

The background features a stylized illustration of a globe with various icons representing nature, technology, and industry. The globe is rendered in shades of green and blue, with a textured, wood-grain-like pattern. Icons include a tree, wind turbines, a deer, a person climbing a hill, a person holding a briefcase, a smartphone, and a network diagram. The overall theme is sustainable and responsible investment.

# 2021 Responsible Investment and Stewardship Report

2021.01.01-2021.12.31



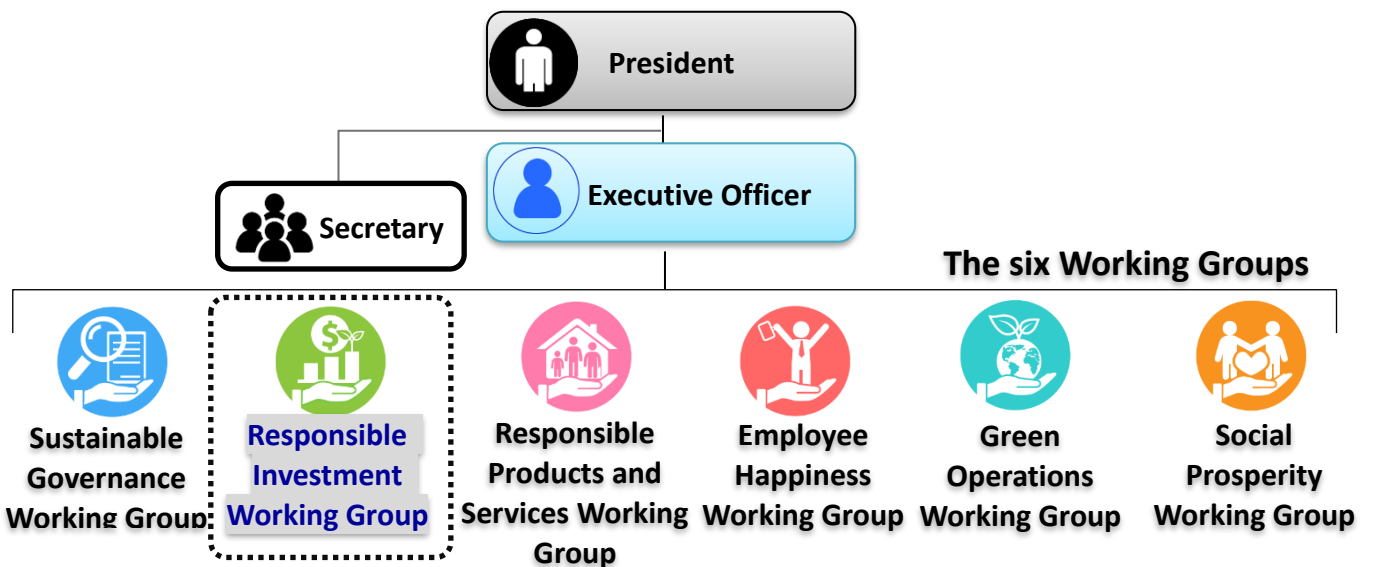
國泰人壽  
Cathay Life Insurance

## ABOUT CATHAY LIFE INSURANCE



Founded in 1962, Cathay Life Insurance has 33,000 employees, 8.03 million policy holders, and total assets of over US\$ 291 billion, and is the leader of Taiwan’s insurance industry. “Lead the way in sustainable insurance and ensure the happiness of society” is Cathay Life’s vision of sustainability, which consists of four strategic directions: Commitment, Accountability, Richness, and Eco-Living (C.A.R.E.).

### ■ Cathay Life Corporate Sustainability Team



### ■ Strategic Focuses & Directions



## **STATEMENT**

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

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

This report is not only we demonstrate our efforts in responsible investment and stewardship but also claim to abide by six principles of PRI and Taiwan Stewardship Principles for Institutional Investors. After being countersigned by the legal affairs office and corporate governance manager, it is submitted to the general manager for approval and then proactively disclosed.

As of December 31, 2021, Cathay Life has complied with the Principles for Responsible Investment (PRI) and the six principles of the (Taiwan) Stewardship Principles for Institutional Investors without fail.

## **CONTACT INFORMATION**

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Taiwan Stewardship Principles  
for Institutional Investors



Signatory

 Cathay Life Insurance  
2016.07.25



[Cathay Life  
Compliance Statement-  
Stewardship Principles for  
Institutional Investors](#)

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## **Responsible Investment Organization and Mechanism**

Cathay Life's total assets over US\$ 291 billion (investment asset approx. US\$ 262 billion), accounting for a fourth of the total funds in Taiwan's insurance industry. As one of the largest institutional investors in Taiwan, Cathay Life has long been focusing on appropriately using the funds of policy holders and shareholders to make its capital usage more meaningful. With the growing awareness worldwide on corporate sustainability and ESG issues, responsible investment has become a mainstream value. In response, Cathay Life also considers the integration ESG issues into our investment decision making process. We not only pay attention to the operational prospect of our investees, but also hope to set a model for our investees that focuses on sustainable development. From encouraging our investees' development towards becoming a good company and demonstrating good behavior to changing other companies, we can make our environment more sustainable, retain long-term viability of our operations, mitigate the impact of ESG risks, and generate positive economic benefits, all in order to establish a model for corporate accountability and create a sustainable future.

