks as transition costs may surge by the sudden promotion of strong emission reduction policies after 2030.	Transition risks may be the lowest, but the physical risks may be the highest if the scenario only covers existing national policies without new actions on carbon reduction.
Degrees of warming by the end of century	1.5° C	2° C	3° C
Description of transition risks	Medium Risk Timely and orderly implementation of climate policies	High Risk Delayed and abrupt implementation of climate policies	Low Risk Implement the existing commitment to the nationally determined contributions without new actions on carbon reduction
Description of physical risks ^{Note1}	Medium Risk Average climate change scenario	Medium Risk Average climate change scenario	High Risk Aggressive climate change scenario
MSCI CVaR Scenario analysis results	<p>Net Zero 2050/Average</p> <p>-1.50% -3.26% -4.75%</p>	<p>Delayed Transition/Average</p> <p>-6.43% -3.26% -9.69%</p>	<p>NDC/Average</p> <p>-0.04% -8.20% -8.24%</p>

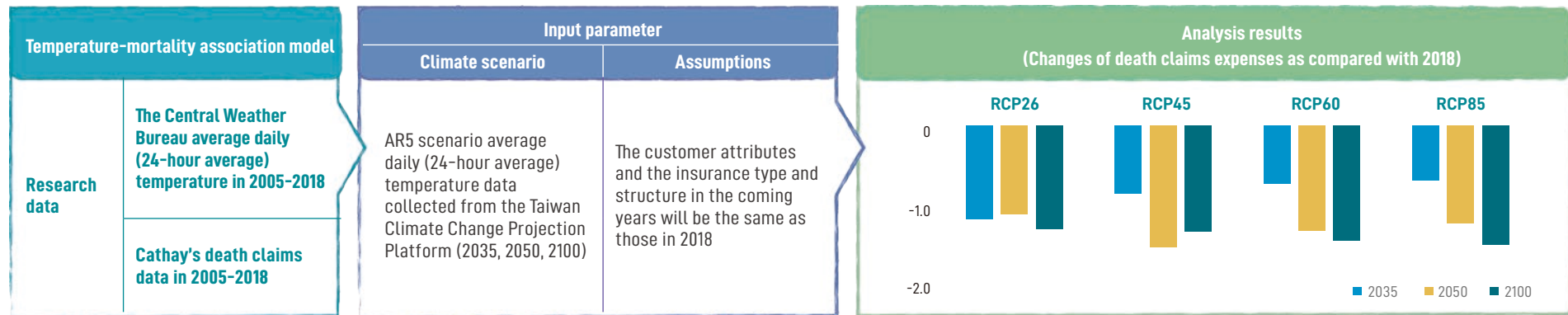
■ Transition risks ■ Physical risks ■ Physical risks

Note 1: In terms of the trade-offs between the impact of transition and physical risks, given that MSCI takes into account the effect of other emission scenarios in reducing physical climate risks in the short term, there is no significant difference between the Business-as-Usual and RCP 8.5 scenarios. Therefore, the emission scenario RCP 8.5 was adopted to analyze physical risks, with only two climate scenarios: average climate and aggressive climate (95th percentile).

Note 2: Climate Value-at-Risk (CVaR) refers to the discounted cost of climate risk accumulatively borne by investment portfolios up to the year 2080, which can be found on the MSCI website. (<https://www.msci.com/our-solutions/esginvesting/climate-solutions/scenario-analysis>)

Life insurance products

Cathay utilized historical data (2005–2018) related to weather and life insurance claims and climate scenario analysis data available on the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP), and set up an internal model to assess the impact of global warming on the country's death rate, based on which we can understand the adaptability of people in the counties and cities in Taiwan to different temperatures. The results show that the Taiwanese people are more adaptable to high temperatures than to low temperatures. Without considering the assumption of demographic transition, preliminary assessment results indicate that rising temperatures will slightly reduce the company's overall mortality rate, which is therefore not a major risk for insurance claims.



Note: According to domestic and international studies, climate change will increase the severity of extreme weather events (such as rainstorms and typhoons) and even accelerate the spread of infectious diseases. However, due to limitations in relevant domestic studies and data availability, the recent studies are restricted to studying the direct impacts of rising temperatures, but they will continue to improve and accurately keep track of the risks related to climate-related insurance.

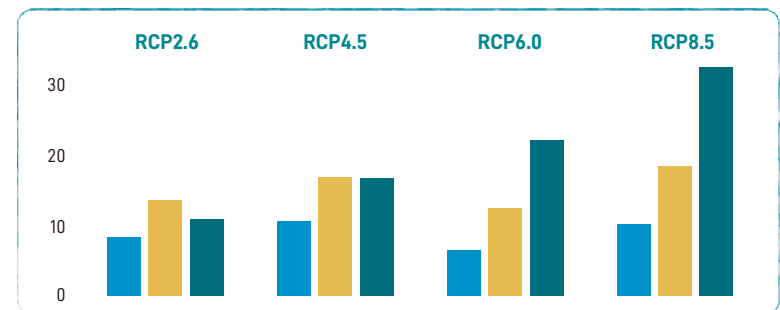
Self-owned real estate

Cathay collaborates with the consulting company to examine the short-term, medium- and long-term financial impacts of physical risks on real estate caused by typhoons and floods, and uses TCCIP data to simulate the impact of different RCP climate scenarios. Since the real estate of Cathay Life are mostly located in Taiwan, the simulation scenarios focused on our real estate in Taiwan. The overall results showed that our real estate is not under major risks. Nevertheless, our real estate management departments already established emergency response procedures and purchased business insurance covering typhoons and floods for real estate with higher asset values to reduce the risks and mitigate the impact of climate change.

In summary, by reviewing the main businesses of Cathay Life Insurance through quantitative major risk assessment and analysis of forward-looking scenarios, we identified our major climate-related risks, including transition and physical risks in securities and the physical risks in daily operations.

Estimated Real Estate Repair Costs Caused by Typhoons and Floods in Different RCP Scenarios

(unit: NT\$1,000,000) ■ Near future (~2035) ■ Mid-century (2046-65) ■ End of century (2080-2100)



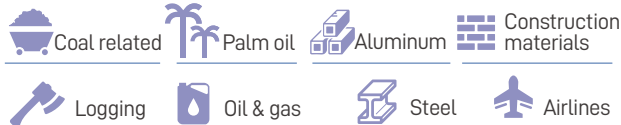
(III) Risk management

Cathay Life Insurance has established comprehensive climate-related risk management procedures to systematically manage climate risks. In 2019, we established the Emerging Risk Management Guidelines, which integrate climate risk into our overall risk management system. Since 2021, we have actively responded to financial control policies by formulating the ESG and Climate Risk Management Guidelines, strengthening climate-related risk management measures to improve our Enterprise Risk Management (ERM) mechanism. The relevant actions are described as follows:

Listed equities and corporate bonds

Incorporating ESG risk review processes into the assessment of climate risk impacts

Sensitive Industries



General industries

Major environmental factors for these industries:

- Carbon emissions
- Water Stress
- Green buildings
- Renewable energy
- Clean tech
- Carbon footprint of products
- Climate vulnerability
- Biodiversity and Land Use

Stewardship measures

- Inventory of**
 - positions with high climate change-related risks
 - Carbon footprint of investment portfolio
- Initiatives and engagement**
- Outsourcing management**

Thematic investment and impact investing



(1) Incorporating ESG risk review processes into the assessment of climate risk impacts

A. Established investment management principles for sensitive industries

We included high climate change-related risk industries such as coal-related (including coal-fired power plants, coal mining companies, coal freight - rail, and coal support services), palm oil industry, logging industry, oil and natural gas-related industries (including integrated oil & gas, oil & gas exploration & production, and industrial gases), construction materials industry, aluminum industry, steel industry, and airline industry into a list of sensitive industries and divided it into a list of companies to be excluded from our investments based on factors including the severity of climate risk impact on such industries, the involvement of individual companies' operations in these industries, the ratio of such operational categories to the operating revenues, and the preparation of these companies for climate change.

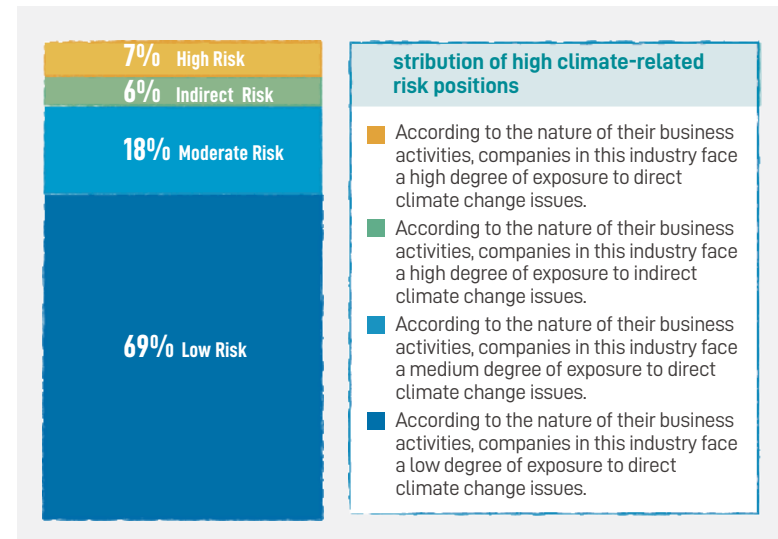
B. Referencing major environmental issues for general industries

Cathay has referenced information provided by international ESG research institutions and determined the material climate change factors of individual industries including carbon emissions, water stress, green building, clean tech, product carbon footprint, climate change vulnerability, and biodiversity and land Use. In addition, we have considered other ESG factors and identified and assessed our exposure to risks in terms of ESG factors. In the list of potential investee companies, we have carefully considered major ESG factors of investment targets and have non-periodically and periodically reviewed the ESG performance of existing investments.

(2) Stewardship measures

A. Inventory of positions with high climate change-related risks

Based on the methodology of the MCSI ESG, Cathay Life identified the exposure of stocks and corporate bonds to different climate risks. Our inventories show that 7% of our positions are involved in high climate-related risks; therefore, our climate-related risks are controllable.



B. Inventory of carbon footprint of investment portfolios

To face climate change, governments of countries have intensified carbon emission supervision by implementing carbon pricing or carbon emissions trading mechanisms, which have led to the decline in value of our investee companies and in our income. For this reason, since mid-2018, we have started conducting carbon footprint inventories of listed equity assets and corporate bonds through the weighted average carbon intensity according to TCFD recommendations, which serves as a tool for managing and assessing investment portfolios facing climate change-related risks. Since 2020, we have adhered to the guidelines of the Partnership for Carbon Accounting Financials (PCAF) Based on PCAF's methodology, we have calculated the total carbon emissions of investment portfolios and the portfolio carbon intensity so as to measure investment portfolios' carbon footprint from different aspects. Regarding the inventory results in 2021, total carbon emissions were 10,799,675 tCO₂e, portfolio carbon intensity was 76.99 tCO₂e/USmn invested, while the weighted average carbon intensity was 254 tCO₂e/USmn revenues, which declined by 9.4%, 18.6%, and 9.7% respectively compared to those in 2020.

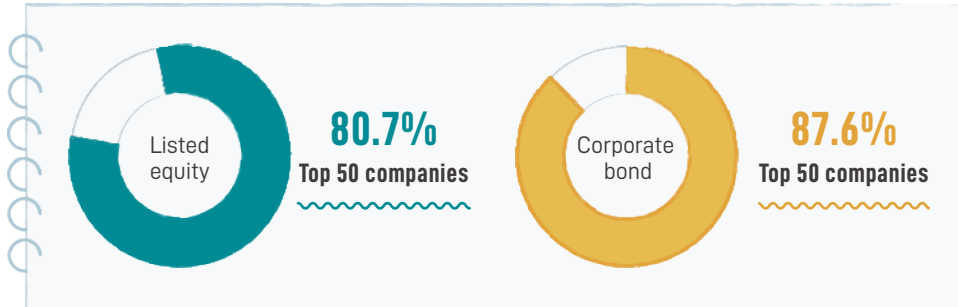
The top 50 companies in total carbon emissions of listed equity accounted for 80.7% of the emissions, and the top 100 companies in the carbon emissions of corporate bonds accounted for 87.6% of the emissions. The total carbon emissions in industries with high climate change-related risks showed that, although the "oil & gas exploration & production" position accounted for only 3.2%, its carbon emissions accounted for 20%. In addition, the "Asia (excluding Taiwan)" position accounted for only 17%, but its carbon emissions accounted for 37%. In due course, we will continue to observe changes in these indicators and engage with high carbon emission industries.

Table: Carbon Footprints of Various Asset Investment Portfolios in 2020-2021

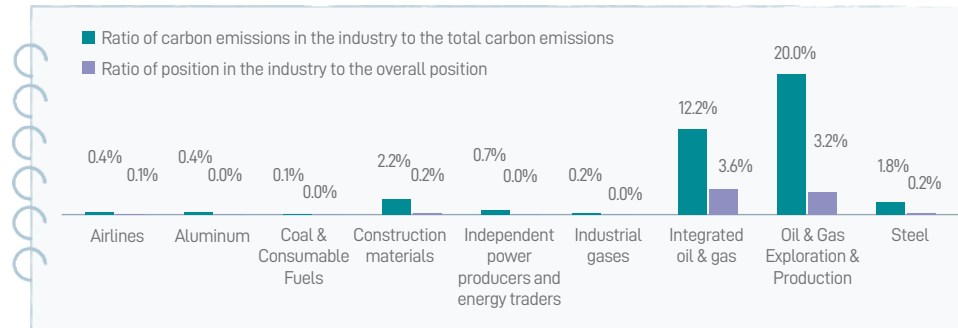
	Unit	2021	YOY	2020
Listed equity				
Total carbon emissions	t CO ₂ e	999,435	4.0%	961,414
Portfolio carbon intensity	t CO ₂ e/US mn invested	41.14	-9.2%	45.30
Weighted average carbon intensity	t CO ₂ e/US mn revenues	147	8.0%	136
Carbon emissions coverage rate	%	100%	0.0%	100%
Data quality score		1.59	-20.3%	2.00
Corporate bond				
Total carbon emissions	t CO ₂ e	9,800,240	-10.5%	10,953,223
Portfolio carbon intensity	t CO ₂ e/US mn invested	84.49	-19.2%	104.62
Weighted average carbon intensity	t CO ₂ e/US mn revenues	276	-1.9%	281
Carbon emissions coverage rate	%	100%	0.0%	100%
Data quality score		1.80	-21.2%	2.28
Total				
Total carbon emissions	t CO ₂ e	10,799,675	-9.4%	11,914,638
Portfolio carbon intensity	t CO ₂ e/US mn invested	76.99	-18.6%	94.62
Weighted average carbon intensity	t CO ₂ e/US mn revenues	254	-9.7%	281
Carbon emissions coverage rate	%	100%	0.0%	100%
Data quality score		1.76	-21.0%	2.23

Note: Data quality score (score point 1 stands for the best data quality, indicating that all carbon emissions data are verified by third-party organizations; score point 5 stands for the worst data quality)

Analysis of the Total Carbon Emission Concentrations of Each Asset in 2021



Distribution of Carbon Emissions in High Climate Change-related Risk Industries in 2021



Distribution of Carbon Emissions by Region in 2021



C. Initiatives and engagement (Please see "Support Initiatives and Expand Influence" for details P.35)

- Cathay Life Insurance participates in the Asia Investor Group on Climate Change (AIGCC) and Ceres Valuing Water Finance Task Force, regularly attends meetings and keeps track of international trends of climate change ahead of time.
- In addition to participating in multiple international initiatives, including the CDP Non-Disclosure Campaign, Climate Action 100+ (CA100+), and AIGCC's Asian Utilities Engagement Program, and collectively engaging with companies by organizing forums, Cathay Life Insurance has also engaged with investee companies according to their total carbon emissions and carbon density. We not only learned the details regarding their carbon governance and carbon disclosures, but also encouraged them to follow the TCFD framework to disclose climate change response methods and actively set SBTs.

D. Asset manager mandating and monitoring

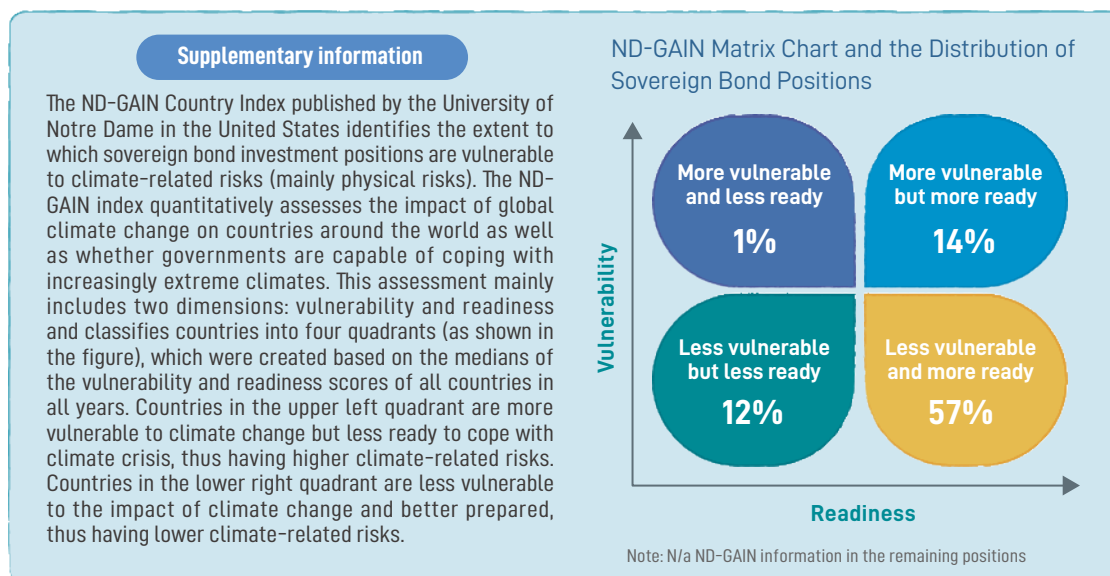
To ensure that Cathay Life's mandate partners of asset management also value and pay attention to climate change-related risks and opportunities, we have begun to thoroughly amend mandate agreements since the end of 2019. New terms of the agreements include that climate change factors shall be taken into consideration when making investments, and that our mandate partners are required to explain their actions taken to tackle climate change every year.

(3) Thematic investment and impact investing (Please see "Responsible Investment and Paradigm Proposal" for details P.43)

In order to seize the opportunities brought about by climate change, Cathay Life Insurance has invested in low-carbon industries of green energy and water resources. In 2021, Cathay Life will further participate in impact investing, in hopes of solving social and environmental issues, such as social inclusion and education, environmental resource needs, medical care, and quality of living.

Sovereign bonds

Since the climate-related impacts on sovereign bonds involve macroeconomic factors, we implemented sovereign bond control by referencing relevant research literature and adopting the existing management process. Our climate risk management for sovereign bonds mainly adopts the ND-GAIN Country Index published by the University of Notre Dame, which is explained as follows:



Cathay Life Insurance identified the climate risk of countries with potential investee companies through the corresponding quadrants in which these countries are located. Although the sovereign bonds that are exposed to climate-related risks are predominantly located in countries of emerging markets and are therefore facing tougher climate challenges, the upper left quadrant, representing sovereign positions with higher climate-related risk, accounts for only around 1% of all sovereign bonds in the four-quadrant ND-GAIN matrix. In conclusion, their climate-related risks are controllable.

In addition, Cathay Life Insurance has rated risks of individual countries based on the credit ratings published by credit rating agencies and research reports from external think tanks. In 2021, for countries with high climate-related risks in the upper left quadrant of the ND-GAIN Matrix, we examined the impacts of climate-related factors on default probabilities, adjusting countries' ratings accordingly and setting country risk exposure limits, which shall be reviewed periodically.

(IV) Metrics and Targets

In order to effectively respond to climate change and implement risk management, Cathay has set corresponding metrics and targets for financial asset categories and operations that are in need of management in the table below. [Please see "Responsible Investment and Paradigm Proposal" for details P.43](#). For historical annual data of green operations, [Please see "Green Operations and Impact Mitigation" for details P.68](#). In June 2021, Cathay announced the Zero Carbon Operation Transformation plan, and incorporated the emissions reduction target into the annual KPIs of the President and relevant senior executives, in order to help achieve our zero-carbon transformation.