### **(I) Our Working Group**

Cathay Life Insurance is the first insurance company in Taiwan to establish a Responsible Investment Working Group. The Responsible Investment Working Group consists of 14 departments from the front-, middle- and back-offices involved in investment, and is headed by the executive managers of equity investment department, with responsibilities to set short-, medium and long-term goals and specific implementation plans each year to refine and complete our sustainable investment projects. As of the end of 2021, there are approximately 47 members in the working group, 3 of whom are dedicated responsible investment officers. The team members continue to expand research resources to strengthen the company's responsible investment energy and improve ours sustainability.

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

1. Set short-, medium- and long-term goals and responsible investment and climate

related plans each year in the hope of becoming the leader in responsible investment in Taiwan;

2. Research international sustainability, ESG, responsible investment, climate change trends, and international framework.
3. Research the policies and mechanism of responsible investment and climate change of benchmark peers.
4. To progressively internalize ESG concepts into investment teams, thereby making sustainable investment an integral part of everyday investment;
  - Regularly issue CLIMATE PLUS, a monthly e-newsletter on responsible investment, to share the latest domestic and international responsible investment initiatives, actions, and the industry's carbon reduction trends.;
  - To organize training courses to improve investment teams' understanding of responsible investment and develop talent in ESG investment;
  - The responsible investment courses are included in the compulsory courses for new employees' training, thereby allowing ESG principles to take root in our investment teams.
  - To utilize external professional ESG databases to assist investment teams in integrating ESG into the investment decision making process;



**In 2021, a total of 294 Cathay employees participated in our training courses and external conferences. On average, employees received 98 minutes of training.**



### (III) ESG policies and mechanism

#### 1. Perfecting ESG management policies :

In order to make our responsible investment comprehensively cover various types of assets (e.g., equity, bonds, funds, and real estate), 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 assets of different natures (please see the figure below and details as [annexed table](#)). In addition, we report the implementation results of responsible investment to the Board of Directors every year.

#### 2. Fully implementing responsible investment :

We exclude assets that fall outside the scope of responsible investment operations (e.g., cash, foreign exchange hedging, and separate account). The total responsible investment assets amount to US \$223 billion.

#### Securities Investment

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

#### Equity and Fixed Income

- ESG Risk Review Procedure ([P.10](#))
- Interacting with investee companies ([P.19](#))

#### Fund and Mandate

- Asset Manager Mandating and Monitoring ([P.17](#))

#### Corporate Lending

We stipulate “Responsible Lending Policy” and “Notice for Review of Loans to Corporations” and design an ESG checklist to verify lending customers’ achievements of ESG matters. ([P.16](#))

#### Real Estate Investment

We establish its “Responsible Property Investment and Management Policy”, which states that real estate investments must improve the performance of its real estate holdings so as to engage in the proper utilization of Earth’s resources and the proper management of investment and operating risks. ([P.16](#))



### 3. Managing conflicts of interest:

Cathay Life is consistently committed to steady, pragmatic operations based on the principle of business integrity. In order to ensure that our use of funds is in line with the policyholders' expectations and shareholders' rights and interests, we established a management system for specific conflicts of interest. The system properly manages and implements internal control of conflicts of interest in the patterns that are likely to occur, so as to avoid various conflicts of interest between Cathay, its employees and policyholders, or shareholders and other stakeholders. In 2020, there was no incident of conflicts of interest in our investments, which shows the effectiveness of this system.

#### (1) Implementing the promotion of education

In order to enable employees in our investment teams to better understand the spirit of avoiding conflicts of interests, and adhere to high ethical standards and comply with relevant internal and external laws and regulations when implementing investment businesses, Cathay Life has prepared documents for communication on conflicts of interest for employees to refer to at any time, convened meetings among relevant departments from time to time to discuss relevant matters, and included courses on conflicts of interest as compulsory courses for new investment-related employees. In the meantime, we have organized educational trainings for all employees every year.

#### (2) Stipulating directions and regulations

Cathay Life Insurance has established the "Guidelines for the Prevention and Management of Conflicts of Interest in Investment" to set a mechanism for preventing conflicts of interest in investment transactions, and regulate investment and trading personnel and those who are aware of the content of investment transactions prior to the transactions, to adhere to high-ethical standards and perform investment businesses with diligence and professionalism to avoid conflicts of interest. Furthermore, we manage such affairs through regulations on matters, such as restriction on trading venues and equipment, retention of transaction records,

transaction authorization control, pre-transaction prohibition, post-transaction reporting/audit, and prohibition of improper benefit acceptance, among others.

Investment team shall follow the aforementioned mechanism to implement daily management and annual self-check. In addition, the auditing unit shall implement audits on “reports, transactions, and conflicts of interest” to ensure the effectiveness of the control system. In 2021, no incidents involving conflicts of interest occurred in Cathay Life, which shows the effectiveness of our preventive mechanism for conflicts of interest.

## **Responsible Investment Measures**

### **(I) Implementing integration of ESG factors**

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

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

In order to lower the overall risks of investment portfolios, our investment teams not only conduct the traditional fundamental analysis in individual stock study reports but also include ESG evaluation to more comprehensively evaluate the investment value of the investment targets. There were a total of 1,662 reports in 2021.



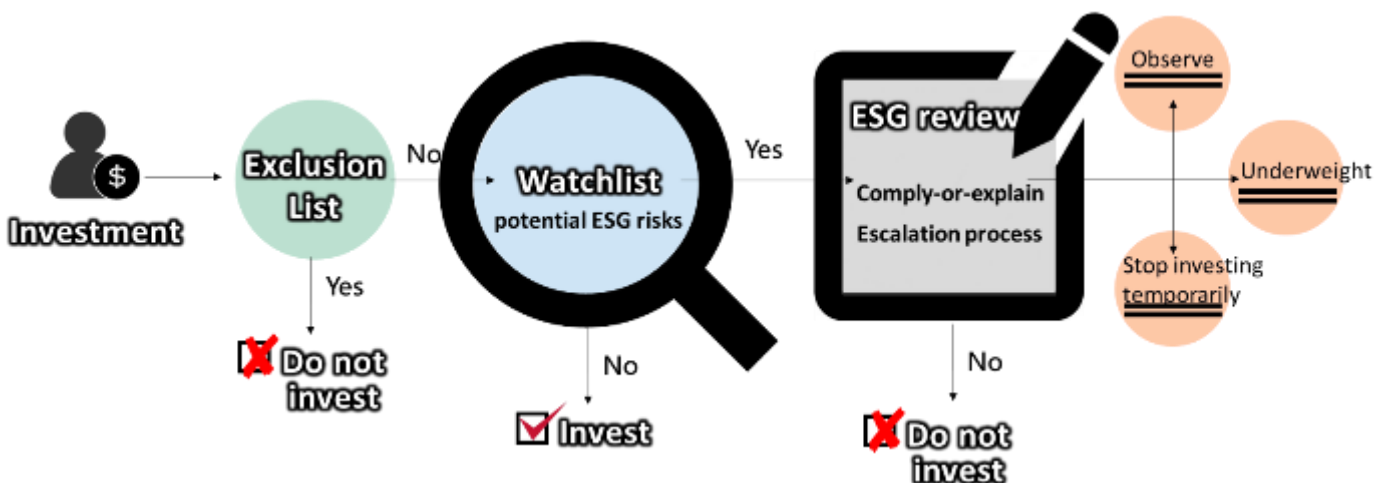
#### **(1) Carefully considering the ESG performance of investment buylist**

When adding a new investment target in our buylist, investment teams must check if the target is included in the exclusion list or watchlist. Targets on the exclusion list shall not be accepted in our investment buylist. If a target belongs

to the watchlist, further reports that evaluate its capabilities of ESG risk management shall be provided and the internal escalation process shall be conducted before adding the target as a new investee. Furthermore, the new investee company shall be continuously observed and followed up on its ESG performance in order to avoid ESG risks.

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

Utilizing data from MSCI ESG research institutions, our investment teams monitor the changes in the ESG performance of existing investment targets at any time. When an investment target declines in ESG performance and is placed on the watchlist, our investment teams must immediately provide an evaluation report to understand the target’s decline in ESG ratings, reasons for its negative incidents, and the response measures it has taken, and then take appropriate risk management measures (e.g., continuing to observe and follow up on developments, reducing position size, or holding current position). Furthermore, we conduct a comprehensive ESG review of existing investment targets every September.



In 2021, all listed equity and corporate bond investment targets with potential ESG risks have been reviewed, and a total of 288 cases have been reviewed through the ESG review procedure. Besides, investment team removed 11 investment targets from the buylist after considering basic aspects and ESG performance.