Climate-related Metrics and Targets

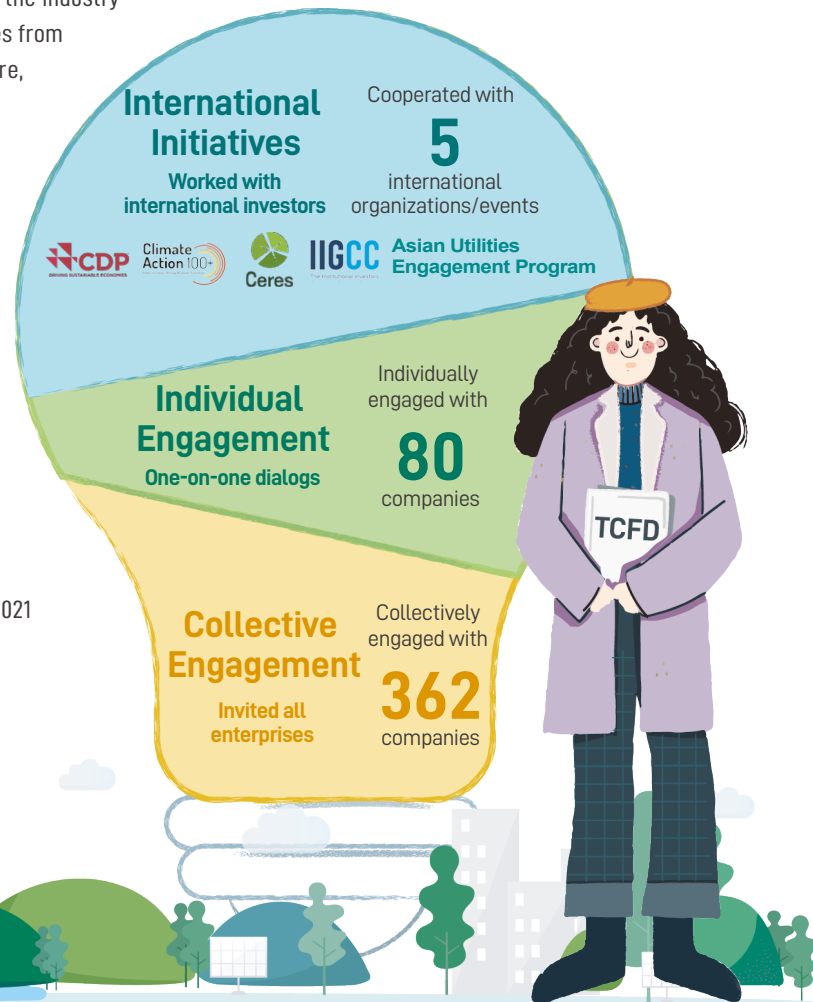
Indicator	Baseline year	2021 target	2025 target	2030 target
Scope 1 + 2 emissions (tCO₂e)	2020	Reduce by 5% ^{Note 1}	Reduce by 12.5%	Reduce by 25%
Ration of renewable energy use	-	-	50%	100%
Installed capacity of solar panels on buildings owned by Cathay	-	250kW	500kW	850kW
Low-carbon investment amount	2018	-	Increase by 20%	Increase by 40%

Note 1: 2021 target using 2016 as the base year. In response to the Group's Zero Carbon Operation Transformation Plan, the targets for 2025 and 2030 will be reset in 2021 (with 2020 as the base year).

Note 2: The above targets in 2021 have been met. (Ration of renewable energy use is the new target in 2022).

Pioneering Sustainability and Leveraging the Power of Dialog

In addition to building its own infrastructure of sustainability with products, services, and responsible investment, Cathay Life Insurance leads the industry in participating in initiatives and activities from international organizations. Furthermore, Cathay Life Insurance also uses the power of investment to conduct in-depth engagements with investee companies and urge other insurance companies to implement Principles for Responsible Investment (PRI), in hopes that our investee companies and other insurance companies can also jointly campaign for and respond to sustainability issues so that Cathay Life Insurance can become a role model as a pioneer of sustainability advocacy. The engagement results for 2021 are summarized as follows:



(I) Participating in international organizations that promote social initiatives to keep track of international trends ahead of time

Asia Investor Group on Climate Change (AIGCC)

Cathay FHC is a founding member and the only member from Taiwan of the AIGCC. Cathay Life and Cathay FHC also joined three working groups under the AIGCC, including "Net Zero Investment," "Engagement and Policy," and "Physical Risks and Resilience," and worked with international investors to study climate-related risks and opportunities and to construct Asian investment frameworks based on climate change.

Ceres Valuing Water Finance Task Force

In recent years, climate change has indirectly changed the water cycle and modes of precipitation. Preserving water resources has also become an important issue for the world today. For these reasons, Cathay Life and Cathay FHC took timely actions by joining the Valuing Water Finance Task Force led by Ceres in 2020 and cooperated with the Dutch government and 12 international investment institutions to formulate action plans for water resources management companies, making Cathay FHC and Cathay Life Insurance the only two financial institutions in Asia and Taiwan that have joined this organization. In addition to providing water resources ideas as professional institutional investors and assisting investors' response actions related to water resources, Cathay Life Insurance has also kept track of forward-looking trends of global water resources and grasped risks and opportunities of water resources in various industries. By doing so, Cathay Life Insurance can prevent relevant risks and improve investment resilience when facing water resource challenges.

(II) Actively engaging with enterprises to exert influence in sustainable finance

Cathay Life Insurance has participated in multiple international initiatives, including the CDP Non-Disclosure Campaign, CA100+, and AIGCC's Asian Utilities Engagement Program. We have also engaged individually with our investee companies and collectively with enterprises by organizing forums of our own:

1. Participating in international initiatives

CDP 「Non-Disclosure Campaign」

- Cathay Life Insurance takes it upon itself to act as a leader in engagement. Through one on one communications, we have encouraged companies which have yet to respond to CDP questionnaires, thus urging enterprises to disclose climate change measures and carbon emission data, understand the shortage of water resources, and consider the issue of sustainable forests in order to formulate relevant response strategies and management approaches.
- Cathay Life has participated in the campaign for five consecutive years since 2017 and is the only participant in Taiwan.
- **Key achievements:**
 - ✓ The Success rate of engagement: The success rate of engagement was 25% — a new record high — exceeding the global success rate of engagement.
 - ✓ Progress rate: 52% of the companies improved their CDP scores in the next year.

Climate Action 100+

- Of the 166 companies around the world on the watchlist, Cathay Life is actively engaging with the three Taiwanese enterprises on this list, in hopes that they will enhance the disclosure of financial information related to climate change in accordance with the framework of Task Force on Climate-related Financial Disclosures (TCFD) and reduce carbon emissions in response to the Paris Agreement to attain the goals and promises of transformation into a low-carbon economy and net zero emissions.
- Cathay Life has participated in the campaign for five consecutive years since 2017 and is the only participant in Taiwan.
- **Key achievements:**
 - ✓ Three Taiwanese companies have expressed their commitment to net zero emissions or carbon neutrality by 2050
 - ✓ As recommended by Cathay Life Insurance, Firm H committed to SBTs in 2021 and became a TCFD supporter.

Asia Utilities Engagement Program

- As the world hopes to achieve emission reduction targets and to tackle climate change by "phasing out of coal," Cathay Life Insurance has adopted a more positive attitude by leveraging the power of dialog to influence enterprises' measures related to "phasing out of coal." In cooperation with global institutional investors, Cathay Life Insurance has "engaged" with five large coal-fired power generation plants, in order to promote their low-carbon transitions and to comply with the net-zero emissions scenario set out in the Paris Agreement.
- Cathay Life has participated in the campaign for five consecutive years since 2017 and is the only participant in Taiwan.
- **Key achievements:**
 - ✓ Cathay Life Insurance joined the campaign in 2021 and is the only participant in Taiwan.

2. Collective engagement – Sustainable Finance and Climate Change Summit

As a sustainability pioneer, Cathay Life Insurance has cooperated with Cathay FHC to organize the Climate Change Forum since 2017, becoming the first institutional investor that held group engagements; in 2020, however, COVID-19 threw the world into a state of turmoil. The spirit and implementation of ESG can highlight an enterprise's resilience and ability to respond when facing situations of great uncertainty. Therefore, we expanded the scope of the forum and organized the Sustainable Finance and Climate Change Summit.



Collective engagement – Sustainable Finance and Climate Change Summit
[Forum highlights clip](#)

In 2021, upholding the spirit of the COP 26 summit, we invited industry, government, and academia leaders in Taiwan, as well as heavyweight investors and international experts from the U.S., Europe, and the Oceania region to share their experiences and views. Following the global supply chain's "No ESG, No Business" mindset and as one of the largest institutional investors in Taiwan, Cathay Life Insurance has upheld a pioneering role and the concept of "No ESG, No Money," rethinking fund choices. By doing so, we hope to use our influence through dialog to jointly accelerate the low-carbon transition of Taiwanese corporations and seek future development opportunities based on net-zero emissions. In 2021, participating companies accounted for 76% of Taiwan's stock market and 51% of Taiwan's total carbon emissions. The online forum attracted more than 1,000 participants as well as more than 800 directors and corporate governance officers.

3. Personally engaging with enterprises

Learning from our experience participating in international initiatives, Cathay Life also started to engage with investee companies in Taiwan, with "climate change adaption" and "carbon emissions" as the main topics. The contents are as follows: In accordance with the TCFD framework, we enhanced climate change-related disclosure and carbon disclosure and management and set SBTs and other climate change-related issues.

Description of Individual Engagement with Company F:

Company F was one of the engagement target companies listed by the Climate Action 100+ (CA100+) initiative. Enterprise F and Company F announced in October 2021 that they are "moving toward carbon neutrality by 2050." Cathay appreciates and strongly supports Company F's ambition for carbon reduction.

Cathay started to engage with Company F in 2018. In order to facilitate the company's understanding of CA100+ and why investors demand enterprises reduce carbon footprints, Cathay introduced CA100+ goals, the importance of ESG issues, and international responsible investment trends. We also compiled the climate change response strategies of many international petrochemical companies, and invited experts and scholars to share their knowledge on biomass energy technologies. Cathay adopted various methods with the hope of minimizing the time Company F spends on groping in the dark alone, so as to facilitate momentum for the company's carbon reduction plans.

Cathay not only communicates with Company F frequently through phone calls or emails conducted by specially-assigned personnel to keep abreast of Company F's progress, but also holds several face-to-face or online engagement meetings with Company F every year. We've also worked with several international investment institutions and consolidated the influential power of investors to urge the company to take carbon reduction actions in accordance with the Paris Agreement. Cathay's management team also places great importance on corporate engagement. In order to strengthen climate change governance mechanisms, on several occasions, President Chang-Ken Lee of Cathay FHC personally led Chief Investment Officer Sophia Cheng as well as senior executives from Cathay Life Insurance and Cathay Securities Investment Trust to visit several senior executives in Enterprise F's General Administration Division and the chairman and president of Company F. The leaders of the two companies engaged in active dialogs to explore feasible carbon reduction plans.

Under the leadership of the General Administration Division of Enterprise F and the senior executives of Company F, Company F has gradually disclosed climate-related information every year according to the TCFD framework since 2020. The management team of Company F has also actively researched the feasibility of several carbon reduction technologies, including: biomass energy and carbon capture. In October 2021, Company F announced that it is "moving toward carbon neutrality by 2050."

Description of Individual Engagement with Enterprise H:

Enterprise H plays a crucial role in the global supply chain and low-carbon transformation, and it was listed by CA 100+ as an engagement target. In 2019, Cathay FHC and Cathay Life Insurance started to engage with Enterprise H; in order to facilitate the company's understanding of the importance of ESG issues, we began with the perspective of "corporate ESG rating/information disclosure." During our meetings with its chairman, president, and other management personnel, we shared our views on international responsible investment trends, climate change trends, and relevant initiatives, and analyzed the international ESG and CDP rating performances of its main subsidiaries and competitors. The company thus started to actively set relevant goals to improve its MSCI ESG ratings. By the end of the same year, its MSCI ESG rating had improved by one grade.

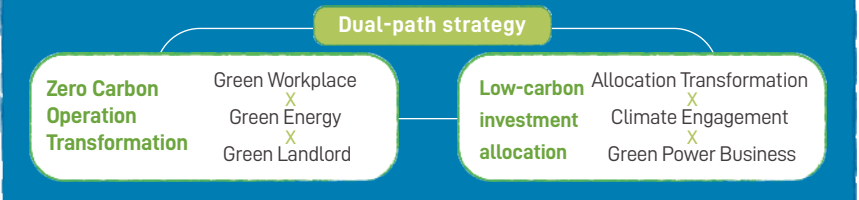
Subsequently, specially-assigned personnel from Cathay Life Insurance closely interacted and communicated with the director of Enterprise H's global committee of corporate social and environmental responsibility. In 2020, we encouraged Company H to disclose climate change information and propose specific carbon reduction plans. In the same year, Company H demonstrated its ambition by publicly promising to reach the goal of net zero carbon emissions set by CA 100+, stating that the greenhouse gas (GHG) emissions of its value chain were consistent with the goals set by the Paris Agreement and that it will attain net zero GHG emissions by 2050.

In 2021, Cathay Life Insurance continued to actively engage in cooperation and dialogs with the IR and CSR teams of Company H. In addition to sharing ideas and suggestions on international mainstream climate issues such as low-carbon transformation capital expenditure plans, Just Transition, and climate-related policy engagement, we also encouraged Enterprise H to disclose sustainable actions according to the SASB framework. Enterprise H has not only continued to improve its sustainable actions, but also demonstrated its determination to take climate action by committing to SBTs at the beginning of 2021 and becoming a TCFD supporter at the end of 2021.

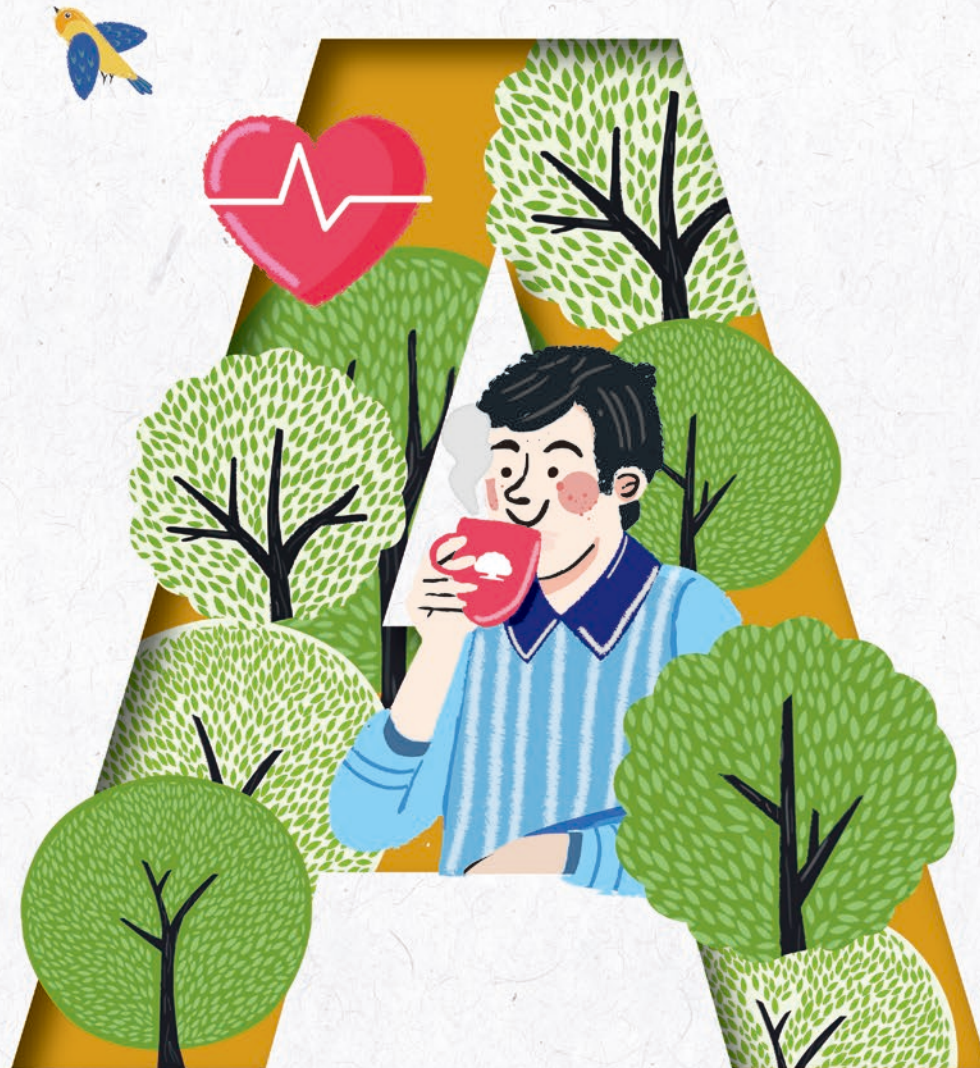
Commitment to SBTs and Promotion of the Dual-path Transformation Strategy

The global response to climate change and the carbon reduction trend not only affected specific high carbon footprint and energy-intensive industries but also the financial industry. Although carbon emissions in the financial industry are relatively low compared to high carbon footprint and energy-intensive industries, financial companies may exert an influence by using funds and financial assets, promoting carbon reduction and zero carbon emissions in investment portfolios, which is essential for achieving net-zero emissions in Taiwan and around the world.

The SBTi is an important international carbon reduction authority. In October 2020, the SBTi released the draft guidelines for setting science-based carbon reduction targets in the financial industry, followed by the official announcement in April 2021. In response, Cathay Life Insurance has actively kept track of relevant information and made plans ahead of schedule, leveraging its role as an industry leader. In January 2022, Cathay Life Insurance officially announced its commitment to setting science-based carbon reduction targets (SBTs), providing a pathway to reduce carbon emissions during operations in emission-based categories, as well as a pathway to reduce carbon emission in investment and financial portfolios in impact-based categories, in order to promote the Zero Carbon Operation Transformation and Low-Carbon Investment Portfolio dual-path transformation strategy.



Accountability



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- 50 Developing Digital Services

Core Philosophy

As the leader of sustainable insurance, we provide diverse insurance services to protect every family and support our customers throughout their entire lives. At the same time, we leverage funds from customers and shareholders to support socially responsible and eco-friendly enterprises, and work together with Taiwanese industries to progress towards sustainability and protect the beautiful environment of Taiwan.

- Thematic investments (low-carbon, infrastructure, elderly care, water resources, and inclusive finance, etc.) reached NT\$ **1.2 trillion**.
- Cathay Life Insurance actively exercises its voting rights and supports climate proposals that are in line with the emissions target of the Paris Agreement. Through these, we hope to inspire more specific climate actions among enterprises. In 2021, we voted **100%** in favor of climate-related proposals.
- We were the **only** insurance company in Taiwan to be included in Taiwan Stock Exchange's List of Companies Most Compliant with the Taiwan Stewardship Principles for Institutional Investors.
- Cathay Vision Experience, known as CVX, is the first remote insurance service platform approved in Taiwan, providing one-stop online insurance services, including insurance enrollment, insurance policy changes, premiums, and claim applications, etc. A total of **66,000** policies have been processed as of the end of 2021.
- Launched seven spillover-effect products and underwrote a total of **28,800** policies to fulfill diverse needs.
- We participated in the Health Promotion Administration's training program on "Dementia Prevention and Dementia Friendly Communities." To date, over **13,000** of our sales agents are certified "Dementia Friendly Angels," and **126** of our service locations have completed the Dementia Friendly Organization Certification.

SDG 1

SDG 3

SDG 4

SDG 8

SDG 10

SDG 13

SDG 17

Responsible Investment and Paradigm Proposal

Cathay Life Insurance's total assets exceed NT\$8 trillion (NT\$7.3 trillion of which are investment assets), accounting for about 1/4 of Taiwan's overall life insurance industry, 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 exercise our expertise and influence as an institutional investor to encourage more companies to work and create a sustainable future together.

Sustainable Investment Mechanism

SF10

SF11

Principle 1

Principle 2

From 2015, Cathay Life Insurance has been voluntarily adopting the Principles for Responsible Investment (PRI), 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, we have published a Stewardship Report on a yearly basis; in 2020, we added details regarding our responsible investments in the report. These efforts demonstrate our determination as an institutional investor to fulfill the requirements of stewardship and responsible investment, and make us the first insurance company in Taiwan to fully disclose relevant measures. We were also the only insurance company in Taiwan to be included in Taiwan Stock Exchange's List of Companies Most Compliant with the Taiwan Stewardship Principles for Institutional Investors.



2021 Cathay Life Insurance Responsible Investment and Stewardship Report

(I) Establishing the Responsible Investment Working Group

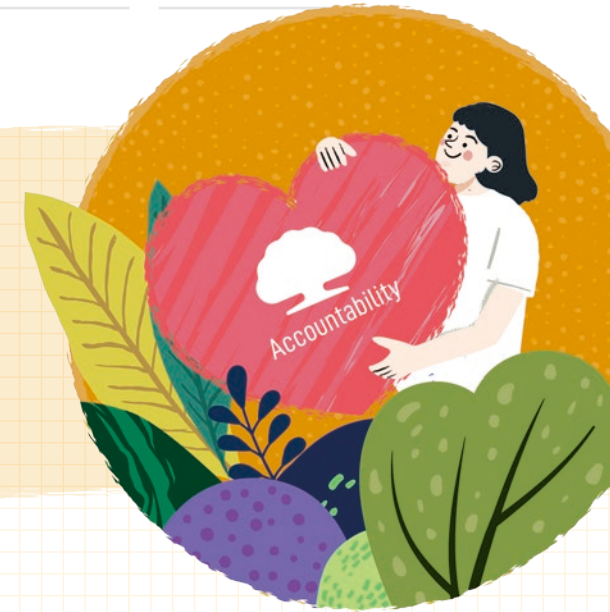
Cathay Life Insurance is the first insurance company in Taiwan to establish a responsible investment working group. At the end of 2016, fixed-income, equity, alternative investment and financial planning department jointly established the Responsible Investment Working Group to set up goals as well as yearly implementation plans in order to advance and perfect our sustainable investment project. As of the end of 2021, Cathay Life Insurance had approximately 47 members in its working group, 3 of whom are dedicated responsible investment officers. In 2022, we established a dedicated unit to take charge of overseeing and planning responsible investment matters to continuously improve sustainable investment projects.