- Exclusion list

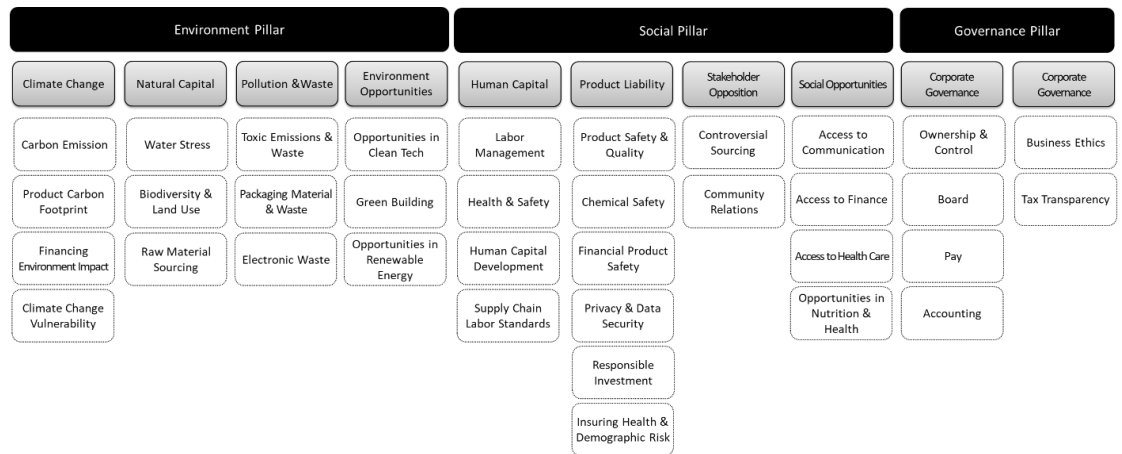
We comply with Cathay FHC and Subsidiaries Investment and Lending Exclusion Policy and our own Investment Management Principles for Sensitive Industries and place government bonds issued by countries that systematically violate human rights or exhibit major disputes over human rights and controversial industries that involve high environmental, social and moral risks that lead to negative social impacts, on the “exclusion list.” Each year, we regularly adjust and review the exclusion list according to factors including international sustainability trends and ESG risks.

“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.”

- Watchlist

(1) Considering risks from material ESG factors

The Governance pillar is the core of ESG and the foundation for evaluating the ESG performance of each company. The environmental and social pillars, on the other hand, are associated with the core competencies of operation and emphasize material issues related to corporate operation or finance performance (e.g., water resource management for the semiconductor manufacturing industry). Cathay Life evaluates the ESG performance of investee companies with reference to data from MSCI international ESG research institutions and uses consistent standards regardless of industry. We evaluate companies according to their exposure to ESG risks and how they manage those risks compare to peers. The MSCI ESG ratings range from the leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC). Company rated on the ‘B, CCC’ scale will be put on the watchlist and must undergo ‘ESG risk review procedures’ before investing.



**【MSCI ESG key issues】**

Cathay life adopted the MSCI ESG rating methodology, using the indicators listed in the graph above. Take one of the indicators, 'carbon emission', as an example. It will be considered in the investment decision-making process, be used as a reference basis while negotiating with the investee companies, and be used when calculating the investment portfolio's carbon footprint.

Focus of Assessment	The assessment is based on each company's quality of carbon management and its efforts to manage climate-related risks and opportunities.
Risks and Opportunities	<ul style="list-style-type: none"> <li>•Costs associated with carbon pricing or carbon taxes increase</li> <li>•Regulatory caps lead to facility refurbishment or operational disruption</li> </ul>
Evaluation Index	Direct GHG emissions (scope1), indirect GHG emissions (scope2), carbon intensity (tons CO2e/USD million sales), emission reduction target setting and achievement status

**(2) Evaluating controversial incidents**


We evaluate investee companies' compliance with the UN Global Contract and monitors their ESG incidents in real-time. If an investee company is involved in a severe ESG controversy of a significant impact scale and receives an orange or red flag under the MSCI ESG controversies scoring, it will be placed on the watchlist and must undergo 'ESG risk review procedures' before investing.

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


### (3) Classifying targets from sensitive industries

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


Sensitive Industries




**Coal-related industries:** coal-fired power plants, coal mining companies, coal freight - rail, and coal support services




**Oil & gas related industries:** integrated oil & gas industry, oil & gas exploration and production, and industrial gas industry