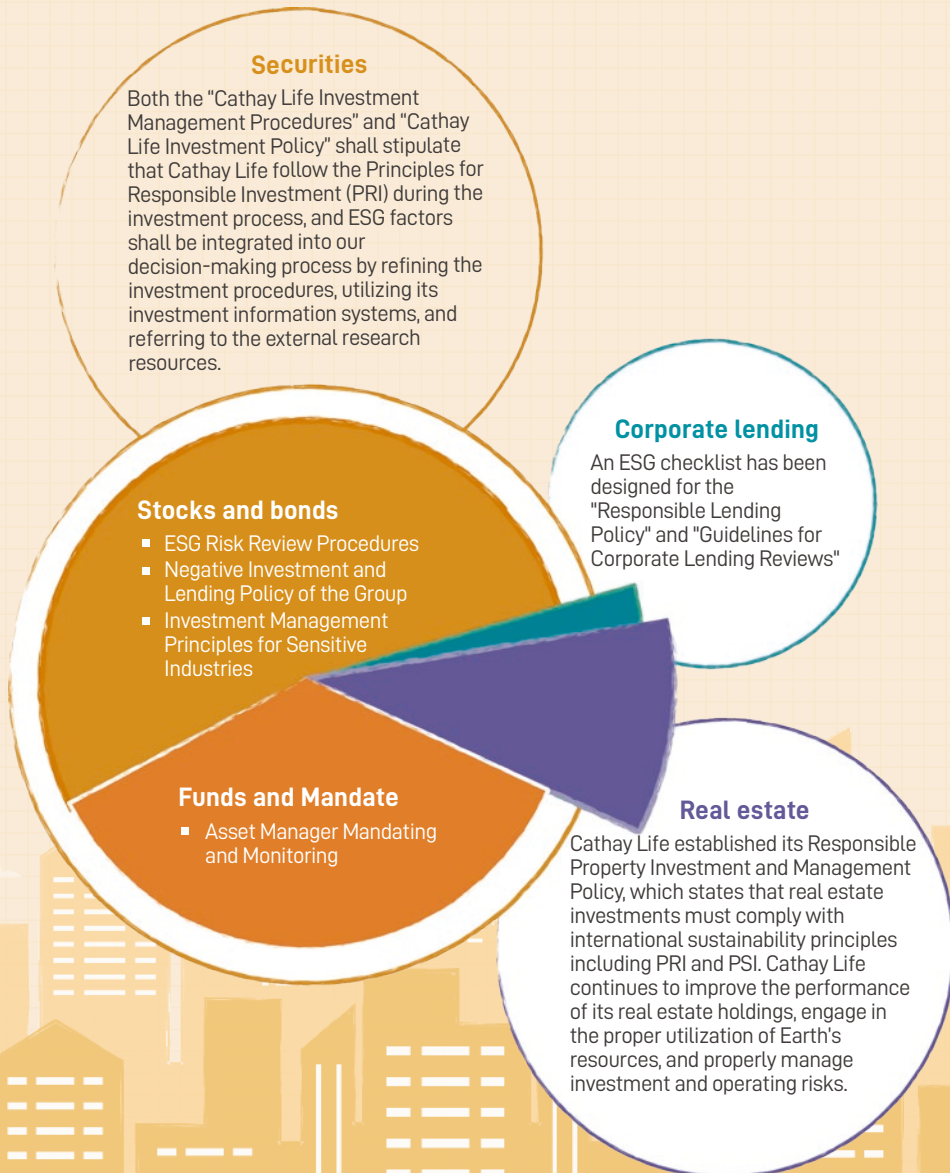
The Responsible Investment Working Group continues to exchange with and learn from international benchmark enterprises and study their responsible investment measures and climate change practices. The Group periodically organizes training courses, participates in external conferences, and publishes CLIMATE PLUS, a monthly e-newsletter on responsible investment, so as to improve our understanding of responsible investment, climate change, and international trends.

In addition, "Corporate Sustainability and Responsible Investment" have also been included in the required training courses for new employees in investment teams. In 2021, a total of 294 Cathay employees participated in our training courses and external conferences; the average training hours stood at 98 per person.

(II) 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 foreign currency policy reserve debt), we adopted 100% responsible investment measures. The total responsible investment assets amounted to NT\$6.2 trillion.



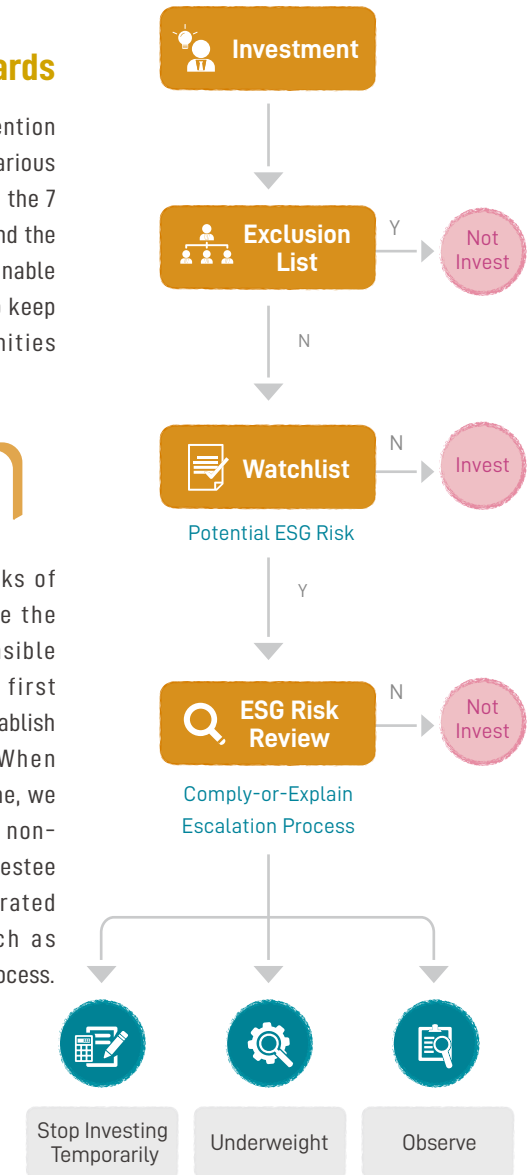


(III) Complying with International Standards

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

Integrating ESG Factors into Investment Decision-making

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.



A. 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 on the “exclusion list.”

“Coal phase-out” is a global consensus on coal to reduce carbon emissions and combat climate change. In 2019, Cathay Life Insurance was the first institutional investor in Taiwan to phase out coal power, placing coal mining companies with a coal share of revenue above 50% and coal-fired power producers who have not actively switched to renewable energy, on the “exclusion list.” In 2021, Cathay Life Insurance also became the first committed institutional investor to place industries in the coal value chain — coal freight - rail and coal support services — with a coal share of revenue above 50% on the “exclusion list.”

B. Carefully Considering the ESG Performance of Investment Targets

We established a watchlist of investment targets with potential ESG risks (e.g., investment targets with poor ESG performance or controversial ESG events and sensitive industries). When establishing a list of investees, Cathay Life starts by conducting ESG risk reviews and monitors the changes in the ESG performance of existing investment targets. When an investment target’s ESG performance declines and is placed on the watchlist, investment teams must immediately provide an evaluation report and take appropriate risk management measures (e.g., continue to observe, underweight, or stop investing temporarily). Furthermore, we conduct a comprehensive ESG review of existing investment targets every September.

C. Evaluating Counterparty ESG

Cathay Life Insurance is convinced that it is possible for the company to select the PE/HF funds 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 in considerations of new transaction counterparties in our PE/HF fund investment assessment reports.



In 2021, we reviewed all 288 listed equity and fixed income from non-corporate bonds and corporate bonds with potential ESG risks, and removed 11 investment targets from the list of potential investees after considering basic aspects and ESG performance. Employees of the investment team have covered ESG assessments for the research reports of individual stocks. There were a total of 1,662 research reports in 2021.

ESG Assessment



ESG Rating



ESG Controversy Events

Sensitive Industry



Controversial weapons



Palm oil industry and logging industry



oil & gas related industry (integrated oil & gas industry, oil & gas exploration & production, and industrial gas industry, etc.)



Gambling



Airline



Pornography



Construction materials



Aluminum



Steel



Coal-related industries (e.g., coal-fired power plants, coal mining companies, coal freight - rail, and coal support services, etc.)

Taiwan Stewardship Principles for Institutional Investors

We interact with investee companies through dialogue, engagement, and proxy voting, thus demonstrating our stewardship measures through active ownership.

Dialogue

Cathay Life Insurance communicates with senior management, investor relations departments, or CSR units of investee companies via telephone conferences, forums, investor seminars, or attendance at shareholders' meetings. Among the methods of investee evaluation 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 actual situation, timely keep track of key risks and opportunities, and refine the soundness of our investment analysis.

A total of 2,120 participants took part in 2021 and a total of 2,164 visits to 596 companies were made, averaging 3.6 visits per company.

Engagement

Cathay Life Insurance is fully aware that only by progressing with other enterprises towards sustainability can we bring a virtuous cycle between society, environment, and economy, and make Cathay Life Insurance a force of social stability that positively impacts the world.

For this reason, in 2018, Cathay Life, Cathay FHC, and various Cathay subsidiaries jointly established the Engagement Policy, which publicizes Cathay's sustainable spirit and corporate governance values to exert our influence as sustainable investors. We uphold the importance of engagement and adopt a progressive approach in the hopes of engaging in the spirit of support and co-learning rather than supervision and questioning. We aspire to co-create the greatest benefits for the stakeholders of both Cathay Life and investee companies and realize an ideal common good, thereby translating our "financial" influence into a "mass" effect.

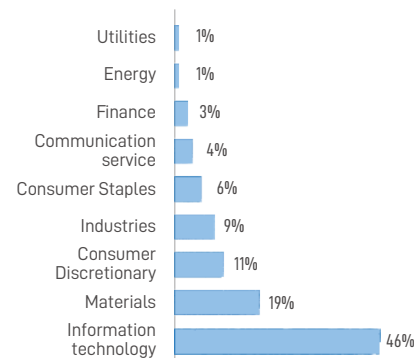
Recognizing the impact of extreme weather and climates brought by climate change on companies, as well as the importance of ESG issues, we choose "climate change" and "enterprise ESG information disclosure and ESG rating improvement" to be our main engagement themes.

In 2021, Cathay Life Insurance actively conducted one-on-one engagements with 80 enterprises on 17 ESG issues for a total of 203 communications. The main engagement targets were enterprises belonging to industries of "information technologies" and "materials"; the main issues for communications were "climate change vulnerability" and "carbon emissions."

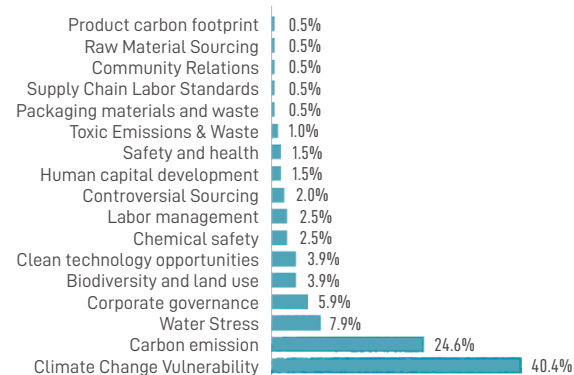
Please see P.34-36 for Participation in International Initiatives

Please see P.35 for Sustainable Finance and Climate Change Forum

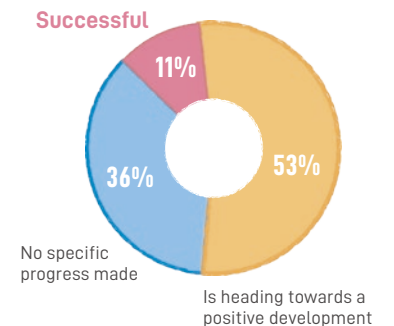
Engagement industries



Engagement issues



Engagement progress



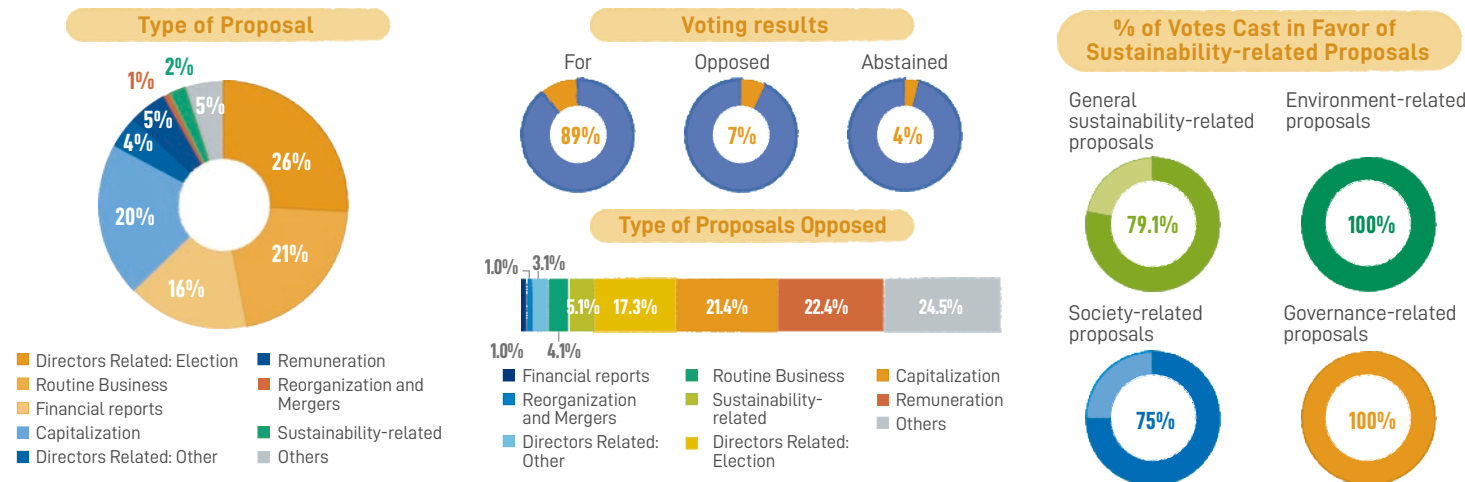
Voting

We have established the Implementation Rules for Exercising Voting Rights on Proposals in Shareholders' Meetings of Investee Companies, under the guidance of which we attend shareholders' meetings via delegates or mandates to exercise our voting right as a shareholder and express our opinions on proposals in shareholders' meetings of investee companies. Cathay Life Insurance supports climate proposals that are in line with the emissions target of the Paris Agreement. Through these, we hope to inspire more specific climate actions among enterprises. In 2021, we voted 100% in favor of climate-related proposals.

However, rather than directly voting against certain proposals in shareholders' meetings, Cathay Life believes that it may better exert its influence as an institutional investor by familiarizing itself with key issues and communicating with investee companies before shareholders' meetings to reach consensus on proposals, thereby simultaneously benefiting Cathay Life, investee companies, and the society at large.

For individual cases of communication, see the 2021 Cathay Life Insurance Responsible Investment and Stewardship Report. [↗](#)

In 2021, Cathay Life Insurance has attended 217 shareholders' meetings and voted on a total of 1,492 proposals. See the diagram below for voting results:



Note: According to Articles 146-1 of the Insurance Act, insurance companies may not vote in director and supervisor elections of domestic companies they have invested in, hence the abstention votes for all proposals related to the appointment of directors and supervisors.

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 Insurance in 2021, 100% are signatories of PRI or local stewardship principles.

Sustainable Investment Action

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

(I) Low-carbon industry

In response to the global trend of transitioning to 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 the end of 2021, our total investment in low-carbon green energies reached NT\$182.9 billion representing our contribution to the earth.

Principle 1 Principle 3

Thematic investments (low-carbon, Infrastructure, elderly care, water resources, and inclusive finance, etc.) reached NT\$ **1.2** trillion.



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. Cathay Life and Power Master Group jointly developed and built Yunlin Mailiao Tienji Solar Power Plant in October 2021, creating a symbolic example that "utilizes funds of a life insurance company for renewable energy public constructions" and "activates national land," which creates a triple win situation for government, companies, and local communities. The total investment amount as of the end of 2021 that was approved by the FSC beforehand, reported afterwards, or from participation in capital increase reached NT\$4.3 billion, and the installed capacity that completed grid connection exceeded 247.8 MW.



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 2021 amounted to NT\$19.5 billion.



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 2021, we have constructed 17 green buildings, obtained green building certificates for 21 construction projects, and invested NT\$75.1 billion in green building financial development.

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.

Certification	Grade	Certification gained (no.)	Certification pending (no.)
LEED-NC (Leadership in Energy and Environmental Design)	Gold	2	
	Silver	3	
LEED-EBOM (Category: existing buildings)	Gold	1	
EPC (Energy Performance Certificates)	B	1	
	C	1	
The green building certification of Taiwan	Diamond	1	
	Gold	0	2
	Silver	6	
	Bronze	2	
	Certified	4	

(II) Water resources

Cathay Life has paid perennial attention to the sustainable development of the environment. In addition to the risk of climate change, the shortage of water resources, the dramatic increase in 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 2021, our total investment in water resources reached NT\$7.6 billion.

(III) 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 2021, our total investment in infrastructure reached NT\$674.0 billion.

(IV) Health industries

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 2021, our total investment in health industries reached NT\$361.1 billion.

(V) Financial inclusion

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 in doing so to contribute to the realization of inclusive finance. As of the end of 2021, our total investment in Financial inclusion reached NT\$3.4 billion.

(VI) Impact investing

In 2021, Cathay Life Insurance will take further steps to engage in impact investing, which tackles social integration, educational and environmental resource requirements, medical care, and quality of living. To accomplish this, Cathay Life Insurance has invested NT\$880 million.



Diverse Coverage and Thoughtful Service

With our vision to "InsureTech, happiness get. – Smart, Simple, Safe." Cathay Life incorporates insurance in people's lives through the use of technology. We are committed to providing the best products and services to offer citizens appropriate protection and diverse insurance service experiences. In doing so, we satisfy people's insurance needs and protect the happiness of every family, thus fulfilling our corporate mission to "Cathay Life, sunshine in your life."



Establishing Protection Awareness

SF7

Principle 1

Principle 2

Through various activities such as releasing promotional videos, advertising health promotion events, and launching a diverse range of products with spill-over effect, Cathay Life Insurance urges citizens to implement health management and continues to support governmental policies by actively introducing protection products. In 2021, our protection products and the ones with spill-over effect reached FYP (First Year Premium) of NT\$15.05 billion and NT\$5.8 billion, showing our commitment to creating a wider and deeper safety net for the society.

(I) Raising the General Public's Risk Awareness

As the largest insurance company in Taiwan, Cathay Life Insurance strives to be an advocate of life risks, guiding the public to understand risks. Through the promotion of insurance products, we help citizens be fully prepared for risks.

Life Risk Trend Surveys

In 2020, Cathay Life Insurance collaborated with professors from Yang Ming University and experts from PwC to conduct a survey of people over the age of 20 to find out whether citizens recognize the physical, mental, and financial risks they face at various stages of life and know how the risks are

managed. The survey results were published in the Cathay Life Insurance Life Risk Trend Survey Report at the end of 2021, helping members of society understand the different types of risks they might encounter in life.

[2021 Life Risk Trend Survey Report](#)

Increasing Protection Awareness

In 2016, we developed the industry's first digital tool, Cathay Box, to help people understand the importance of being protected by insurance and to examine and fill in any gaps in personal protection. The tool uses visual graphs to precisely help customers understand the products and satisfy their insurance needs. In 2019, we produced a simple, easy-to-understand graphic material based on the 28,000 days theory, which was proposed by Dr. Sanjay R. Tolani, a Dubai expert in insurance brokerage. The material was aimed to promote the public's understanding of the key goals, needs and risks in each stage of their career. In addition, we set up the "Happiness Protection Website" and launched an animation series called "Insurance Novice Village," providing relevant information for citizens to browse themselves.

Insurance Novice Village



Insurance information (e.g., types of insurance, claims, or definition of insurance terminology, etc.) is produced into a cartoon to reinforce the public's understanding of being protected by insurance.

As of the end of 2021, 50 animated shorts have been launched, attracting a total of 1.74 million views.

[Insurance Novice Village YouTube video](#)

Happiness Protection Website



Insurance-related information is incorporated in the website (including information about insurance products, articles and videos on popular topics, real-life cases, and interactive games, etc.) to help citizens understand insurance products and assess their own needs.

As of the end of 2021, the website recorded nearly 1.66 million page views and about 1,167 visitors daily on average.

[Happiness Protection Website](#)

Cathay Box



As of the end of 2021, the website has about 4.9 million interactions with customers, and Cathay Box has been used in approximately 96.3% of the sales process every month.

(II) Health Promotion

In recent years, Cathay Life Insurance has endeavored to promote the concept of "prevention" and encourage citizens to stay healthy, thereby shortening citizens' unhealthy life. Since 2018, we have proactively created and optimized the health-promoting ecosystem by providing innovative health-promotion incentives and launching different insurance products with spill-over effect. In doing so, we help citizens recognize the importance of health management and develop the habit of exercise, thereby improving their physical condition and lowering medical expenses in our society.

Health-promoting Ecosystem: Cathay Walker Plus

We were the first in the industry to launch a large-scale health-promoting activity focused on health and benefits, Cathay Walker Project. It increases participant's motivation to exercise through the gamification of achievement and incentive mechanisms. In 2020, the Project was upgraded to "Cathay Walker Plus," which features walking and many new tasks (e.g., going to the gym, sleeping and heart rate monitoring, etc.) as well as cross-sector collaboration. Citizens are invited to participate and further expand the health-promoting ecosphere. Since it was first introduced, the Project gains approximately 1,038 new members each day. As the end of 2021, 396,000 individuals participated in Cathay Walker and walked 566.58 billion steps, which is equivalent to 453 round trips from the Earth to the moon.

Insurance with Spill-over Effect

Seven new products with spill-over effect were launched in 2021 (a total of 19 in the current year). Through incentives such as premium discounts or increased insured amount, policyholders are encouraged to implement health management on their own. We provide different insurance products (e.g., long-term care, hospitalization, surgery, dementia, major illness, and investment-linked products, etc.) to satisfy citizens' insurance needs. We were also the first in the industry to include cancer screening, vaccination, and smoking cessation treatment in the options of our health promotion mechanism, thus enriching its diversity. In 2021, we underwrote approximately 288,000 spillover-effect insurance policies, accumulating roughly 400,000 effective contracts at the end of the year.

Screening Programs for Four Types of Cancer

In 2010, the Health Promotion Administration implemented four types of cancer screening programs (cervical cancer, breast cancer, colorectal cancer, and oral cancer). In response to this policy, Cathay Life Insurance assisted in promoting cancer prevention screening activities, offered incentives, and encouraged our salespeople to invite policyholders to participate. We have hosted 13 cancer screening activities between November 2020 and May 2021, and a total of 1,004 people received screening tests.

Providing Diverse Coverage

(I) COVID-19 Response Measures

The global spread of COVID-19 at the end of 2019 not only seriously threatened the health of humans, but also significantly impacted people's daily lifestyle. In light of this trend, Cathay Life Insurance began offering a series of products and services that provided support for policyholders and the general public, becoming the backbone of our society.

Improving Medical Insurance

During the outbreak of COVID-19 at the beginning of 2020, Cathay Life immediately offered medical products to provide a wide range of coverage to meet citizens' needs during the pandemic. Cathay Life relaxed claims standards with consideration to the actual situation of healthcare during the pandemic. If a policy holder is quarantined in a negative pressure isolation room due to COVID-19, Cathay Life provides more comprehensive insurance support by providing the same benefits as being hospitalized in the ICU. From 2020 to 2021, we underwrote 184 thousand medical insurance policies of Hsin Ann Yi and Yi Ting An Hsin.

Cathay Vision Experience (CVX)

In 2021 when the country was under the Level 3 COVID-19 alert, we launched the Cathay Vision Experience, known as CVX. This was the first remote insurance service platform approved in Taiwan, providing one-stop online insurance services by providing services of insurance application, insurance policyholder services, premiums payments, and claims applications, etc. Through this platform, we can ensure the uninterrupted provision of insurance services, creating better digital experiences for our customers. A total of 66,000 policies have been processed as of the end of 2021 through the CVX platform.

Awards

For this platform, Cathay Life Insurance received the InnoMark International Certification for innovation and was the only life insurance company in Taiwan to win Enterprise Asia's 2021 International Innovation Awards - Service & Solution Category.

(II) Elderly Care

SF7

The declining birth rate and the increasing rate of aging and unhealthy life expectancy in Taiwan have placed individuals, families, and the society under significant economic pressure, imposed a massive burden on the healthcare system, and increased people's awareness on elderly care issues. Recognizing the needs of people for elderly care, Cathay Life Insurance continues to develop heart-warming services and integrate them into different products for the elderly, providing a comprehensive range of elderly services that will help citizens enjoy a high-quality life in their golden years.

Thoughtful Services for the Elderly

Following the corporate mission to "Cathay Life, sunshine in your life," Cathay Life Insurance offers thoughtful services to meet the needs of elderly people.

Elderly-friendly marketing materials

In addition to providing exclusive products for the elderly to meet the requirements for their protection plans, our sales documents (DMs) adopt a font size that is easier to read and a colloquial language, so that older readers can fully understand the contents of our insurance services.

"Splendid Life" website

We developed the first elderly platform integrating resources for elderly people, including a library, convenience store, and health check station, to provide a variety of information on elderly care, elderly services, and course offers as well as games on dementia prevention and questionnaires to improve knowledge accessibility for the public and to meet the elderly care needs of society. As of the end of 2021, the website registered approximately 940,000 page views. Among these, the dementia prevention games were played by 693,000 times. Through this website, citizens are encouraged to keep in mind the importance of dementia prevention.

Elderly service hotline

We formed customer service teams that prioritize answering phone calls from elderly people. Our service personnel will respond to questions regarding insurance policies in a slower tone and accessible language. They also provide relevant information of "elderly value-added services" to help older people obtain the resources they need and kindly remind them of important matters to protect their rights and interests as policyholders.

Dementia-friendly ambassador

In 2020, we participated in the Health Promotion Administration's training program on "Dementia Prevention and Dementia Friendly Communities," so that our employees will be able to understand dementia correctly and share the correct prevention concept with our customers. To date, over 13,000 of our salespeople throughout Taiwan volunteered to become certified "Dementia Friendly Angels," and 126 of our service locations have completed the Dementia Friendly Organization Certification.



Elderly Protection Products

Different insurance products covering physiological, psychological, and financial aspects are offered to provide sound protection for elderly people.

Aspect	Project Name	Content
Physiological	Elderly protection	For older citizens who cannot be underwritten for insurance because of age or poor physical condition, Cathay Life Insurance has launched a series of products (e.g., petty amount whole life insurance product) to meet the healthcare needs of older people or protect them against specific diseases (e.g., dementia or cancer) and accidental injuries. For older policyholders who have life insurance policies, they can use our policy activation service to switch their life insurance coverage to one that meets their current needs (e.g., long-term care, healthcare, or annuity), thus enabling them to flexibly adjust their insurance plans.
	In-kind Payment Policies	Cathay Life Insurance formed an alliance with other industries to launch an insurance product that offers in-kind benefits of either actual service or insurance payout, thereby providing different types of protection for cancer, long-term care, major illness, specific injury/illness, and dementia, etc. An actual service shares the pressure that policyholders experience and ensures that they receive appropriate services when they need long-term care or take genetic testing service for better therapy after cancer diagnosis. Ten new insurance products with in-kind benefits were launched in 2021 as we continue working with long-term care and precision medicine industries in Taiwan to develop a blue ocean market and create mutually beneficial outcomes for policyholders, companies, and society.
Psychological	Dementia care	The Taiwan Alzheimer Disease Association (TADA) estimated that more than 290,000 people in Taiwan have dementia, and that about 1 in every 77 persons is diagnosed with dementia. In response to this continuously increasing trend, Cathay Life Insurance leads the industry by launching two insurance products for cognitive impairment. Coupled with a health management mechanism, these products encourage policyholders to exercise to combat dementia. However, if policyholders become dementia patients, we offer timely support to help them receive proper treatment as well as personalized follow-up care services to slow down the development of dementia and offer our utmost support for both patients and their families living with this condition.
Financial	Retirement finances	People must stay healthy, both physically and mentally, and ensure their financial stability in order to maintain a decent quality of life during old age. Therefore, Cathay Life Insurance offers a wide range of insurance products, including investment-linked products, annuities, and products that allow premium payments in installments, to satisfy needs for insurance planning and asset allocation. We continue to encourage citizens to start insurance planning as early as possible to secure a stable source of income after retirement, support the increased cost of living due to prolonged average life expectancy, and ensure that they have enough pension savings to fund their retirement lifestyle.

(III) Financial Inclusion

Cathay Life is proactively building an inclusive financial environment by obliterating economic and physical barriers that expose individuals or families to risks. We are committed to optimizing the accessibility of financial services in our insurance products to improve people's willingness to purchase insurance and facilitate insurance application, thereby realizing inclusive finance and providing a stabilizing force for our society.

Micro-insurance

In 2009, we became the first in the industry to launch micro-insurance services, for which we have proactively worked with county and city governments, as well as with social welfare organizations to provide micro-insurance with basic protections to those people in need. As of the end of 2021, we have provided this type of insurance to nearly 131,000 individuals reaching a total of NT\$44.81 billion. Among them, more than 950 families received the timely financial support through micro-insurance. In 2021, we won the "First Place", "Excellent Performance Award", and "Excellent Economic Relief Award" in the Micro Insurance Contest held by the Insurance Bureau, Financial Supervisory Commission (FSC).

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Petty Amount Whole Life Insurance

In 2017, we launched the industry's first petty amount whole life insurance, a policy that can be purchased by almost anyone. Petty amount whole life insurance are low

application requirements and low premiums, allowing people in poor health condition and in their old age to obtain basic insurance coverage easily. As of the end of 2021, we underwrote approximately 240,000

effective contracts, providing an insurance coverage of approximately NT\$73.9 billion against personal risks. These results were the best in the industry. In 2021, we won the Elderly Friendly Award for our petty amount whole life insurance from the Insurance Bureau, FSC.

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Physical Impairment Protection

People wishing to enhance protection after falling ill with a disease are commonly unable or difficult to enroll in any type of insurance. For this reason, Cathay Life Insurance continues to provide insurance products for physically disadvantaged people and develop innovative policies to fulfill the needs of medical protection for those with the "three highs" (high blood sugar, high blood pressure, and high blood cholesterol) or cancer, thus fighting diseases hand in hand with our policyholders and helping reinforce the safety net of insurance.

Student Group Insurance

Since 2017, we have offered student group insurance, which has provided personal safety protection to 3 million children with a total insured amount of approximately NT\$3 trillion. In addition, we jointly implemented the Sustainable Campus Project with the K-12 Education Administration.

Please see "Social Care and Value Creation" for details P.66

Customer-centric Services

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Cathay Life is committed to our service philosophy of being customer-centered by providing diverse heart-warming services and listening to the customers. We provide more user-friendly service, so that customers can feel our warm care during every service journey.

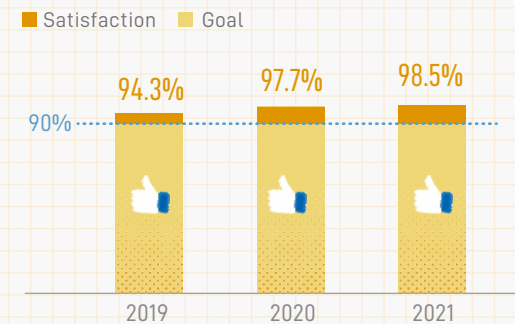
(I) Principles of Treating Customers Fairly

In order to protect customer rights and interests, Cathay Life has built a corporate culture that centers on the spirit of "treating customers fairly." In 2018, we became the first in the industry to establish the Treating Customers Fairly Committee, which is actively partaken and promoted by the Board of Directors to protect the interest and rights of customers. Strategically, we implement the nine fair customer treatment principles in the three stages of sales, namely the System Development before Sales, Sales Management During Sales and Quality Control After Sales ([visit Cathay Life's website for details Treating Customers Fairly](#)). In 2021, Cathay Life Insurance continued internalizing these principles (e.g., establishing a business unit fair customer treatment day) and strengthened its internal control (e.g., using visual tools to assist with management). By using smart tools to optimize document contents, we assist customers with their problems and ensure that they fully understand their rights. For three consecutive years, we were one of the top 20% companies that received the recognition of "Excellent" in the FSC's Treating Customers Fairly Evaluation.

(II) Better Management of Customer Satisfaction

Cathay Life Insurance commissions a market survey company to conduct a customer satisfaction survey each year. In 2021, to

understand the key driving factors of customer satisfaction, Cathay Life Insurance has established a "Customer Experience Management Mechanism," which adopts a design thinking approach to identify customer pain points and develop solutions for better customer experience. In 2021, the overall customer satisfaction reached 98.5% (better than the 97.7% in 2020); net promoter score (NPS) reached 21.1 (better than the 16.6 last year).



(III) Convenient Services

In order to serve a wide range of customers around Taiwan, Cathay Life uses digital technologies at service nodes to improve the convenience of financial services and overcome geographical, temporal, and physical limitations, thus providing customers with a better service experience.

Customer Service Center

Virtual Queuing

We implemented the virtual queuing mechanism which allows policyholders to check their waiting time after calling the customer service center and choose to either wait online or make a reservation for customer services to call back, so that they can manage their time more flexibly.

Internet Phone Call Service

Those who have an Internet connection can make Internet phone calls via Cathay Life's website or App to contact our customer service center. Customers abroad can thus save international roaming call charges and easily complete service processes, such as extension of travel insurance and insurance policy inquiries, etc. When policyholders experience physical discomfort while traveling, they can call the "Overseas Emergency Assistance Hotline" via Internet phone to use our emergency medical consultation service online.

Complaint Hotline

We formed a team of senior customer services to provide professional services, assess a problem promptly, and discuss solutions with related departments to reduce the likelihood of customer complaints, quickly solve a customer's problem, and reduce negative media coverage.

Counter Service Center

Online Number-taking on App

To reduce customers' waiting time when visiting service counters, 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. This service allows us to improve our efficiency and refine our service experience.

Barrier-free Service Counter

To provide friendly thoughtful services for older people or people with disabilities, our service locations allow customers to make an appointment for a service by phone, thereby reducing waiting time, and creating excellent service experience for customers.

Developing Digital Services

The rapid digital transformation in the service industry and the impact of COVID-19 have made more and more people willing to complete various insurance services online. Cathay Life Insurance also takes advantage of technology to complete several services such as insurance enrollment and insurance policy management via mobile phone or computer, thus providing customers with a safe and fast digital service experience.

(I) Online Insurance Application

In order to provide convenient online insurance services, we began to offer insurance products that accept online application at the end of 2014, so that customers can complete the application process without dealing with sales personnel or uploading or downloading any documents. In 2021, our online product portfolio includes 16 online products for policyholders to choose from, including travel insurance, life insurance, annuity, health insurance, and accident insurance. The overall customer satisfaction with our digital services was 94% in 2021, and satisfaction with our online insurance application service has exceeded 97% for three consecutive years.

(II) Innovative Online Services

The advancement of digital technology has significantly changed the behavior of consumers and made online activities the norm. In response to these changes, Cathay Life Insurance has developed convenient one-stop online insurance services. Apart from Cathay Vision Experience (CVX), a remote insurance service platform, online services featuring innovative components and platforms were planned to introduce a brand-new online insurance service model that enables citizens to enjoy fast and convenient online services.



Choose a Coverage Plan that Works for You

Targeting the highly autonomous insurance needs of digital natives, Cathay Life Insurance abandoned the traditional framework and launched a personal insurance digital platform, called "Free-choice Coverage," developing the first "component-linked insurance product" that allows customers to pick and mix different types of insurance products. This product is easy to understand and relatively affordable, making it convenient for policyholders to freely choose a plan that meets both their budget and needs. Within a month of its launch in 2022, the Free-choice Coverage website has been visited by more than 20,000 visitors and processed nearly 700 applications. Among these, young customers (aged 20 to 34 years) accounted for 45% of all visitors, which was significantly higher than the 33% in traditional channels.

Cathay groupins+

Recognizing the group insurance needs of corporate customers, Cathay Life Insurance used insurance technology to optimize its service experiences, developing the Cathay groupins+ platform, which offers one-stop digital services for group insurance. Corporate customers can pick, select, and mix whichever products they need and promptly receive premium estimates. This platform makes it easier for corporate customers to complete group insurance planning; it significantly improves the efficiency of group insurance application and provides an all-inclusive group insurance digital service for corporate customers. As of the end of 2021, the groupins+ platform has been used by 179 companies, making it the best channel for corporate customers to purchase group insurance products quickly, transparently, and remotely during the pandemic.

(III) Smart Digital Customer Services

Since 2018, Cathay Life has launched the virtual assistant "Alpha," which is available on Cathay Life's website, App, and Line account to help customers solve all kinds of insurance issues, including insurance details inquiry, insurance policy changes, travel insurance application, and policy loans, etc. In 2021, Alpha was used 2.51 million times, which accounts for 69.6% of total customer service users. Furthermore, Alpha had a problem-solving rate of 96% and a satisfaction rate of 95.5%, effectively reducing customers' waiting time during phone calls or counter visits.

Note1: Problem-solving rate is defined as customers not calling or email customer service personnel within 1 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 Insurance began providing mobile insurance services in 2012, which integrate services of insurance application, claims, premiums, and policy changes. Customers can complete various insurance services using tablet, thus saving the trouble of sending documents back and forth. In conjunction with smart underwriting technology and claims risk rating system, this system significantly shortens the time for follow-up processing, thus providing immediate insurance services. In addition, we introduced many electronic documents such as e-statements, e-policies, and payment details, etc., thus reducing the use of paper for relevant documents and creating tremendous environmental benefits.

Please see "Green Operations and Impact Mitigation" for details P.69

No. of paper sheets saved:

79.65 million sheets

Mobile/Electronic Insurance	No. of Cases in the Current Year (in ten thousands)	Usage Rate in the Current Year (%)
Mobile Application	71.40	99.12%
Mobile Policyholder Service	84.38	80.86%
Mobile Claims	63.29	93.18%
Mobile Premium Payment	45.26	70.36%
Electronic Insurance Policy ^(Note)	69.99	93.80%
Electronic Documents	263.06	46.63%

Note: The case and usage rate of electronic insurance policy do not include policies sold by brokers and travel insurance.

Richness



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Core Philosophy

Every bit of Cathay Life's success is owed to the collective efforts of our employees. We are committed to fostering the best working environment and employee care, so that every employee can realize their fullest potential and fulfill their greatest purpose. We do this so that our employees bring the care and devotion we show them to every corner of society. The Great Tree of Cathay Life, with nearly 60 years of history in Taiwan, will continue to contribute to the prosperity of society.

- In 2021, the turnover rate of head office staff was **4.69%**, which lay within a 1 standard deviation in the past three years. On the other hand, the retention rate of sales personnel has increased on a yearly basis, reaching **66.8%**.
- Total learning hours on the Hahow self-learning platform reached **44,708** hours; applicants for learning leaves reached 2,211.
- Number of volunteer hours reached **48,331** hours in 2021.
- Four Cathay Happiness Farms were built, thereby creating barrier-free vegetable gardens for elderly people. We also worked with the Criminal Investigation Bureau to improve local elderly people's anti-fraud knowledge and skills through tabletop games. A total of **72** sessions were held in 2021, and nearly **2,000** elderly people participated.

SDG 3

SDG 4

SDG 5

SDG 8

Healthy Lifestyle and Work-life Balance

Employees are our most important asset. We have created a healthy workplace through a variety of developmental systems and benefits for our employees to find the most suitable positions for their careers and let them concentrate on their work.

Please see "Talent Structure Data" on P.85



Cathay has received the Talent Training Award in the Taiwan **Insurance Excellence Award** for **9** consecutive years, and was ranked **4**th in the world three years at the BEST Award presented by the U.S. **Association for Talent Development (ATD)**.



Talent Attraction

102-8 Principle 1

In response to the digital development and sustainability trends, Cathay Life Insurance is proactively building a diversified talent pool. In response to the changes in the habits of job seekers, we are also operating digital recruitment channels (e.g., Cathay Maker Facebook fanpage [↗](#) and Career School Instagram account [↗](#)) to attract talents through diversified channels and help them find their most suitable jobs.

(I) Establishment of Office Talent Pool

Cathay Internship Program, CIP

Since 2005, we have implemented the Cathay Internship Program (CIP) to recruit quality talents ahead of time and improve Cathay's corporate image and their identification with Cathay. This program provides students with internship opportunities at enterprises during summer vacations to establish connections ahead of time. The 2021 internship program adopted hybrid working, and helped CIP interns better understand their career directions through various online courses and unit resources. As of 2021, 22% of CIP interns who completed the internship have become employees.

Cathay Agile Program, CAP

Since 2018, Cathay has initiated the Cathay Agile Program (CAP) to cultivate students into digital technology talents. Centered on the agile project, students and our office staff conduct agile collaborations to spark more creative ideas. In 2021, 39 interns participated in the program and produced 17 project ideas for the company to put into practice. As of now, a total of 20, or 18%, of former interns have become employees of Cathay.

Cathay Investment Manager, CIM

Since 2016, Cathay Life has launched the Cathay Investment Manager (CIM) Project to cultivate well-rounded investment planning talent highly sensitive to investment opportunities. It 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. 6 people were accepted into this project in 2021.

"IT's Time" recruitment project

Financial innovation and practice rely on quality IT talents. Cathay Group has established the "IT's Time" recruitment project since 2017. By organizing recruitment events targeting IT talents, we implement the project via speedy document reviews, one-day interviews, and quick job-vacancy matching, while providing open and transparent recruitment information to recruit talents. In 2021, we interviewed 766 applicants, and accepted 47 candidates. In other words, 9.6% of applicants received interviews and 6.1% were accepted.