Adult Entertainment




Controversial Weapon




Gambling




Palm Oil




Logging




Construction materials



Steel



Aluminum



Airline

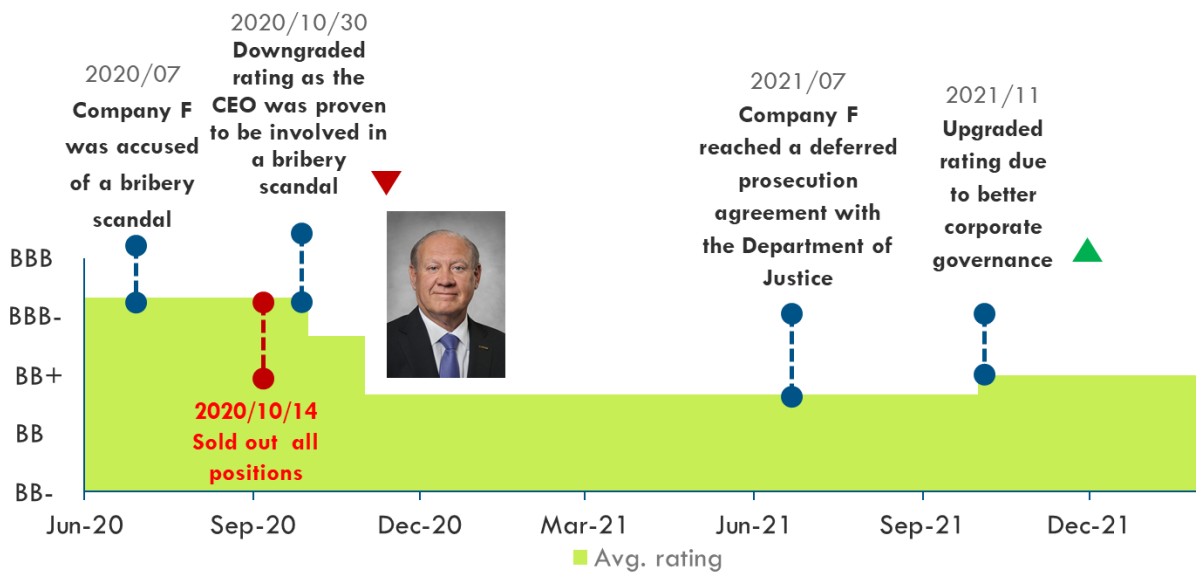
## Case study: Integrating ESG factors into investment decisions

Company F provides power transmission and distribution services. In July 2020, it was accused of a bribery scandal that helped Ohio State pass House Bill 6 (HB6). The investment team assessed that Company F may be downgraded due to poor corporate governance and internal control, and plans to withdraw all shares before the downgrade of Company F’s rating in October 2020.

Since the CEO of Company F has been confirmed to be involved in the case, Company F replaced the CEO and legal team in order to improve its corporate governance. In 2021, Company F reached a deferred prosecution agreement with the Department of Justice,

resulting in a fine of US \$230mn, which account for only 19% of the company’s annual profit, meaning that the financial impact is controllable.

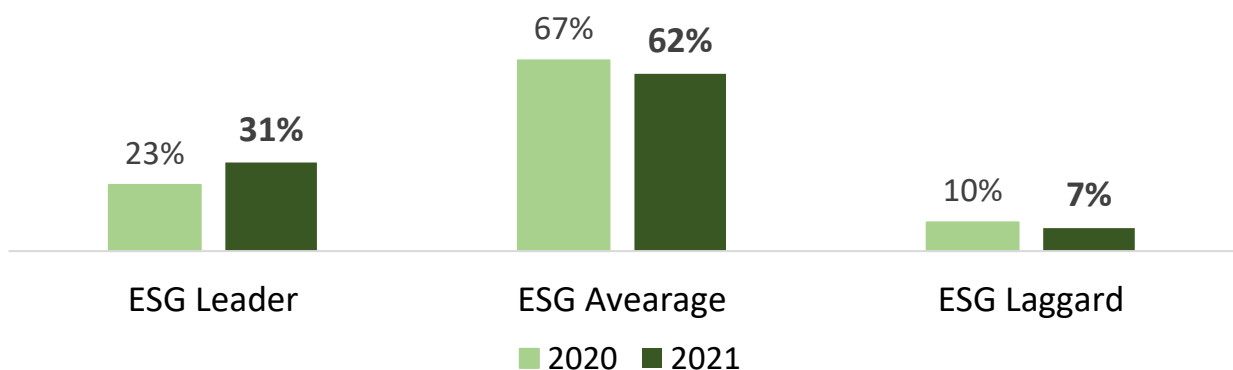
We believe that it will take some time to verify whether Company F has taken practicable improvements in its corporate governance. In addition, the regulatory agencies have not yet completed the investigation on Company F, which means that there may still be penalties or fines in the future. Therefore, we will only consider investing on Company F if its corporate governance has not worsened after the investigations are completed.



### Changes in investment decisions

Through the ESG risk review procedure, regular employee training and new employee orientation, we gradually guide the investment team to pay attention to responsible investment and ESG issues.

In 2021, the proportion of companies with MSCI ESG ratings of ‘AAA or AA’ (Leader) that Cathay Life invests in had increased. On the other hand, the proportion of companies with MSCI ESG ratings of ‘B or CCC’ (Laggard) that Cathay Life invests in has decreased.





Note:

1. MSCI ESG Ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC).



2. As the ESG risk review procedure is applicable to the company's self-operated position, the above statistics only include self-operated position and exclude data without MSCI ESG ratings.