(II) Sales Agent recruitment

Golden Plan

In response to generational changes, newcomers to the workplace are concerned with not only salary and benefits offered by their companies but also future career developments. Since 2018, Cathay Life has launched the "Young Golden Plan" in response to generational changes to help young people with an ambition to become business managers and elite sales agents to attain their ultimate career paths and million-dollar annual salaries. Following the "slash" career trend, Cathay took a step further to launch the "π Golden Plan" in 2019, encouraging "slashies" to join our sales teams. This plan not only strengthened their professional marketing skills through multiple digital learning tools, our unique "Golden Academy" classroom-based courses, and one-to-one mentoring mechanism also encouraged part-time sales personnel to become full-time employees and even push themselves to become elite insurance sales agents as their operating ability improves.



[Young Golden Plan website](#)

Industry-academia cooperation

In order to better acquaint young people with the work of life insurance consultancy, Cathay Life has engaged with schools and cooperated with startups to offer young people diversified and innovative ways to get to know Cathay Life Insurance.

Personnel Elite Internship Program

Every year, we offer university and college students "workplace internship" opportunities to work in our business units. In the last 4 years, there has been a considerable increase in the number of interns. To date, the number of interns has amounted to 2,884, of which 49.2% have become part-time personnel, and 5.6% have become full-time employees.

Career Diary

To familiarize more students with the workplace, Cathay Life and City Wanderer have been continually organizing the Career Diary Challenge since 2017. Through interviews, experience sessions, and various other missions, participants can quickly improve their understanding of job careers. In 2021, this event was implemented using the online software Gather Town for the first time. A total of 70 students participated in the event with an average satisfaction score as high as 4.8 (out of 5) and an average recommendation score of 4.7 (out of 5), and reached 908,000 individuals via social media, successfully engaging students online.

Response from students

I hope that they can continue holding Career Diary! For those uncertain about the future, this is a great opportunity to see the world with new eyes.

I really liked how the event was held virtually this time; it was still a well-rounded, marvelous experience!



 Tree Campus website

Talent development & cultivation

401-1

404-1

404-2

Principle 1

A healthy talent development system is the key to the sustainable development of an organization. Cathay Life Insurance has developed training frameworks and established a comprehensive training system according to each employee's individual career needs and talent levels, thereby enriching talent pools at all levels as well as elite insurance sales agents and digital technology talents at home and abroad. In 2021, the turnover rate of head office staff was 4.69%, which lay within a 1 standard deviation in the past three years. The retention rate of sales personnel was 66.8%.

(I) Diversified job rotation system

Cathay Life Insurance has proactively developed diversified talents, encouraged job rotations across departments and companies, cultivated employees' cross-disciplinary thinking, and improved their ability to integrate.

Cross-boundary Department Rotation

To encourage office staff to continually explore their diverse competencies, we introduced systematic operations since 2020 to allow departments recruiting new employees to offer job vacancies online and provide channels of advice to lower employees' uncertainty during transitions. The job rotation percentages in 2021 were 16.7% for specialized staff and 16.2% for administrative staff.

In addition, we arranged transfers of professional office staff to sales or policyholder services departments to further familiarize office staff with life insurance operations. In 2021, office-to-field transfers amounted to 23 individuals.

War Room

In response to the trend of digital transformation, we introduced agile thinking and established the "War Room." Operated by heterogeneous teams, it encourages employees to step out of their domains and create new ideas through cross-domain cooperation. As of 2021, 18.6% of all personnel have contributed to this transformation process, which reached 33 departments.

(II) Cultivating diversified competencies

In response to the fierce global competition and digitizing trend, expanding the scope of employees' personal skills, cultivating their digital literacy, and improving their foreign language skills are key to improving a company's competitiveness.

IDP(Individual development plan) mechanism

To assist employees in continuously expanding or polishing key individual skills, we collaborate with human resources experts to provide departmental supervisors with customized guidance and create scenarios of dialogs between supervisors and their staff on skills development, thereby helping supervisors and their staff work together to formulate a "personal capability development project." In 2021, we guided a total of 93 managers from 36 departments, of which 86% confirmed the usefulness of the project in developing the skills of their staff, while 71% of our employees approved this IDP mechanism.

Fostering the seed of agility

In order to promote agile thinking and methods within our organization, we not only organize courses and workshops, but also encourage employees to obtain international certifications. In 2021, a total of 81 employees obtained agile certifications, such as the PMI Agile Certified Practitioner (PMI-ACP) or Professional Scrum Master (PSM), while internal agility seed coaches amounted to approximately 50, driving the development of agile thinking in our organization.



Robotic Process Automation (RPA)

We are pro-actively introducing the Robotic Process Automation (RPA) tool to replace repetitive processing tasks, helping employees improve work efficiency. We also implement programs to transform administrative staff into computing programming personnel to work on RPA development at our IT department. In 2021, a total of 11 staff members were successfully transformed and will act as internal professional lecturers in the future to assist other employees in using RPA resources.

Data-oriented talent development programs

To accelerate the development of data analysis skills of employees at relevant departments, and accelerate our digital transformation, we systematically develop data analysis talents through training courses such as programming languages and data science. In 2021, 27 data analysis mentors trained a total of 47 seed trainees from 24 departments.

Nurturing international talents

With international business continuously expanding, it becomes imperative to enrich our talent pool's knowledge of foreign languages. Since 2020, we have organized English language courses to fulfill employee's need of English skills in daily operations and increase our reserve personnel for overseas business. In 2021, our talent pools received English language training for a total of 78 hours, while 60 of our existing employees received themed trainings according to their individual business needs for a total of 54 hours.

Corporate Sustainability Education and Training

In addition to improving hard skills, cultivating the concept of corporate sustainability is also a crucial soft skill for employees. Since 2018, "Corporate Sustainability Education and Training" has been included in the required courses by Cathay Life in order to make employees put ESG ideas into practice. In 2021, the total training hours reached 13,725.5 hours.



(III) Promoting spontaneous learning

In order to meet the learning needs of diverse talents, Cathay not only offers courses related to professional competencies, but also utilizes digital resources to allow employees to self-learn according to their individual preferences and time schedules, and to create a space for co-learning to promote mutual exchanges and expand the scope of knowledge and experience for themselves and our organization.

The self-learning platform — Hahow

In 2020, we collaborated with Hahow for Business on an online self-learning project, which encourages employees to use their spare time to continually improve their knowledge. Cathay also offered one-day learning leaves to those who reached certain learning hour goals. In addition, in 2021, we organized the Learning Up multiplayer online games, which featured 25-square-grid online tasks and prize draws to encourage employees to learn online. The activity had the participation of 943 people and 2,211 people applied for a one-day learning leave, reaching 44,708 learning hours on Hahow.

JoSeal co-learning platform

In order to promote community learning, Cathay Life Insurance has introduced JoSeal, a highly interactive, practical knowledge-centered learning platform, and established a model for social network co-learning through the "RSC" (Reading, Sharing, Creating) model. As of the end of 2021, total views ("reading") of the courses reached 1.95 million; posts, comments, likes, and shares ("sharing") reached 270,000 in total; and micro-courses created ("creating") amounted to 622 courses.

MDRT Ambassadors sharing network

The Million Dollar Round Table (MDRT) Ambassadors mechanism was launched in 2018. It has selected 100 applicants with excellent performance records to become MDRT Ambassadors, who collaborate with full-time lecturers to analyze success stories, and share them with others. In 2021, we held 22 MDRT Ambassador live-streaming sharing events and 340 MDRT annual sharing sessions. 71% of our business units participated in the Ambassador sharing events with an average satisfaction score of 96.7%.

Live-streaming sharing events

Since 2021, we have been holding live-streaming sharing events, which seek to understand employees' learning needs through the recruitment mechanism. We also offer courses on diverse themes, including soft issues, marketing, leadership, and working skills. In 2021, a total of 60 sessions (including MDRT sharing events) were held. Total online attendance reached 59,560.

Employee care

401-2 Principle 1

In addition to pursuing a comprehensive career development, Cathay Life Insurance hopes that our employees can also push themselves to "Advance Dreams and Working Together." Through various welfare systems, employee care and healthcare, we allow our employees to be passionately committed to their careers under Cathay's shelter and live without worry.

(I) A friendly work environment

Workplace safety and health management

To maintain a safe workplace, Cathay appoints 5 occupational safety and health management administrators, who regularly implement workplace safety inspections, as required by law. Furthermore, we also deploy more than 16 occupational healthcare personnel (nurses) at our offices throughout Taiwan, and organize health-promoting activities and relevant training. Full-year workplace inspections reached 975. In addition, during the COVID-19 pandemic, Cathay Life Insurance established its COVID-19 prevention task force. This task force kept track of the development of the pandemic, scheduled work shifts and separated office areas for internal operations, helped employees receive PCR tests when necessary, and offered COVID-19 care leave for employees in need.

Year	2019	2020	2021
	Office staff/Sales Agent		
Occupational injuries	2/6	2/4	1/4
Occupational deaths	0/0	0/0	0/0
Disabling injury frequency rate	0.21 / 0.11	0.20 / 0.07	0.10 / 0.07
Disabling injury severity rate	21.83 / 10.85	19.20 / 5.94	9.34 / 1.23

Shaping an agile workplace

In addition to cultivating employees' agile thinking, since 2020, Cathay has also promoted business operation simplification programs, through which business operations of each department are sorted and existing processes are digitized; in addition, agile tools are introduced to improve the efficiency and information security of internal information exchanges. Furthermore, we also made adjustments to our organizational culture by creating an open culture of dialog to improve exchanges and interactions among employees across position levels, thereby shaping an agile workplace.

Agile tools

C_Team+ (social media platform)

Since it was put to use in November 2020, it has been used by over 5,000 of our office partners. Over 810 teams have been established and 6 open access channels were constructed, thus enabling the rapid circulation of Cathay's internal information.

C-Drive (cloud file exchange platform)

Since its trial run in January 2021, a total of 1,259 office partners have successfully applied for an account to enjoy the real-time file exchange cloud service.

Open dialog

We hold exchange events between the President and entry-level managers. In 2021, a total of 7 talks were held, which were attended by a total of 50 managers. These interactions help managers develop their soft skills such as compassion and empathy.

Sharing meetings

Senior vice presidents communicate with cross-system senior managers through regular meetings. In 2021, 4 talks were held to exchange opinions and build consensus on the theme of diversified operations.

Employee Proposals

In 2020, Cathay Life organized Proposal event to allow our office staff to share their expectations for their workplace. Following employee feedback and voting, we selected and implemented the best proposals in the hope of creating a workplace culture for the young by making substantial changes. In 2021, we implemented a total of 3 proposals, including group lunch ordering and delivery services, pantry room space optimization, and the Cathay welfare points passbook.

(II) Promoting mind-body balance

Cathay Life Insurance provides a comprehensive welfare system and physical and mental care mechanisms, in the hopes of becoming the most solid support for employees' lives, allowing them to devote themselves to their work with peace of mind.

Welfare framework



Since its launch in August 2020, **3,658** of such insurance policies have been underwritten, with total donations reaching NT\$**1.02** million

Employee mutual aid insurance

This is an innovative program in the industry. With just a modest daily contribution to the premium, Cathay employees can enjoy insurance for specific types of cancer worth NT\$300,000. The policy also combines methods from charitable donations, so that every dollar of insurance premium is spent on those in need. Since its launch in August 2020, 3,658 of such insurance policies have been underwritten, with total donations reaching NT\$1.02 million.



20% of premium are used for operation



the rest of premium are used for claims



donate to specific charity group if there is remaining premium



Employee Assistance Program (EAP)

In 2018, we introduced the Employee Assistance Program (EAP), through which a 24-hour helpline is offered. Three free external professional consultations focusing on one particular issue are available for each employee every year. In 2021, a total of 153 employees used the consultancy service. All users have found it helpful for solving problems.

Cathay Pregnancy Club

Creating a considerate work environment, Cathay Life Insurance 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 gifts (e.g., baby care products) for new parents to allow them to take care of their babies with peace of mind. In 2021, we gave a total of 1,175 gifts.

Rich and Skinny Weight-Loss Competition

Since 2016, we have organized the Rich and Skinny Weight-Loss Competition, which sets various weight loss goals with corresponding incentives, thus encouraging employees to set weight loss goals according to their individual situation. In addition, we connect this competition with charity by donating NT\$100 for each 1kg lost to Dingshan Elementary School in Tainan for the installment of solar energy panels on the rooftops of its buildings. All earnings from green energy have helped fund activities for local elderly people. In 2021, the 4,199 participants lost a total of 7,682 kg.

Social Care and Value Creation

Principle 3

In 2021, the COVID-19 pandemic continued to affect our everyday lives. In response, societies around the world have gradually developed new lifestyles. Upholding the belief that "happiness is giving happiness to others", Cathay Life Insurance has continuously utilized its core insurance competencies in conjunction with corporate volunteering and many other resources to create a stabilizing force in society. We offer support and care to people so that, together, we can find a new balance in turbulent times.



Volunteer involvement

Year	2019	2020	2021
Total number of volunteers	12,796 people	16,507 people	7,664 people
Volunteer hours	75,156 hours	85,347 hours	48,331 hours

Foreseeing a new force

Subjects
Second-generation immigrants

Program

- Talent Empowerment Program
- Crown North Coast Merit Program

Dreaming forward

Subjects
Young students

Program

- Cathay Youth Excellence Scholarship
- Student and Inmate Care Program

Sustainable Campus

Subjects
Students

Program

- Anti-drug

Public welfare expenditure

Cash donation	26,482,970
Time contributed	25,857,085
Management expenses	807,676
Total	53,147,731 (NTD)



Revolutionizing education

Subjects
Students & teachers in remote areas

Program

- Dreams Come True Program
- After-school care programs

Contributing to community

Subjects
Local communities

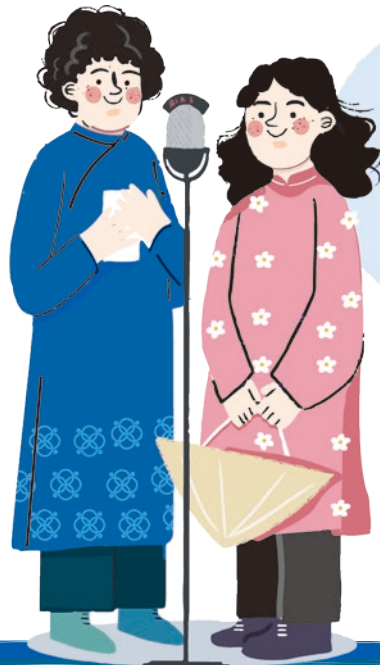
Program

- Caring for major incidents
- Charitable donations through points accrual
- Senior Care Program
- Summer Blood Donation Campaign
- Giving Warmth in Winter

For more social care programs, please see the Cathay Charity Foundation website

1. Dedicated Empowerment Program

For 12 years, Cathay has conducted various professional theme-based empowerment courses, service learning practice sessions, and teamwork workshops to help second-generation immigrants discover their strengths and potential and improve their skills. In view of the consequences of the pandemic in 2021, we started holding relevant courses on issues of "community supply sharing, community rebuilding, and sustainable development" in communities in Wanhua District. In 2021, a total of 581 individuals received training.



In 2021, a total of **581** individuals received training

Foreseeing a new force

In a multi-ethnic environment, tolerance and mutual understanding are needed as cultures clash and fuse. In 2005, Cathay Life became the first company in the insurance industry to engage in new immigrant advocacy, assisting new immigrants to adapt to life in Taiwan. As the demand for second-generation immigrant education increases, we have turned our focus to second-generation immigrant empowerment in recent years by bringing into play their bi-cultural advantages and improving their self-identity and confidence.

2. Crown North Coast Merit Program

Since 2020, we have jointly promoted the Crown North Coast Second-Generation Immigrant Merit Program alongside the New Taipei City Government. Through various activities and empowerment resources, we encourage local second-generation immigrants to exploit their cultural advantages in Southeast Asian languages and cultures to organize activities at schools and local communities. In 2021, Cathay volunteers not only participated in related



club activities but also supported these clubs in filming their activities to produce a documentary that bears witness to the learning process of second-generation immigrants.

1. Dreams Come True Program

Since 2013, Cathay has used funds of this program to support schools in rural areas, cultivating students' courage to pursue their dreams and take on challenges. It also extended the program to community development to foster the co-prosperity of local communities. Furthermore, we began organizing Documentary Awards in 2020 to encourage teachers to record children's progress in carrying out projects through filming to raise their visibility and drum up support for their projects, thereby expanding the scope of influence. In the 9th edition of the event in 2021, a total of 21 schools were selected and five films received the Documentary Awards. To date, over NT\$25.1 million have been disbursed to help 145 schools in rural areas and benefit nearly 3,500 children.

In the 9th edition of the event in 2021, a total of **21** schools were selected and five films received the Documentary Awards. To date, over NT\$**25.1** million have been disbursed to help **145** schools in rural areas and benefit nearly **3,500** children.



Dreams Come True Program

Revolutionizing Education

In order to narrow the gaps in learning resources for students in rural communities and support enthusiastic teachers' long-term commitment to such, Cathay has sent out volunteers and teaching resources to these areas in order to motivate local children to pursue their dreams and help them discover more possibilities in life.

2. After-school care programs

Since 2011, Cathay has worked with the Chung Wen Women's Association in Yunlin, Spread Love Cultural & Creative Social Care Association in Hualien, Sustainable Urban and Rural Care Association in Sanxia, and six local schools in Tainan to offer after-school care programs. Children get access to an environment where they can focus on learning to bridge their education gap caused by slow progress and lack of after-school care due to the financial difficulty of their families or other reasons. Cathay not only funds operating expenses, but also leverages core competencies to offer finance and insurance courses in the after-school care programs in Hualien to help students develop correct financial concepts. In 2021, we invested a total of NT\$1.8 million and reached approximately 100 local students.

In 2021, we invested a total of NT\$**1.8** million and reached approximately **100** local students.



Dreaming forward

In addition to helping elementary schools in rural areas, Cathay has lent a helping hand to more people so that they can pursue their dreams with courage. Grants and scholarships are not the only means to change lives, other people's stories can also inspire those who are at the nadir of their lives to start a new chapter.

1. Cathay Youth Excellence Scholarship

Since 1980, Cathay has granted scholarships to students from poverty-stricken families or with excellent academic performance to support outstanding students in general and vocational high school students. The Cathay Youth Excellence Scholarship is divided into two categories: Specific Accomplishment Grants and Outstanding Students. In 2021, 91 recipients were selected from 408 applicants and scholarships totaled NT\$7.47 million. Furthermore, the Excellent Documentary Award was organized for the first time and extra prize money was offered to encourage the scholarship recipients to record their experience in carrying out this program. A total of 9 teams won this award.

2. Student and Inmate Care Program

Struggling with the pressures of adolescence, young people often feel disoriented and anxious. Through charity performances, we seek to inspire young people to overcome challenges with courage. Cathay Life seeks to motivate young people to change their lives. Since 2007, we have sponsored the Mixed Disabled Troupe, which members have different types of disabilities. The troupe performs in youth detention centers and junior and senior high schools free of charge to inspire viewers to get back on their feet through stories of resilience. Simultaneously, people with disabilities have more opportunities to showcase their talents on stage. In 2021, it toured across 6 schools and reached 2,700 viewers.

Scholarships
totaled
NT\$7.47
million

Toured across 6
schools and reached
2,700 viewers



1. Caring for major incidents

(1) COVID-19 pandemic

Due to the broadened impact of the pandemic in May 2021, the administrative and medical capacity of local governments in Taiwan was heavily strained. Concerned with the pandemic and informed of local hospitals' need for massive amount of anti-COVID-19 resources, Cathay donated a total of NT\$172 million to city and county governments as well as their medical care systems in the hope of making contributions to each locality in need.



(2) Taroko Express train derailment

In response to the Taroko Express train derailment in Xiulin, Hualien, Cathay integrated its Group-wide recourses and immediately mobilized relevant services. It also dispatched 128 volunteers to Hualien Tzu Chi Hospital, Mennonite Christian Hospital, Hua-Lien Hospital of the Ministry of Health and Welfare, Hualien Armed Forces General Hospital, Beibin Funeral Parlor, and Cathay's branch office in Hualien County.

(3) Kaohsiung Cheng Chung Cheng building fire

In response to the fire that broke out at the Cheng Chung Cheng building in Yancheng District, Kaohsiung City, Cathay Life and Cathay Century immediately dispatched 60 staff members to the site to offer services to policyholders affected by the fire.



2. Charitable donations through points accrual

In response to various social needs, Cathay Life assembles the forces of Cathay FHC, customers, and employees to participate in charity together. In 2021, the Cathay Charity Foundation helped to make products from sheltered workshops and Andrew Charity Association available on the e-commerce platform of Symphox Information, and encourages Cathay customers and employees to use bonus points to purchase those products for charity. We have donated a total of 1,000 gift boxes of mooncakes produced by The Taiwan Foundation for the Blind to the Bornanew Youth Caring Association. In addition, we funded 1,460 charity set meals in total and purchased 700 food boxes from Andrew Food Bank, which were donated to poverty-stricken families registered with the social welfare departments of New Taipei City, Hualien County, and Taitung County, thus benefiting 6,480 individuals in total.



Contributing to the community

"We will go wherever society needs us." Cathay works with stakeholders and various sectors of society all around Taiwan to find solutions to social issues together.



1,000 gift boxes of mooncakes produced by the Taiwan Foundation for the Blind to the Bornanew Youth Caring Association. we funded **1,460** charity set meals in total and purchased **700** food boxes, thus benefiting **6,480** individuals in total





Twenty-two years of donation events have yielded nearly **490,000** bags of blood

3. Senior Care Program

Taiwan is quickly becoming a super-aged society; therefore, one of our long-standing concerns has been guaranteeing healthy lives for the elderly at home. In order to improve elders' self-identity and increase their opportunities of social interaction, we have worked with long-term care organizations to build four Cathay Happiness Farms in northern, central, southern, and eastern Taiwan, thereby creating barrier-free vegetable gardens where the elderly can perform suitable agricultural activities. In 2021, the Cathay Happiness Farm in Taitung introduced the mood-boosting activity of pet chicken keeping and nurtured black soldier flies to create a positive cycle of organic production of fertilizer and chicken feed. These activities help the elders rediscover themselves and simultaneously foster a friendly natural environment.

In addition to protecting the physical and mental health of the elderly, Cathay volunteers around Taiwan have also cooperated with

local police departments to introduce the Anti-Fraud Squad Board Game in local communities. By playing this game, older people in local communities learn about common types of fraud while having fun. This helps them safeguard what they have earned through hard work and prevents them from falling into the traps of deceitful people. In 2021, we organized a total of 72 sessions in which nearly 2,000 elders participated.



Highlights video



In 2021, we organized a total of **72** sessions in which nearly **2,000** elders participated

4. Summer Blood Donation Campaign

The pandemic has brought huge pressure on Taiwan's medical system. Therefore, our 2021 Summer Blood Donation Campaign begun several months earlier than usual. By collecting the blood donations of Cathay's employees and policyholders, as well as members of the public, we hope to help stabilize blood availability in Taiwan. Twenty-two years of donation events have yielded nearly 490,000 bags of blood.



5. Giving Warmth in Winter

Since 2002, Cathay Charity Group has held the Cathay Charity Group — Giving Warmth in Winter series of events to offer supports for indigenous and new immigrant students in rural areas for 20 years by now. In 2021, our volunteers were unable to show up in some of the sessions due to the pandemic. With unfailing care for the children, they nonetheless pre-recorded videos with their good wishes to be played at the gift-giving events in schools or interacted with children through videoconferencing to continue projecting human warmth. Volunteers visited a total of 110 elementary schools in rural areas and surprised over 9,000 children with heartwarming Christmas events.



Sustainable Campus Project

Since 2017, Cathay Life has offered student group insurance. We not only protect the personal safety of students through insurance, but also jointly promote the Sustainable Campus Project alongside the K-12 Education Administration. In addition, since 2019, we have focused on the issue of drug abuse, working with the online game-based learning platform PaGamO to launch the Air Force, Army and Navy Program, a gaming model where players answer anti-drug questions to gain territories, thus enabling children to learn about drug prevention through entertainment. In response to the COVID-19 pandemic, we also launched a series of anti-drug remote events this year, which combine various online materials such as anti-drug calisthenics workouts and anti-drug animations with interactive video-based promotional designs to make drug prevention knowledge available despite physical distance. As of February 2022, the program reached over 1.18 million students in total.

Note: Statistics up to February 16, 2022



PaGamO Online Anti-Drug Mission

The anti-drug questions were designed by professors at National Taiwan Normal University and National Chung Cheng University and reviewed by the K-12 Education Administration. The questions are available for free on PaGamO for children to learn drug prevention knowledge through online games. A total of 1,015,637 people have participated.



Volunteers go on campus organize small anti-drug gaming competition

Nearly 6,000 Cathay volunteers have engaged with schools to organize small class-based anti-drug e-sports competitions. As of present, over 145,000 students have been reached.



National Anti-drug e-Sports Competition

We sponsored the PaGamO Open 2021 Taiwan national anti-drug student competition and allowed third to tenth graders nationwide to sign up free of charge. A total of 11,739 students registered for the event.



Response from students

The competition motivated us to learn drug-related knowledge and protect ourselves from getting involved in drug abuse by mistake.

The national anti-drug e-sports competition not only prompted me to review what I learned in school but also allowed me to understand drug prevention knowledge more comprehensively.



Response from teachers

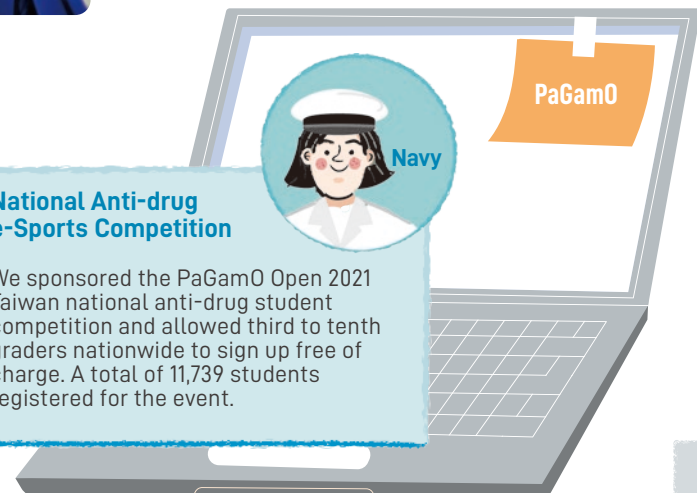
Much of the drug prevention knowledge was unfamiliar to teachers even. Using the PaGamO platform, students can more easily understand and acquire drug prevention knowledge.

The anti-drug questions were very close to students' everyday scenarios, which effectively helps to raise students' awareness of everyday drug risks.

Response from volunteers

We found this anti-drug event very rewarding as children got to learn drug prevention knowledge and have fun at the same time.

This anti-drug campaign allowed us to develop a cooperative working relationship with school teachers.



Eco-Living

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Core Philosophy

This land where tree roots grow deep is our home. We have striven to reduce carbon emissions from operations, promote renewable energy, and advocate for environmental education to mitigate the impacts of climate change and resource shortages. We have joined forces with the government, suppliers, employees, and the general public to protect our homeland, so that Cathay Life Insurance's commitment to sustainability will be upheld by future generations.

- Thematic investments (low-carbon, infrastructure, elderly care, water resources, and inclusive) recognized as "Exemplary" in the Environment Friendly Category of the GVM CSR Awards; Won Sustainability Award of Asia Insurance Industry Awards (AIIA), and the Climate Leadership Award of the Taiwan Corporate Sustainability Awards (TCSA).
- In line with Cathay FHC's Science Based Targets (SBT), we have set the industry-leading target of using **100%** renewable energy in our service locations by 2030 and achieving net zero emissions by 2050.
- Cathay Vision Experience, known as CVX, was the first remote insurance service platform approved in Taiwan. Within **7** months, over **66,000** insurance policies were completed through the CVX platform, reducing more than **79** tons of carbon emissions.

SDG 4

SDG 13



Green Operations and Impact Mitigation

Principle 3

As the largest insurance company in Taiwan, Cathay Life Insurance has a tremendous impact on the society and environment. As the leader of sustainable insurance, we endeavor to launch Net Zero actions in an effort to mitigate the impact of climate change. As a result, we became the first insurance company in Taiwan to obtain the carbon reduction label of the Environmental Protection Administration (EPA) under the Executive Yuan.

Environmental Data Review & Energy and Resource Management

Cathay Life Insurance adopted the approach of first conducting a review and then implementing management measures. We examined the energy and resources consumed by our operations and sales, and further reduced the environmental impact through our management system. On the operations side, we have improved our energy efficiency by maintaining and replacing the necessary equipment, and actively support Cathay FHC's commitment to the RE 100 global initiative by planning for 100% renewable energy usage. On the sales side, we have improved our service efficiency and reduced carbon emissions in the sales process by providing mobile/electronic insurance services and remote insurance services.

(I) GHG Emission and Overall Energy Consumption Indicators

Item	Unit of measurement	2019	2020	2021
Scope 1 emissions	metric tons/CO ₂ e	2,348.84	2,475.72	2,357.18
Scope 2 emissions	metric tons/CO ₂ e	30,658.92	29,748.70	27,079.21
Scope 1+2 emissions	metric tons/CO ₂ e	33,007.76	32,224.42	29,436.39
Scope 1+2 emission intensity	Metric ton/person	0.99	0.97	0.91
Total energy consumption	GJ	211,211.68	214,163.08	197,373.38
Energy consumption per capita	GJ/person	6.36	6.43	6.09
Scope 3 (travel expenses)	metric tons/CO ₂ e	395.02	87.8976	43.9208

Note 1: ISO 14064-1 Standards is used for the GHG inventory, and the external standards body, the British Standards Institution (BSI), was commissioned in 2021 to conduct an inspection.

Note 2: The Bureau of Energy adjusted the electricity emission factor for Scope 2 Electricity Emissions, therefore the calculation uses the updated factor, which is 0.509 (2019, 2020), and 0.502(2021) kg CO₂e/kWh.

Note 3: The number of employees at locations in the scope of inventory was 33,209 (2019), 33,300 (2020) and 32,423(2021).

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 (32g CO₂e/person-km).

(II) Electricity and Water Consumption Indicators

Item	Category	Unit of measurement	2019	2020	2021
Electricity	Electricity usage	kWh	57,521,425.9	58,445,383.8	53,942,649.5
	Electricity use intensity	kWh/person	1732.10	1,755.12	1663.72
	Renewable energy use	kWh	139,000	241,000	274,000
	Bulk sale	kWh	5,089,000	7,030,000	8,383,642
Hydroelectric power	Water consumption	kWh	406,422	404,802	350,232
	Water consumption intensity	kWh/person	12.24	12.16	10.80

Note 1: Renewable energy use includes the purchase of Taiwan Renewable Energy Certificates (T-RECs) and electricity generation for self-use.

Note 2: Bulk sale means the total amount of renewable energy wholesale sold to Taiwan Power Company.

Note 3: ISO 14046 Water Footprint Standards is used for the water consumption inventory, and the external standards body, the British Standards Institution (BSI), was commissioned to conduct an inspection.



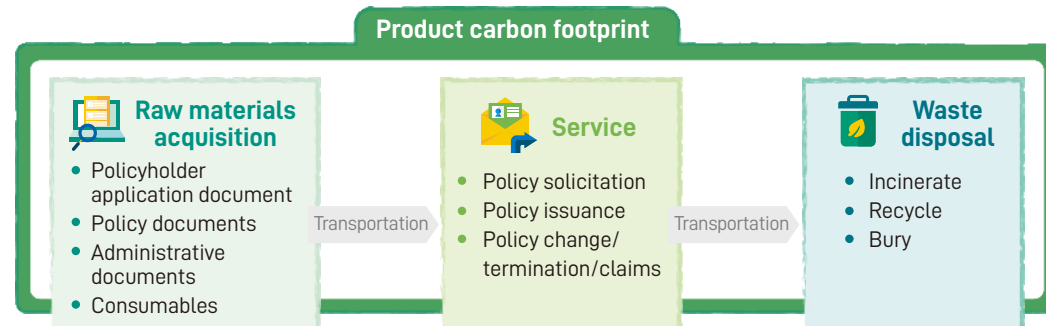
Carbon Reduction Goals and Actions

The digital era is rapidly evolving, but as efficiency increases, our environmental responsibility is the key to bolstering the sustainable competitiveness of businesses. Therefore, Cathay Life Insurance has set the goal of transitioning to Net Zero operations to reduce the carbon footprint of its insurance services, and has launched a wide range of green actions in the hopes of utilizing its core competencies to minimize the impact of its operations on the environment, thus ensuring that Taiwan can achieve a sustainable development.

(I) Mobile/Electronic Insurance Services and Carbon Reduction Label

To reduce the use of paper in insurance services and carbon emissions from services and commuting, Cathay Life Insurance introduced the industry's first mobile insurance and electronic service in 2012, enabling our sales representatives to introduce insurance policies to clients on tablet PCs and complete insurance applications, claims, policyholder services, premiums, etc. We have led the industry in using e-policies for all new contracts since July 2019, which helped us reduce carbon emissions from paper and print products and the delivery of insurance policies. As a result, we became the first insurance company in Taiwan to obtain the ISO 14067 (Carbon Footprint Standard) certification and the carbon reduction label of the EPA in 2020. Our usage of e-policies reached 93.8% in 2021, significantly reducing paper use and carbon emissions from transportation of salespeople. Our mobile and electronic services reduced paper usage by 79.65 million sheets in 2021, which is 15.7 times the height of Taipei 101 if stacked together, reducing approximately 574 metric tons of carbon emissions.

Our mobile and electronic services reduced paper usage by **79.65** million sheets in 2021, which is **15.7** times the height of Taipei 101 if stacked together, reducing approximately **574** metric tons of carbon emissions.



The outbreak of COVID-19 in Taiwan in 2021 prompted Cathay Life Insurance to become the first life insurance company in Taiwan to approve and launch a remote insurance service, which was aimed to overcome restrictions brought by the pandemic and geographical distance on our insurance services while ensuring the health of policy holders and employees. Within six months, over 66,000 insurance policies were completed through the CVX platform, reducing more than 79 tons of carbon emissions.



The 2021 GVM CSR Awards ceremony: In 2021, Cathay Life Insurance won the Environment Category with its Carbon Reduction Program—An Eco-Friendly Century of Carbon Reduction Labels

(II) Net Zero Operation Transformation

Facing the increasing threat of climate change, Cathay Life Insurance has responded with low-carbon actions such as mobile/electronic insurance services, and by joining Cathay FHC in committing to the "Net Zero Operation Transformation." This involves taking the initiative to follow the global Net Zero trend, and setting SBTi, which are then used to develop short-, mid-, and long-term action plans for transitioning from low-carbon to net zero carbon emissions. By replacing energy intensive equipment, introducing green buildings, actively using renewable energy, and promoting workplace transformation, we hope to reduce the consumption of traditional electricity, lower carbon emissions, and ultimately achieve net zero carbon emissions by 2050.

Updating to Energy-efficient Equipment

In compliance with the Cathay FHC Environment and Energy Policy, Cathay Life Insurance began implementing energy and environmental management systems (ISO 14001 and ISO 50001) in buildings with high electricity consumption since 2013. Each year, the service life and energy consumption of our equipment are inspected using international standards, and the equipment is maintained and replaced accordingly to achieve circular management and continue lowering the electricity required for operations. Below is a list of equipment that we replaced in 2021, which can reduce approximately 1,601 metric tons of carbon emissions each year.

45 self-owned buildings

Updating to LED lights (operation commenced in 2020 and was completed in 2021)

1,500 Carbon reduction benefits (ton-CO₂/year)

Company-wide

Replaced 361 desktop computers with laptops

75 Carbon reduction benefits (ton-CO₂/year)

8 self-owned buildings

Air conditioning equipment renewal

26 Carbon reduction benefits (ton-CO₂/year)

Green Buildings

Cathay Life Insurance established the Responsible Property Investment and Management Policy to ensure a mutually beneficial relationship with the environment. All our new buildings use eco-friendly energy efficient designs for green buildings, such as: higher amount of greening, lower water consumption, and lower carbon emissions. We also included solar panels and rainwater and reclaimed water recycling systems into the evaluations for real estate development. Rooftop-mounted solar panels are suitable for offices in Central and Southern Taiwan where there is enough sunlight to generate electricity efficiently. By installing solar panels for self-use, we hope to reduce the use of traditional electricity, thereby improving resource efficiency. As of 2021, Cathay Life Insurance has a total of 17 green buildings (two more than in 2020) and 21 green building certificates (five more than in 2020).

As of 2021, Cathay Life Insurance has a total of **17** green buildings (two more than in 2020) and **21** green building certificates (five more than in 2020)



Education Building in Wuri, Taichung: This building has acquired the U.S. LEED Green Building Gold Certificate and has the highest installed capacity of solar panels for self-use in the financial industry (183 kW), generating 234,000 kWh of electricity or reducing 130 tons of carbon emissions each year.

Renewable Energy Use

Considering the energy structure in Taiwan and global trends in carbon reduction, Cathay Life Insurance actively supports the government's renewable energy policies by using renewable energy and reducing overall carbon emissions. In 2021, we made a commitment to the RE 100 global initiative, vowing to use 100% renewable electricity at our headquarters by 2025 and all operating locations in Taiwan by 2030.

Installation of solar panels for self-use

- The Education Building in Wuri, Taichung (183 kW)-the highest installed capacity of solar panels for self-use in the financial industry-has generated 606 kW of solar power so far.
- Taoyuan Xpark (45 kW)-Formally began generating electricity at the end of 2020 and has generated 51 kW of solar power.

Power purchase agreement (PPA)

Cathay Life Insurance, Dingshan LOHAS Development Association, Sino Greenergy Group, National Cheng Kung University, and Mr. Watt signed the first charitable Power Purchase Agreement in Taiwan at the end of 2019. Thanks to the efforts of our employees, we donated NT\$2 million to Sino Greenergy Group. The money was used to build rooftop-mounted solar panels for Dingshan Elementary School in Tainan, which was completed in December 2021. Each year, we purchase 120,000 kWh of renewable electricity for self-use, and the proceeds are donated to fund activities for the elderly in local communities. By doing so, we can achieve carbon reduction and renewable energy goals and develop innovative public welfare models using green energy.

Purchasing renewable energy certificates

Completed the first transaction of T-RECs in Taiwan in 2017, and has subscribed to 253 T-RECs (1 T-REC=1,000 kWh) from Pingtung's National Museum of Marine Biology & Aquarium by 2021.

Eco-Friendliness and Sustainable Homeland

102-9 Principle 3

Cathay Life Insurance has engaged in green operations and green finance for years, and hopes to lead by example in exerting its influence for environmental sustainability. Furthermore, our suppliers, employees, and policyholders are all indispensable to achieving environmental protection and sustainability. We hope to work with all sectors in environmental protection, and continue down the path towards a sustainable homeland.

Sustainable Supply Chain

Cathay Life Insurance upholds green procurement practices by giving priority to products with eco-friendly, energy-saving, and water-saving labels, and by establishing the Sustainable Procurement Policy and Sustainable Procurement Promotion Process. We are systematically working with our suppliers in sustainability engineering via an online procurement platform, self-assessment and management of sustainability by suppliers, the Cathay FHC's Statement of Sustainability Values signed by 100% of suppliers, and completion of sustainability related education and training, emphasizing the regulatory compliance of suppliers, protection of human rights, and creation of local employment opportunities. In 2018, we began complying with ISO 20400 Sustainable Procurement-Guidance, becoming the first financial institution in the world to obtain this certification, which helps to prevent business risks resulting from mismanagement by suppliers. In 2021, our green procurement exceeded NT\$120 million.

Furthermore, Cathay Life Insurance is committed to jointly grow with suppliers. In 2016, We began hosting corporate sustainability sharing conferences and organizing education and training for suppliers. In 2021, we've review all suppliers who have signed the Cathay FHC's Statement of Sustainability Values, hoping to collaborate with suppliers to implement corporate sustainability and strengthen their risk management.

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.



Environmental Education and Promotion

Cathay Life invites policyholders and employees to participate in environmental care activities. We want to raise the public's environmental awareness through education and the promotion of activities. We must start by understanding the relevant issues and continue with actions related to the development of environmental sustainability, in order to show our determination to protect the environment.

Beach Cleanups

In 2017, Cathay Life Insurance showed its support for the EPA's program by adopting three coastal areas in Taiwan, namely Longfeng in Miaoli, Budai in Chiayi, and Donggang in Pingtung. We organized three beach cleanup activities in 2021, inviting policyholders and employees to participate. In total, 787 kg of coastal waste were removed. One of the cleanups was a child-parent activity and was held at Longfeng Fishing Harbor. An environmental education teacher was present to lead the participants, explain things to look out for when removing litter, and talk about the coastal ecosystem. This activity enabled children to understand the importance of waste and plastic reduction and to raise their awareness on environmental protection.



A beach cleanup activity held at Longfeng Fishing Harbor for children and their parents. An environmental education teacher talks to participants about common beach litter and things to look out for while cleaning

Cathay Life X GoShare Discount Riding Event

To expand the effect of the green economy and reduce the carbon footprint of insurance services, we began collaborating with GoShare, a scooter-sharing platform, in August 2021, to offer rides at discounted rates. Through this event, employees were able to travel for business or to attend their everyday appointments while protecting the environment and reducing carbon emissions. Over 3,000 trips were completed in five months via the scooter-sharing platform, accumulating a total distance of more than 15,000 km. The value of green economy is conveyed through green traveling to create a harmonious relationship between the human society and environment.



Environmental Education Promotion

Cathay Life Insurance has actively responded to Article 19 of the Environmental Education Act, which states that employees should attend at least 4 hours of environmental education. In 2021, all employees have accumulated more than 130,000 hours. All departments within the Company have dedicated personnel in charge of energy conservation issues to undertake tasks involving environmental education promotion and energy conservation measures. Through weekly presentations on environmental education and the monthly broadcast of a CSN program titled "Environmental Protection in Action," we have raised the sustainability awareness of more than 30,000 employees.