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

When implementing know your customer (KYC) guidelines, Cathay Life designs an ESG checklist, which assesses corporate lending customers' environmental, social and corporate governance performance in order to ensure their ESG implementation. These customers are further divided into those "Excluded loan customer," those "Requiring closer watch loan Customer," those "General loan Customer," and those "engaging in normal transactions with Cathay Life." In 2021, all new loan customers and existing customers who were not involved in ESG incidents were categorized as General Loan Customer.

## 3. Real estate investment

As a demonstration of our commitment to ecology and environmental protection, for 2016 onwards, architects commissioned by Cathay are required to design buildings invested and developed by Cathay based on green building standards, so that all real estates can reach certain standards of energy use, greening, and waste. At present, Cathay has a total of 17 green buildings and continues to promote sustainable cities.

## (II) Asset manager mandating and monitoring

In order to ensure that its mandated asset management is subject to responsible investment management, Cathay Life takes various measures on assets under management by mandataries to ensure that its mandate institutions or the ETFs and Fund it invests in are in line with Cathay's principles:

### 1. Mandate institutions

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

As of the end of 2021, 100% of our mandate assets were managed by asset management companies that are either PRI signatories or who have follow the governmental stewardship code in place. Those who have not signed also have related responsible investment actions.

### 2. ETFs and Fund

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

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

[Summary of Cathay's active management on Mandate, ETFs and Fund]

	Mandate institutions	ETFs and funds:
Checks whether they have signed the PRI or governmental Stewardship Principles	★	★
Requires them to observe investment exclusion lists and regulations on sensitive industries	★	
Reviews ESG implementation	★	★
Utilizes data from international ESG rating institutions to review ESG performance		★
Stipulates in mandate agreements that any investment must consider ESG and climate factors	★	
Requires mandate partners to observe the investment exclusion lists and comply with regulations on sensitive industries	★	
Required review reports annually and explains their ESG measures	★	

### (III) Interacting with investee companies

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

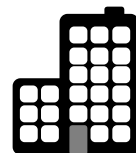


#### 1. Dialogue

Cathay Life communicates with the top management, investor relations (IR) departments, or CSR team of investee companies in the forms of telephone conferences, forums, investor seminars, or attending shareholders' meetings. Among the dialogue methods with investee company we adopt, we deem company visits the most straight-forward and efficient. Through face-to-face dialogue, we are able to improve our understanding of information on investee companies, discern the gap between disclosed information and actualities, keep track of key risks and opportunities, and perfect the soundness of our investment analysis. The outcome of 2021 company visits is as follows:



A total of **2,120**  
employees participated








Visited a total of **596** companies;  
total no. of visits reached **2,164**  
Averaged **3.6** visits per company  
visited

## 2. Engagement

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

### (1) Setting up engagement process

 Main engagement themes	 Engagement targets selection	 Engagement period	 Engagement results evaluation	 Possible post-engagement actions
<ul style="list-style-type: none"> <li>▪ Climate change</li> <li>▪ ESG rating</li> <li>▪ ESG information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>▪ Enterprises with high carbon emissions</li> <li>▪ Those in need of improvement of ESG rating or ESG information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>▪ 5 years</li> <li>▪ Adjust according to situation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Case closed successfully</li> <li>▪ Positive progress</li> <li>▪ Not clear progress</li> <li>▪ Case closed Unsuccessfully</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continuous observation and tracking</li> <li>▪ Adjust investment limit</li> <li>▪ Submit proposals at AGM or EGM</li> <li>▪ Stop investing temporarily</li> <li>▪ Place it on the exclusion list</li> </ul>

#### ■ Main engagement themes

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 rating/information disclosure”** to be our main engagement themes.

- Engagement targets selection

Considering geographical and economic factors and Cathay's influence on investee companies, we are currently engaging with stock market-listed companies in Taiwan, especially companies with higher density of carbon emissions and larger room for improvement of ESG rating and information disclosure.

- Engagement period

When engaging with an investee company, an enterprise must first recognize the importance of the ESG theme or climate change issue in terms of its impact on the enterprise's operations, and then adjust procedures or even restructure its organization in response to the issues it confronts. This process is very demanding for an enterprise and requires time to make adjustments. Therefore, an engagement with enterprises rarely achieves significant effects in its first year; a successful engagement takes three to five years at least. For this reason, we refer to international standard and set our engagement period is five years.

- Engagement results evaluation

We engage with investee companies based on their key ESG issues. We record the results of our communications from time to time, and evaluate the effect of engagement on various ESG issues every year.

- Possible post-engagement actions

Discuss based on the investee company's response and improvement status as a basis for subsequent investment adjustments.

## (2) Implementing engagement measures

### International Initiatives

📍 Worked with international investors

🤝 **5** international Initiatives



### Individual Engagement

📍 One-on-one dialogs

👤 **80** companies

### Collective Engagement

📍 Invited all enterprises

🌟 **362** companies

- Collaborating with organizations of international initiatives to expand our influence together

#### 1) Asia Investor Group on Climate Change (AIGCC)

Cathay FHC is a founding member and the only member from Taiwan of the Asia Investor Group on Climate Change (AIGCC). Cathay Life and Cathay FHC also joined three working groups under the AIGCC, including “Paris-aligned 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.

#### 2) 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. Cathay FHC and Cathay Life Insurance the only two financial institutions in Asia that have joined this organization. In addition to providing water stress thoughts 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.

■ **Actively Engaging with Enterprises to Exert Influence in Sustainable Finance**

Since 2017, Cathay Life has participated international initiatives, including CDP Non-Discloser Campaign and Climate Action 100+ (hereinafter referred to as "CA100+") and AIGCC Asia Utilities Engagement Program and began to engage with our investee companies on "Climate change" issues. Since 2019, Cathay Life has communicated with our investee companies on "Improve ESG Transparency and ESG Ratings" issues based on the results of international ESG Rating assessments through one-on-one engagements.

In addition to one-on-one engagements with companies, we also adopt a collaborative engagement to organize climate change forums to encourage companies to learn more about climate change and respond to the risks and opportunities of climate change through reciprocal exchange and improvement with all Taiwanese companies. In 2021, we had engaged with 387 companies, which accounted for 84% of Cathay Life's listed domestic equity positions.



## 1) Individual Engagement



### CDP Non-Disclosure Campaign

- As a leading character regarding engaging with companies, Cathay Life has encouraged companies that have yet to respond to CDP questionnaires. Through one-and-one communications, we urge 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 insurance company in Taiwan to be a participant.
- Key achievements::
  - (1) Cumulative success rate: 25%  
A new record high—exceeding the global success rate of engagement.
  - (2) Progress rate: 52% of the companies improved their CDP scores in the next year.



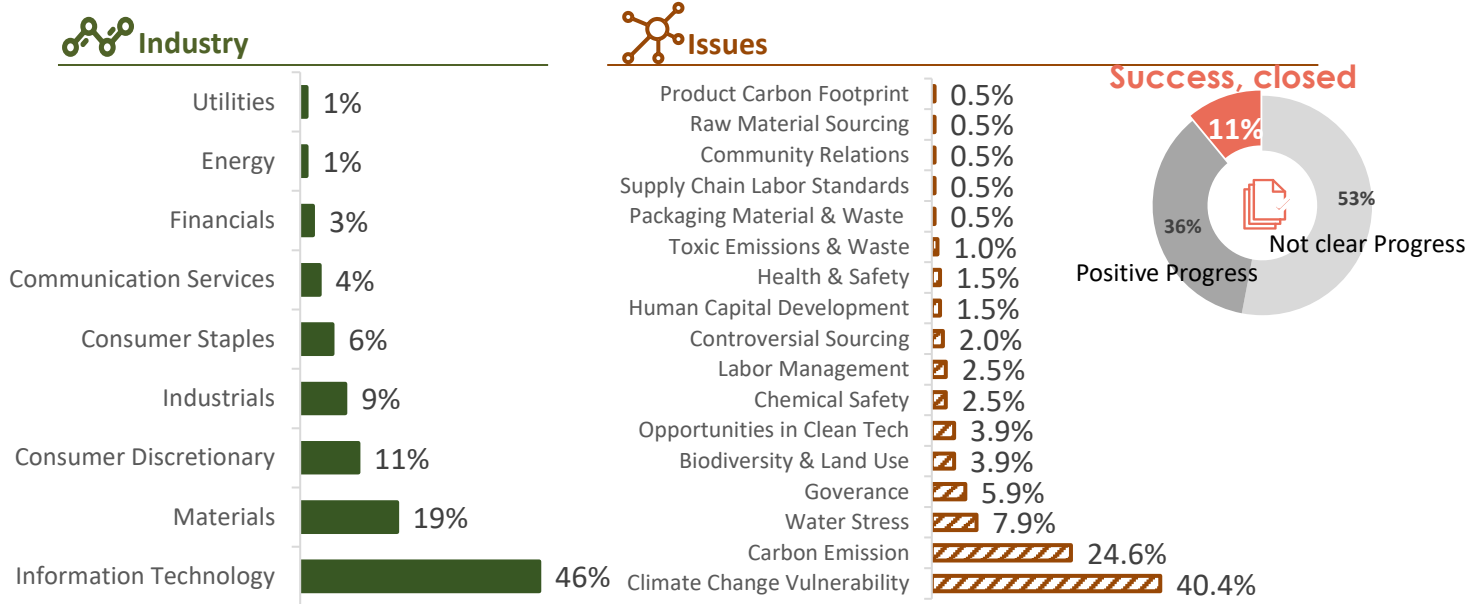
- Of the 166 companies around the world on the focus list, Cathay Life is actively engaging with the three Taiwanese enterprises on this list, in hopes that they will enhance disclosure of information related to climate change in accordance with the framework of Task Force on Climate-related Financial 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 since 2017 and is the only insurance company in Taiwan to be a participant.
- Key achievements::
  - (1) Three Taiwanese companies have expressed their commitment to net zero emissions or carbon neutrality by 2050
  - (2) As recommended by Cathay Life Insurance, Company H committed to achieving SBTs in 2021, and became a TCFD supporter.