BOX CSN program titled "Environmental Protection in Action"

To more effectively promote environmental education, a CSN environment-themed program called "Environmental Protection in Action" is broadcast every month on a channel provided exclusively for Cathay Life Insurance. The program plays fun and relaxing video clips featuring a polar bear and penguin promoting the concepts of water conservation, electricity conservation, waste sorting and recycling, etc.



Appendix



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Appendix

Medium and Long Term (2025-2030) Goals

Sustainability Theme	Strategic Direction	Aspect	Medium and Long Term (2025-2030) Goals
C Commitment	Solid Governance and Steady Operations	Corporate governance and operation integrity	Realize the connection between senior executive performance and corporate sustainability (2025)
		Information security and customer privacy	Complete a total of 3 certifications or compliance audits from ISO international standards in information security (2030)
		Integrate ESG into enterprise risk management (ERM)	Completed the climate risk stress test methodology for assets and liabilities for its implementation (2025) Implemented the climate risk limit control mechanism for securities (2025)
	Support Initiatives and Expand Influence	Responses and initiatives	A benchmark enterprise of sustainable risk management among financial service providers in Taiwan (2025) Continue to improve the risk trend reports and expand to other aspects Continue to participate in international responsible investment initiatives organizations <ul style="list-style-type: none"> ■ Participate in CDP Non-Disclosure Campaign ■ Participate in AIGCC Asian utilities engagement initiative ■ Participate in Ceres Valuing Water Finance Initiative Organize one engagement meeting per year
		Comply with TCFD	<ul style="list-style-type: none"> ■ Coverage rate of carbon footprint check in ETF or fund position shall reach 30% (2025) ■ Coverage rate of carbon footprint checks in bond position shall reach 100% (2030) ■ Set climate change response strategies for Cathay's overall investment position (2030)
A Accountability	Responsible Investment and Paradigm Proposal	Responsible investment and lending	Refine the content of ESG risk review <ul style="list-style-type: none"> ■ Study and identify sensitive industries based on international trends and ESG risk factors, and adjust investment and exclusion lists and the list of sensitive industries ■ Organize two responsible investment training events targeting investment teams every year
			Facilitate disclosure of responsible investment measures <ul style="list-style-type: none"> ■ Issue stewardship reports ■ Reported the voting information and disclosed the voting results for each case
			Aging society and health investment Investment amount shall grow by 10% (by 2025) and 20% using 2018 as the baseline year (2030)
			Low-carbon and green energy investments Investment amount shall grow by 20% (by 2025) and 40% using 2018 as the baseline year (2030)

Sustainability Theme	Strategic Direction	Aspect	Medium and Long Term (2025-2030) Goals
Accountability	Diverse Coverage and Thoughtful Services	Products and Services for Sustainability Issues: Aging Society and Health	<p>Create a health-promoting ecosphere (2025)</p> <ul style="list-style-type: none"> Continue to develop spillover insurance products and extend the breadth and depth of health-promoting services by utilizing resources from Cathay as well as other industries Attract participation from the social circles of our employees and policy holders to expand the scope of influence <p>Shape a cultural atmosphere upholding a healthy life (2030)</p> <ul style="list-style-type: none"> Realize a virtuous cycle and create a win-win-win situation for society, policy holders, and Cathay Life Accumulate data of long-term health behavior and develop new business opportunities for health-related matters <p>Develop an ecosphere for the elderly (2025)</p> <ul style="list-style-type: none"> Continue to research and develop products fulfilling the needs of the elderly, and expand the breadth of our services for the elderly by integrating resources from Cathay as well as other industries Realize elderly care by collaborating with external organizations and by organizing charity events <p>Shape a brand image of professional elderly care (2030)</p> <ul style="list-style-type: none"> Provide comprehensive and optimized in-depth elderly care to fulfill the requirements of the golden years Improve brand identification and brand loyalty
		Products and Services for Sustainability Issues: Financial Inclusion	<p>Create a friendly financial environment (2025)</p> <ul style="list-style-type: none"> Continue to provide alternative financial inclusion products to answer demands for insurance from various social groups Improve the accessibility and utility of our products and services with the assistance of FinTech <p>Buid a stable society with mutual prosperity (2030)</p> <ul style="list-style-type: none"> Work towards equal financial services for all social groups, and maximize social stability centered on insurance
		Customer Rights Preservation	<p>Apply AI to elevate service efficiency (2025)</p> <ul style="list-style-type: none"> Optimize service efficiency using AI and thereby improve customer satisfaction <p>Elevate the intelligence level of services and optimize customer experience(2030)</p> <ul style="list-style-type: none"> Pursue a close human-machine collaboration and actively protect customer rights, thereby offering customers innovative values and experiences Customer service satisfaction reaches 90% or higher R-NPS reaches 20 points
		Financial technology application	Digital service satisfaction reaching 90% or higher
Richness	Healthy Lifestyle and Work-life Balance	Attracting and developing talent	<p>Fulfill employees' needs for career transfer and form a talent ecosphere (2030)</p> <ul style="list-style-type: none"> Actively develop diverse talents across groups, and reach an 5% appointment rate via internal recruitment <p>Offer solid, convenient and instant training of high quality (2025)</p> <ul style="list-style-type: none"> Integrate various training resources (including resources shared of the Group) and actively offer other training resources and methods required in improving business operations and refining abilities Study the applications of new technologies, continue to advance and adjust training methods, and set appropriate personal average training hours <p>Become the best employer for our employees (2030)</p> <ul style="list-style-type: none"> Concentrate on employees' needs, and improve the software and hardware environment for employee self-management and flexibility, thereby improving employee engagement and happiness. Engagement score reaches 4.2 points and above
		Workplace safety and health	<p>Prevent workplace hazards and shape a health-promoting culture (2025)</p> <ul style="list-style-type: none"> Implement differentiation of workplace hazard factors, realize risk control and management, enhance employees' safety and health awareness, and maintain disabling injury frequency below 0.5 Continue to perform employee health checkups and implement tiered management of anomalies; construct an employee health management system, improve health-promoting events, and maintain employee obesity rate (BMI of 24 and above) below 50%
		Workplace Equality, Diversity and Inclusion	<p>Continue to promote female employees to senior managerial positions (2030)</p> <ul style="list-style-type: none"> Percentage of positions held by women in senior management reaches 20%

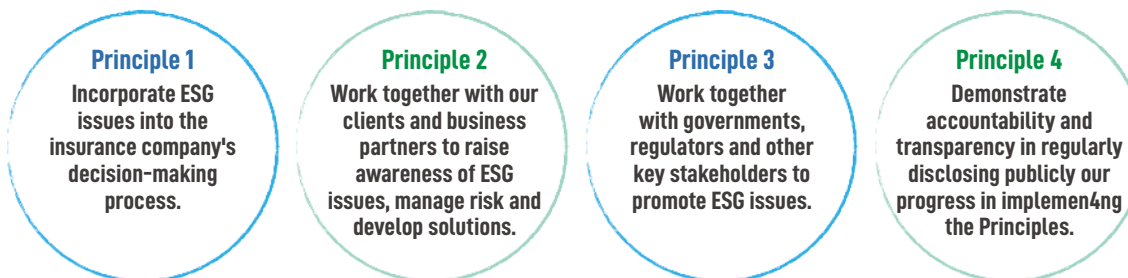
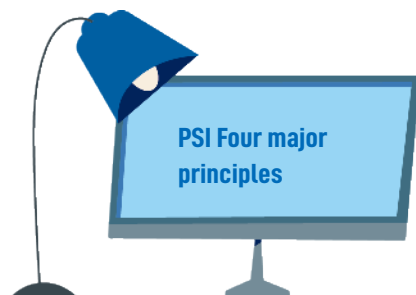
Sustainability Theme	Strategic Direction	Aspect	Medium and Long Term (2025-2030) Goals
Richness	Social Care and Value Creation	Social care	<p>Develop professional volunteer services and improve social participation effect</p> <ul style="list-style-type: none"> Volunteer service hours for charity projects or events shall reach 84,000 (2025) The goal of total beneficiaries of charity projects or events: 2.4 million counting from 2020 (2025) Assemble professional volunteer teams that use their volunteer skills and specialties to improve their targets' knowledge, skills or quality of life Use internal social media to encourage all units to actively participate in charity events. Continue to promote and refine project or event planning to increase the number of participants and beneficiaries.
		Value Creation	<p>Exert social influence through charity investment and embed our image as a charitable brand</p> <ul style="list-style-type: none"> Deepen and expand the scope of value creation in social care using the measurement tool SROI (2030) A major charity project is created every three years
Eco-Living	Green Operations and Impact Mitigation	Lower carbon emission generated in our operations	<p>Improve the eco-friendliness of corporate operations</p> <ul style="list-style-type: none"> 25% carbon reduction by 2030 using 2020 as the baseline year
		Respond to renewable energy policies	<p>Increasing the ratio of renewable energy consumption</p> <ul style="list-style-type: none"> Subscriptions to green energy or renewable energy certificates for the head office's workplace will account for 10-20% of total electricity consumption by 2030 Increase the total installed capacity of solar power in Cathay-owned buildings to 500kW by 2025; increase the total installed capacity of solar power in Cathay-owned buildings to 850kW by 2030
	Eco-Friendliness and Sustainable Homeland	Green supply chain	<p>Build a green supply chain</p> <ul style="list-style-type: none"> Optimize the supplier risk assessment model by 2025 Introduce active green procurement management and implement measures of green procurement from the source by 2030
		Environmental sustainability promotion	<p>Expand the scope of influence and deepen the promotion of environmental sustainability</p> <ul style="list-style-type: none"> Pursue a total of 100 million individuals reached by our environmental sustainability campaigns by 2025, and a total of 150 million individuals by 2030, using 2018 as the baseline year Promote environmental education for employees and extend its reach to policyholders by 2025 and suppliers by 2030

Corresponding PSI and SDGs

Cathay Life became Asia's first life insurance company to adopt UNEP FI'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.

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:

























PSI



PSI	Stakeholders	Description	Corresponding Page
(I) Incorporate ESG issues into the insurance company's decision-making process	Board of Directors	<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 committee member and the Senior Vice President is an executive officer who supervise the team's operations. The CS 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. 	P11
	Managers	<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. Establish an inter-departmental and cross-subsidiary TCFD team, and identify climate-related risks and opportunities by the four-pillar framework of governance, strategy, risk management, metrics and targets. Incorporate various ESG issues into the underwriting process, such as: moral risks, fairness, improper sales behaviors, and personal data protection. Establish a model and system to calculate the risk score of new insurance contracts, with automatic alerts to help improve insurance underwriting decisions. 	P.19 P.20 P.24
	Employees	<ul style="list-style-type: none"> 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. Cathay Life has created a healthy workplace with diversity, equality and safety through mechanisms and welfare policies. We provide multiple internal communication channels to respond to employees' voices and protect employees' rights, and have created a learning environment for diverse forms of learning and complete career development. 	P.22-23 P.53-59
	Investors and borrowers	<ul style="list-style-type: none"> Incorporate the PRI into investment decision processes through the establishment of regulations and systems. 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^{Note}. <p>Note: Since 2019, the reports have been renamed the Cathay Life Insurance Responsible Investment and Stewardship Report.</p> <ul style="list-style-type: none"> The Climate Change Forum has been held for four consecutive years, inviting industry, government, and academia leaders and investees to discuss domestic and international trends and share their experience. This has been an important event for promoting sustainable development in Taiwan. 	P.35-36 P.38-44

PSI	Stakeholders	Description	Corresponding Page
(I) Incorporate ESG issues into the insurance company's decision-making process	Customers	<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. Introduce spillover-effect insurance, advocate health promotion, and transform the function of insurance from ex-post compensation to ex-ante prevention. Establish the customer-centric 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. In order to protect customer rights and interests, Cathay Life Insurance has built a corporate culture that centers on the spirit of "treating customers fairly." In 2018, Cathay Life Insurance became the first in the industry to establish the Treating Customers Fairly Committee, and set up the Treating Customers Fairly section on Cathay Life Insurance's official website. 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.45-51
(II) Work together with our clients and business partners to raise awareness of ESG issues, manage risk and develop solutions.	Customers Suppliers	<ul style="list-style-type: none"> Promote sustainability actions through the sustainability website, sustainability related videos, and physical events, in order to raise their awareness and participate in sustainability actions. We have promoted e-policies and paperless services, and calculated the carbon footprint of insurance services, becoming the first life insurance company in Taiwan to obtain the Carbon Reduction Label from the Environmental Protection Administration, allowing consumers to identify low-carbon choices. The Cathay Walker Health Promotion Project combines the app and reward mechanisms to encourage policyholders to get into the habit of exercising. Introduce spillover-effect insurance and encourage policyholders to develop healthy habits through mechanisms such as premium discounts and various activities. Use FinTech applications such as Alpha and mobile insurance to improve the service efficiency of sales agents and customer experience. Co-organize corporate sustainability sharing events with suppliers together with Cathay FHC and communicate ESG issues with suppliers. Promote green procurement. The procurement amount was NT\$120 million in 2021. Promote waste reduction. Three beach cleanup activities were conducted in 2021. 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.50-51 P.71
(III) Work together with governments, regulators and other key stakeholders to promote ESG issues.	Government Academic NGO Media	<ul style="list-style-type: none"> Issued a Responsible Investment and 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 usage-based insurance products for health promotion; provide student group insurance to protect students' health. Use self-generated renewable energy, purchase renewable energy certificates, implement green procurement, apply for carbon reduction labels, and support the government's environmental policies. Participate in the promotion of sustainable finance and TCFD by the Life Insurance Association, sharing our experience to help promote sustainability in the industry Organize anti-fraud activities in cooperation with the National Police Agency Criminal Investigation Bureau, and conduct anti-drug publicity campus activities in cooperation with the K-12 Education Administration. 	P.37-44 P.46-49 P.66
		<ul style="list-style-type: none"> Actively respond to international organizations and ESG related initiatives, including the International Association of Insurance Supervisors (IAIS), AIGCC, Ceres Valuing Water Finance Task Force, CDP Non-Disclosure Campaign, Climate Action 100+, and TCFD. 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. Collaborate with different universities in the Sustainable Campus Project and Cathay KITURU for Students to let students grow healthily and happily. Use anti-drug questions designed by experts as e-learning materials for students. Offer related courses with universities and engage in exchanges with students in insurance and ESG issues. Issue a CS report every year prepared according to the GRI Standards, and disclose related results according to the PSI. In response to Corporate Governance 3.0, we voluntarily disclosed indicators of the Sustainability Accounting Standards Board (SASB). We promote sustainability concepts to stakeholders through a variety of online channels and physical events. 	P.20 P.24-36 P.48 P.61-66
(IV) Regularly disclose PSI implementation progress to achieve information transparency			

SDGs

Sustainability Theme	Direction	Corresponding material issues	Corresponding SDGs
C	Solid Governance and Steady Operations	Corporate Governance and Operation Integrity Information Security and Customer Privacy Integrated Risk Management Legal Compliance and Response	 
	Support Initiatives and Expand Influence	Sustainable Financial Investment Climate Initiatives	       
A	Responsible Investment and Paradigm Proposal		ESG Products and Services Customer Rights Preservation and Service Quality FinTech Application Financial Inclusion
	Diverse Coverage and Thoughtful Services	   	
R	Healthy Life Style and Work-life Balance	Attracting and Developing Talents Employee Welfare and Rights Workplace Safety and Health Workplace Equality, Diversity and Inclusion	   
	Social Care and Value Creation	Participation in Charity and Welfare	  
E	Green Operations and Impact Mitigation	Supply Chain Management Green Operations	
	Eco-Friendliness and Sustainable Homeland	Environmental Concern	 

Corresponding SASB and GRI

102-55

SASB Standards Index

Code	Accounting Metric	Corresponding Data
FN-IN-270a.1	Total monetary losses due to litigations arising from marketing and communication of insurance products to new/existing customers	<ul style="list-style-type: none"> Official website of Cathay Life Insurance: Information Disclosure - Other Matters - Matters Subject to Disposition by the Competent Authority https://www.cathaylife.com.tw/cathaylife/laws-policies/public-info/info-other Cathay Life Insurance Annual Report https://www.cathaylife.com.tw/cathaylife/about/info/finance
FN-IN-270a.2	Customer complaint report rate	<ul style="list-style-type: none"> Financial Ombudsman Institution (FOI) - Information Disclosure - Statistical Data https://www.foi.org.tw/Article.aspx?Lang=1&Arti=57&Role=1
FN-IN-270a.3	Customer retention	<ul style="list-style-type: none"> For the persistency ratio of long-term life insurance policies, please refer to the following public information: Market Observation Post System for the Insurance Industry – Public Information on Insurance – Single Entry Point for Inquiries https://ins-info.ib.gov.tw/customer/Info2-12.aspx?UID=03374707
FN-IN-270a.4	The procedures for providing customers with related product information	<ul style="list-style-type: none"> Official Website of Cathay Life Insurance - About Us - Brief Overview - Treating Customers Fairly Area https://bit.ly/3qzxtSk Cathay Life Insurance's CS Report - Treating Customers Fairly(P.49)
FN-IN-410a.1	Total investment assets by industry and asset class	<ul style="list-style-type: none"> Cathay Life Insurance's Corporate Sustainability Website - Report and Declaration Area - Responsible Investment and Stewardship Report ↗
FN-IN-410a.2	Incorporating environmental, social and governance (ESG) factors into investment management processes and strategies	<ul style="list-style-type: none"> Cathay Life Insurance's Corporate Sustainability Website - Report and Declaration Area - Responsible Investment and Stewardship Report ↗ Cathay Life Insurance's CS Report - Responsible Investment and Paradigm Proposal -TCFD Compliance and Strengthening Climate Resilience (P.24-33)
FN-IN-410b.1	(Within the scope of property insurance; not applicable to life insurance)	
FN-IN-410b.2	Develop insurance products that promote healthy and safe lifestyles or environmentally responsible behaviors	<ul style="list-style-type: none"> Incentive rules related to health promotion mechanisms were added to the terms of insurance policies in spillover-effect products (e.g., premium discounts and increases in insured amounts). Prices of the products shall be determined in accordance with relevant rules. Cathay Life Insurance's CS Report - Diverse Coverage and Thoughtful Services - Establishing Protection Awareness(P.45-46)
FN-IN-450a.1 FN-IN-450a.2 FN-IN-450a.3 FN-IN-550a.1	(Within the scope of property insurance; not applicable to life insurance)	
FN-IN-550a.2	(Not applicable in Taiwan)	
FN-IN-550a.3	Systemic capital and liquidity risk management measures associated with non-insurance activities	<ul style="list-style-type: none"> Auditors' Report on Consolidated Financial Statements for Cathay Life Insurance Co., Ltd. and its Subsidiaries in 2021 and 2020 - Liquidity Risk (P.137-138) https://tinyurl.com/kr4kpzvd

GRI Standards Index Table

General Disclosures

The GRI Standard	The GRI Standards	Disclosure Items	Corresponding Chapter	Page/Note
GRI102 General disclosures 2016	102-1	Name of Organization	Company Profile and Business Performance	P.8
	102-2	Activity, brand, products and services	Company Profile and Business Performance	P.8
	102-3	Location of headquarters	Company Profile and Business Performance	P.9
	102-4	Location of operations	Company Profile and Business Performance	P.9
	102-5	Ownership and legal form	About This Report	P.1
	102-6	Markets served	Company Profile and Business Performance	P.9
	102-7	Scale of the organization	Company Profile and Business Performance	P.8 Note: Please see Cathay Life Insurance 2021 Annual Report P.104
	102-8	Information on employees and other workers	Appendix_Supplementary Information	P.85 No gender category is displayed on informal employees because of the limited number.
	102-9	Supply chain	Eco-Friendliness and Sustainable Homeland	P.71
	102-10	Significant changes to the organization and its supply chain	-	No significant changes in 2021.
	102-11	Precautionary Principle or approach	Solid Governance and Steady Operations	P.19-21
	102-12	External initiatives	Support Initiatives and Expand Influence	P.24-35
	102-13	Membership of associations	Company Profile and Business Performance	P.8
	102-14	Statement from decision-maker	Message from the President	P.4-5
	102-15	Key impacts, risks and opportunities	Stakeholders and Material Issues	P.14-15
	102-16	Values, principles, standards, and norms of behavior	Solid Governance and Steady Operations	P.22-23
	102-18	Governance structure	Solid Governance and Steady Operations	P.18-19
102-22	Composition of the highest governance body and its committees	Solid Governance and Steady Operations	P.18-19	

The GRI Standard	The GRI Standards	Disclosure Items	Corresponding Chapter	Page/Note
GRI102 General disclosures 2016	102-30	Effectiveness of risk management processes	Solid Governance and Steady Operations	P.11
	102-32	Highest governance body's role in sustainability reporting	Sustainable Organizational Structure	P.18-23
	102-40	List of stakeholder groups	Stakeholders and Material Issues	P.14
	102-41	Collective bargaining agreements	-	No Collective bargaining agreements between Cathay Life Insurance and employee.
	102-42	Identifying and selecting stakeholders	Stakeholders and Material Issues	P.14
	102-43	Approach to stakeholder engagement	Stakeholders and Material Issues	P.14
	102-44	Key topics and concerns raised	Stakeholders and Material Issues	P.15-16
	102-45	Entities included in the consolidated financial statements	About This Report	P.1 Please see Cathay Life Insurance 2021 Annual Report P.474
	102-46	Defining report content and topic Boundaries	About This Report	P.1
	102-47	List of material topics	Stakeholders and Material Issues	P.16
	102-48	Restatements of information	-	No restatements of information in 2021
	102-49	Changes in reporting	Stakeholders and Material Issues	P.15
	102-50	Reporting period	About This Report	P.1
	102-51	Date of most recent report	About this Report	P.1
	102-52	Reporting cycle	About This Report	P.1
	102-53	Contact point for questions regarding the report	About This Report	P.2
	102-54	Claims of reporting in accordance with the GRI Standards	About This Report	P.1
102-55	GRI content index	Appendix_GRI Standards Index	P.81	
102-56	External assurance	About This Report	P.2	

Material Issues

The GRI Standards	The GRI Standards	Disclosure Items	Corresponding Chapter	Page
Corporate Governance and Operation Integrity				
GRI103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	CARE Sustainability Strategy ■ Stakeholders and Material Issues	P.16
	103-2	The management approach and its components	Solid Governance and Steady Operations ■ Operational Integrity	P.22-23
	103-3	Evaluation of the management approach	CARE Sustainability Strategy ■ Strategic Blueprint and Goals	P.12-13
GRI205 Anti-Corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Solid Governance and Steady Operations ■ Operational Integrity - (2) AML/CFT	P.23
Attracting and Developing Talents				
GRI103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	CARE Sustainability Strategy ■ Stakeholders and Material Issues	P.16
	103-2	The management approach and its components	Healthy Lifestyle and Work-life Balance ■ Talent development & cultivation ■ Employee care	P.55-59
	103-3	Evaluation of the management approach	CARE Sustainability Strategy ■ Strategic Blueprint and Goals	P.12-13
GRI401 Employment 2016	401-1	New employee hires and employee turnover	Appendix ■ Supplementary Information-Talent Structure Data	P.85-86
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Healthy Lifestyle and Work-life Balance ■ Employee care - (2) Promoting Mind-body Balance	P.58-59
	404-1	Average hours of training per year per employee	Healthy Lifestyle and Work-life Balance ■ Supplementary Information-Talent Structure Data	P.85-86

The GRI Standards	The GRI Standards	Disclosure Items	Corresponding Chapter	Page
Information Security and Customer Privacy				
GRI103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	CARE Sustainability Strategy ■ Stakeholders and Material Issues	P.16
	103-2	The management approach and its components	Solid Governance and Steady Operations ■ The Great Steady Tree- 4. Information Security	P.21
	103-3	Evaluation of the management approach	CARE Sustainability Strategy ■ Strategic Blueprint and Goals	P.12-13
GRI418 Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Solid Governance and Steady Operations ■ The Great Steady Tree - 4. Information Security	P.21
Legal Compliance and Response				
GRI103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	CARE Sustainability Strategy ■ Stakeholders and Material Issues	P.16
	103-2	The management approach and its components	Solid Governance and Steady Operations ■ Operational Integrity	P.22-23
	103-3	Evaluation of the management approach	CARE Sustainability Strategy ■ Strategic Blueprint and Goals	P.12-13
GRI419 Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Solid Governance and Steady Operations ■ Operational Integrity - (1) Legal Compliance	P.22-23
Customer Rights Preservation and Service Quality				
GRI103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	CARE Sustainability Strategy ■ Stakeholders and Material Issues	P.16
	103-2	The management approach and its components	Diverse Coverage and Thoughtful Services ■ Customer-centric Services	P.49-50
	103-3	Evaluation of the management approach	CARE Sustainability Strategy ■ Strategic Blueprint and Goals	P.12-13
GRI G4 Financial Services Sector Disclosures	FS15	Policies related to fair design and sale of financial products and services	Diverse Coverage and Thoughtful Services ■ Customer-centric Approach - (1) Principles of Treating Customers Fairly	P.49

Customized Material Issues

The GRI Standards	The GRI Standards	Disclosure Items	Corresponding Chapter	Page
ESG Products and Services				
GRI103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	CARE Sustainability Strategy ■ Stakeholders and Material Issues	P.16
	103-2	The management approach and its components	Diverse Coverage and Thoughtful Services ■ Providing Diverse Protection	P.47-49
	103-3	Evaluation of the management approach	CARE Sustainability Strategy ■ Strategical Blueprint and Goals	P.12-13
FinTech Application				
GRI103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	CARE Sustainability Strategy ■ Stakeholders and Material Issues	P.16
	103-2	The management approach and its components	Diverse Coverage and Thoughtful Services ■ Customer-centric Services	P.49-51
	103-3	Evaluation of the management approach	CARE Sustainability Strategy ■ Strategical Blueprint and Goals	P.12-13

The GRI Standards	The GRI Standards	Disclosure Items	Corresponding Chapter	Page
Sustainable Financial Investment				
GRI103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	CARE Sustainability Strategy ■ Stakeholders and Material Issues	P.16
	103-2	The management approach and its components	Responsible Investment and Paradigm Proposal ■ Sustainable Investment Mechanism ■ Sustainable Investment Action	P.38-44
	103-3	Evaluation of the management approach	CARE Sustainability Strategy ■ Strategical Blueprint and Goals	P.12-13
Integrated Risk Management				
GRI103 Management Approach 2016	103-1	Explanation of the material topic and its Boundary	CARE Sustainability Strategy ■ Stakeholders and Material Issues	P.16
	103-2	The management approach and its components	Solid Governance and Steady Operations ■ The Great Steady Tree-(III) Strengthening Risk Management	P.19-21
	103-3	Evaluation of the management approach	CARE Sustainability Strategy ■ Strategical Blueprint and Goals	P.12-13

Index of Guidelines on Climate-related Financial Disclosures of Insurance Companies

Index	Disclosure Items	Corresponding Chapter	Page
I	These Guidelines have been set to strengthen management and disclosure of climate-related risks and opportunities in the insurance industry.		-
II	Insurance companies are required to establish appropriate mechanisms for climate-related risk management and opportunities based on the scale and nature of their business activities, and must disclose information on climate-related risk management in terms of governance, strategy, risk management, indicator and targets. The status of climate-related risk management and opportunities shall be included in the corporate social sustainability report, and posted on the company's website by June 30 each year.		P.24-33
III	Insurance companies shall set out internal rules and mechanisms to regularly review whether they comply with the requirements under the Guidelines.		P.25
IV(I)	The board (council) of directors and senior management shall ensure that the company takes into account the identified climate-related risks when formulating its risk appetite, strategies, and business plans, with continuous monitoring of the management and disclosure of climate-related risks.		P.25 Note: Climate risk appetite statement will be set by 2022.
IV(II)	The company may establish a committee that is subordinate to the board (council) of directors, clearly differentiating the duties of the board (council) of directors or a committee that is subordinate to the board (council) of directors and senior management.		P.25
V(I)	Identifying the financial impact of climate-related risks and opportunities on finance, businesses, commodities, and investments	Support Initiatives and Expand Influence	P.26-27
V(II)	Prioritizing climate-related risks based on materiality		P.26-27
V(III)	The impact of climate-related risks and opportunities shall be considered for the setting of annual operating targets, as well as the insurance company's business, commodities, and investment strategies.		P.27
V(IV)	Reviewing and adjusting the climate-related risk management policies according to the scenario-based analysis and stress testing results		P.28-29
VI(I)	Risk management and monitoring		P.30-33
VI(II)	Climate scenario-based analysis and stress testing		P.28-29
VI(III)	Investment management		P.30-33
VII(I)	Setting indicators for the assessment and management of climate-related risks		P.33
VII(II)	Setting climate-related risk management goals	P.33	
VII(III)	Setting indicators to prioritize climate-related risks based on materiality	P.26	
VII(IV)	Considering incorporating climate-related risk management into performance indicators	P.33	

Supplementary Information

Attendance of 20th Term Board of Directors

20th term Board of directors (period: January 1 - December 31, 2021)

Title	Name	Actual Attendance	Time(s) of Proxy Attendance	Actual Attendance Rate
Chairman	Tiao-Kuei Huang	10	0	100%
Vice Chairman	Ming-Ho Hsiung	10	0	100%
Independent Director	Li-Ling Wang	10	0	100%
Independent Director	Tang-Chieh Wu	10	0	100%
Director	Tzung-Han Tsai	10	0	100%
Director	Chung-Yan Tsai	10	0	100%
Director	John Chung-Chang Chu	10	0	100%
Director	Shan-Chi Liu	10	0	100%
Director	Chao-Ting Lin	10	0	100%
Director	Yi-Tsung Wang	10	0	100%

Talent Structure Data

(I) Distribution of employees by region

Category	Taiwan			Overseas			Total
	Female	Male	Total	Female	Male	Total	
Managers	2,174	1,611	3,785	0	16	16	3,801
General employees	21,775	6,766	28,541	2	56	58	28,599
Total	23,949	8,377	32,326	2	72	74	32,400

Note 1: This table only includes full-time employees

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 regional division supervisor

Note 3: There are a total of 23 informal employees, including part time employees (such as consultants or part time insurance agents), interns, hourly employees, contractors, those with only a contractual relationship (such as insurance representatives), and dispatchers (such as drivers).

(II) Composition of employees by gender & age

Category	Female			Male			Total
	Below 30	31-49 years old	50 and above	Below 30	31-49 years old	50 and above	
Managers	121	998	1,055	120	1,052	455	3,801
General employees	2,885	9,266	9,626	2,246	3,556	1,020	28,599
Total	3,006	10,264	10,681	2,366	4,608	1,475	32,400

Note 1: This table only includes full-time employees

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 regional division supervisor

(III) Numbers of new and resigned employees

Category	Female			Male			Total
	Below 30	31-49 years old	50 and above	Below 30	31-49 years old	50 and above	
New employees	925 (30.8%)	969 (9.4%)	184 (1.7%)	751 (31.7%)	422 (9.2%)	42 (2.9%)	3,293 (10.2%)
Resigned employees	139 (4.6%)	170 (1.7%)	26 (0.2%)	165 (7.0%)	97 (2.1%)	4 (0.3%)	601 (1.9%)

(IV) Average training hours per employee

Item	Category (hours)	2019	2020	2021
Total training hours	Male employees	1,736,513	1,866,859	2,063,630
	Female employees	5,359,277	5,749,297	6,197,594
	Managers	736,576	768,321	867,656
	General employees	6,359,213	6,847,835	7,393,569
	Total	7,095,789	7,616,156	8,261,224
Total training hours per person	Male employees	205	213	246
	Female employees	217	233	259
	Managers	189.9	194.5	229.2
	General employees	217	233	259

(V) Number of employees with disabilities

	2019	2020	2021
Head count	340	333	312
(%)	1.02	1.00	0.96

MSCI's Climate VaR (CVaR) Data Usage Declaration

Although Cathay Life's information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information (the "Information") from sources they consider reliable, non of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for your internal use, may not be reproduced or redisclosed in any form and may not be used as a basis for, or a component of, any financial instruments or products or indices. Further, non of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of ESG Parties shall have any liability for any errors or omissions in connection with any data contained herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Summary of Subject Matter Assured

No.	Subject Matter Information	Applicable Criteria	Page
1	As of the end of 2021, we have established 43 models, including financial risks, operational risks and emerging risks.	The total number of financial risks, and emerging risks models that was established by Cathay Life Insurance as of the end of 2021.	P.20
2	Total training hours of legal compliance, information security and AML/CFT amount to 893 thousand hours in 2021.	The sum of related training hours which complies with legal compliance, information security, and AML/CFT policy in 2021.	P.22
3	As of the end of 2021, 396,000 individuals participated in Cathay Walker and walked 566.58 billion steps.	As of the end of 2021, the Cathay Walker backend system counted the number of members and the total accumulative number of steps.	P.46
4	In 2021, we underwrote 288,000 spillover-effect insurance policies.	The total number of spillover-effect insurance products underwritten for Cathay Life Insurance in 2021.	P.46
5	In 2021, Alpha was used 2.51 million times. Furthermore, Alpha had a problem-solving rate of 96% and a satisfaction rate of 95.5%.	Total number of usage: Total number of Smart Digital Customer Services(SDCS) – Alpha usage in 2021. Problem-solving rate: Customers not contacting customer service personnel within 1 hours after using SDCS in 2021 divided by customers' total number of SDCS usage. Note: Customers' total number of SDCS usage is the number of people who use SDCS and log in member account and password. Satisfaction score: Number of customers who give 4 or above score divided by number of customers who give scores in satisfaction surveys in 2021.	P.51
6	The total cases of Mobile Application in 2021 is 714.0 thousand and usage rate is 99.12%	The total cases of Mobile Application: In 2021, the sum of on-line life insurance applications executed by sales agents on behalf of the clients. Usage rate of Mobile Application: In 2021, the sum of on-line life insurance application executed by sales agents on behalf of the clients divided by total number of insurance application.	P.51
7	The total cases of Mobile Claims in 2021 is 632.9 thousand and usage rate is 93.18%	The total cases of Mobile Claims: In 2021, the sum of on-line individual life insurance claim applications executed by sales agents on behalf of the clients. Usage rate of Mobile Claims: In 2021, the sum of on-line individual life insurance claim applications executed by sales agents on behalf of the clients divided by total number of claim applications.	P.51
8	The total cases of Mobile Premium Payment in 2021 is 452.6 thousand and usage rate is 70.36%	The total cases of Mobile Premium Payment: In 2021, the sum of premium payment cases authorized via tablet and eDDA. Usage rate of Mobile Premium Payment: In 2021, the 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.51
9	The total cases of Mobile Policyholder Service in 2021 is 843.8 thousand and usage rate is 80.86%	The total cases of Mobile Policyholder Service: For clients who qualify for on-line modification services, the sum of on-line modification services executed by sales agents in 2021 . Usage rate of Mobile Policyholder Service: For clients who qualify for on-line modification services, the sum of on-line modification services executed by sales agents in 2021 divided by the total number of paper and online modification services executed for clients who qualify for on-line modification services at the end of the previous month.	P.51

No.	Subject Matter Information	Applicable Criteria	Page
10	The total cases of Electronic Insurance Policy in 2021 is 699.9 thousand and usage rate is 93.80%	The total cases of Electronic Insurance Policy: The sum of electronic insurance policy in 2021. Usage rate of Electronic Insurance Policy: in 2021, the sum of electronic insurance policy divided by total number of Insurance Policy.	P.51
11	The total cases of Electronic Documents in 2021 is 2630.6 thousand and usage rate is 46.63%	The total cases of Electronic Documents: As of the end of 2021, the sum of valid electronic documents applications. Usage rate of Electronic Documents: As of the end of 2021, the sum of valid electronic documents applications divided by the total number of valid policyholder.	P.51
12	From 2020 to 2021, we underwrote 184 thousand medical insurance policies of Hsin Ann Yi and Yi Ting An Hsin.	From 2020 to 2021, total number of policies of Hsin Ann Yi One- Year Medical Insurance and Yi Ting An Hsin underwritten.	P.47
13	In 2021, the FYP(First Year Premium) of Protection products reached NT\$15.05 billion.	Total FYP(First Year Premium) of Protection products in 2021.	P.45
14	A total of 66,000 policies have been processed as of the end of 2021 through the CVX platform.	The total number of long-distance insurance policies underwritten via the CVX platform In 2021.	P.6
15	As of the end of 2021, our total investment in low-carbon green energies reached NT\$182.9 billion. As of the end of 2021, our total investment in water resources reached NT\$7.6 billion. As of the end of 2021, our total investment in infrastructure reached NT\$674.0 billion. As of the end of 2021, our total investment in health industries reached NT\$361.1 billion. As of the end of 2021, our total investment in Financial inclusion reached NT\$3.4 billion.	Cathay Life Insurance determines low-carbon green energies investment according to following criteria: 1. Industry classification belongs to six major categories of energy, construction, waste recycling, transportation, (high efficiency) industry and finance. 2. The company's business items include above six categories. 3. The investments included in the low carbon investment login platform certification, Carbon Clean 200 List, and green bond details in the Bloomberg platform. Cathay Life Insurance determines water resources investment according to following criteria: 1. Industry classification relates to water supply, water treatment, and sewage treatment. 2. The company's business items include above categories. Cathay Life Insurance determines infrastructure investment according to following criteria: 1. The industrial classification belongs to the categories of transportation, public facilities, social housing, and environmental improvement facilities. 2. The company's business items include the above categories. Cathay Life Insurance determines health industries investment according to following criteria: 1. The industry classification belongs to the senior and health product and service industry, facility supply and other related industries. 2. The company's business items include above categories. Cathay Life Insurance determines Financial inclusion investment according to following criteria: 1. The industry classification belongs to education, microfinance and other related industries. 2. The company's business items include above categories. The above five thematic investments, including investment property, equity and debt, are calculated based on the book value as of the end of 2021.	P.43-44

No.	Subject Matter Information	Applicable Criteria	Page
16	In 2021, we reviewed all 288 listed equity and fixed income from non-corporate bonds and corporate bonds with potential ESG risks.	The number of Cathay Life Insurance's ESG risk reviewed cases is based on the total number of cases that the company's investment target has been completed the ESG risk review process in 2021.	P.40
17	Of the asset management companies providing discretionary investment services to Cathay Life Insurance in 2021, 100% are signatories of PRI or local stewardship principles.	By the end of 2021, the number of signatories of PRI or local due diligence code among the asset management companies providing discretionary investment services to Cathay Life Insurance. Note: Since Taiwan is not a member of the United Nations, Taiwan Companies cannot sign the PRI.	P.42
18	In the "Proposal Type" graphic, the percentage of Cathay Life Insurance voted in shareholders' meetings proposal type in 2021. In the "Voting results" graphic, the percentage of Cathay Life Insurance voted in shareholders' meetings proposal type in 2021. In the "Objection Type" graphic, the percentage of Cathay Life Insurance voted in shareholders' meetings proposal type in 2021. In the "Percentage of support for sustainability-related proposals" graphic, the percentage of Cathay Life Insurance voted in shareholders' meetings sustainability-related proposal type in 2021.	The voting results performed by Cathay Life Insurance in the shareholders' meetings for each investment target in 2021 and the proportion according to "Proposal Type", "Voting results", "Objection Type", "Percentage of support for sustainability-related proposals".	P.42
19	The statement of "This Report is prepared in accordance with the GRI Standards: Core option"	The reporting requirements of the GRI Standards: Core option, including GRI 101 Foundation, GRI 102 General Disclosures, GRI 103 Management Approach, the topic-specific GRI Standards and GRI G4 Financial Services Sector Disclosures to report on material topics (205-2, 401-1, 401-2, 404-1,418-1, 419-1,FS15)	-

Independent Limited Assurance Report



Independent Limited Assurance Report

PWCM21000669

To Cathay Life Insurance Co. Ltd

We have been engaged by Cathay Life Insurance Co. Ltd (the "Company") to perform assurance procedures on the information identified by the company and the statement of "This Report is prepared in accordance with the GRI Standards: Core option" in the 2021 Sustainability Report (together, the "Subject Matter Information") and have issued a limited assurance report based on the result of our work performed.

Subject Matter Information and Applicable Criteria

The Subject Matter Information below and the respective applicable criteria are stated in the "Summary of Subject Matter Assured" on page 87-89 of the 2021 Sustainability Report (hereinafter referred to as the "Sustainability Report"). The scope of the aforementioned Subject Matter Information is set out in the "Reporting Period and Scope" on page 1 of the Sustainability Report.

1. The sustainability performance information identified by the Company and reported in the 2021 Sustainability Report (hereinafter referred to as the "Selected Information")
2. The statement of "This Report is prepared in accordance with the GRI Standards: Core option" in the 2021 Sustainability Report (hereinafter referred to as the "Selected Statement").

Management's Responsibilities

The Management of the Company is responsible for the preparation of the sustainability performance information and the Selected Statement disclosed in the Sustainability 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 and the Selected Statement that are free from material misstatement, whether due to fraud or error.

Our Responsibilities

We conducted our assurance work on the Subject Matter Information 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 respects, 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 was based on the identified risk areas and determined materiality, and, given the circumstances of the engagement, we designed and performed the following procedures:

1. Selected Information
 - Made inquiries of the persons responsible for the Selected Information to understand the processes and the information system, and the relevant internal controls relating to the preparation of the aforementioned information to identify 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, inspection, and reperformance to obtain evidence for limited assurance.
2. Selected Statement
 - Compared the Sustainability Report with "Making claims related to the use of the GRI Standards" of GRI 101: Foundation 2016 in the "GRI Sustainability Reporting Standards" published by GRI and performed inspection to obtain evidence for limited assurance.

資誠聯合會計師事務所 PricewaterhouseCoopers, Taiwan
110208臺北市信義區基隆路一段 333 號 27 樓
27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 110208, Taiwan
T: +886 (2) 2729 6666, F: + 886 (2) 2729 6686, www.pwc.tw



We do not provide any assurance on the Sustainability Report as a whole or on the design or operating effectiveness of the relevant internal controls. Other than Selected Information, we do not provide any assurance on the information disclosed in the Sustainability Report.

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 respects, 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

Partner

June 30, 2022



國泰人壽
Cathay Life Insurance



Commitment

Accountability

Richness

Eco-living