## Asian Utilities Engagement Program

- Investors who join Asian Utilities Engagement Program will collaboratively engage with five utility companies to promote their low-carbon transitions and to comply with the net-zero emissions scenario set out in the Paris Agreement.
- 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.” Thus, Cathay Life joined this program as a supporting investor to engage with Company C.
- Key achievements:  
Company C has committed to phasing out coal-fired power generation assets by the end of 2040 and has obtained the SBTs approved by the Science Based Targets initiative (SBTi).

## Summary of individual Engagement Result

In 2021, through one-on-one engagements via telephone or meetings, Cathay Life communicated with 80 enterprises on 17 ESG materiality issues for a total of 203 times. The main engagement targets were enterprises belonging to industries of “Information technologies (46%)” and “Materials (19%)”; the main issues for communications were “Climate Change Vulnerability (40.4%)” and “Carbon Emission (24.6%)”. The success rate of engagement was 11%.



## 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 institution investor that held group engagements. 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 create a sustainable future, accelerate the low-carbon transition of Taiwanese corporations, and seek future development opportunities based on net-zero emissions.

**+1,000** People  
**733** Organizations

Participated listed companies:

- 76% of the Taiwan stock market value
- 51% of the Taiwan total carbon emissions



### (3) Engagement examples

#### **Engagement Case 1: Company H**

#### **Engagement themes: the company's ESG rating and climate change**

##### ■ Background

This company was included in the engagement targets by Climate Action 100+ for their crucial role in the global low-carbon transformation and for being a top 100 company of carbon emissions, and is considered to be in need of improvement in ESG rating.

##### ■ Engagement contents and progress

In 2019, Cathay FHC and Cathay Life started to engage with Company H on ESG issues. In order to help it understand the importance of ESG issues, we began with the perspective of “enterprise 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. Company H thus started to set relevant goals to improve its ESG ratings. By the end of the same year, its ESG rating had improved by one grade.

Subsequently, Cathay closely interacted and communicated with the director of the Company H's global committee of corporate governance and environmental responsibilities to understand its climate change response measures, and encouraged it to disclose climate change information and propose specific carbon reduction plans. In early November 2020, Company H demonstrated its ambition by publicly promising to reach the goal of net zero carbon emissions set by Climate Action 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. Cathay Life also made a suggestion to the company in the end of November 2020, that its carbon reduction pathways may be planned with reference to the SBTi.

In 2021, Cathay Life Insurance continued to actively and frequently engage in cooperation and dialogs with the IR and CSR teams of Company H. Cathay Life Insurance suggested that this company’s carbon emissions should be inspected by a third-party agency, and shared its insights and opinions on international mainstream climate issues, including 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. This company was guided by a third-party consultant to conduct a full inventory and collection of its carbon emissions data and supply chain. The inventory of Scopes 1 and 2 cover more than 95%, and the inspection report of the third-party inspection agency will be disclosed in next year’s CSR report.

■ Follow-up tracking and planning:

To understand the company’s subsequent planning for carbon reduction pathways to reach the goal of zero emissions.

■ Possible post-engagement actions:

Company H has committed to SBTs since early 2021, and has become a TCFD supporter since late 2021. Given that the company has conducted specific climate-change response actions, we will continue to place it on the buylist.

## Engagement Case 2: Company T

### Engagement themes: the company’s ESG rating and climate change

■ Background

Company T did not respond to the CDP questionnaire, and “its market value and production have greater impact on the environment.” It was selected by Cathay Life in 2017 as an engagement target of CDP Non-Disclosure Campaign, and

its ESG rating was considered to have room for improvement.

■ Engagement contents and progress

Cathay Life explained the importance of the CDP climate change questionnaire to Company T. As the CDP questionnaire response required further preparations by its teams, it failed to respond in 2017. However, when Cathay Life engaged with the company on the CDP questionnaire again in 2018, it promised to respond the questionnaire in that year to enhance its climate change information disclosure and stress its attention to climate change. In addition, Cathay Financial Holdings visited the company's CEO in 2018, explaining the importance of corporate sustainability and expecting it to strengthen ESG information disclosure and related actions. In mid-2020, Cathay Life also visited its CEO and ESG team to explain why ESG must begin with materiality issues (e.g., carbon emissions and corporate governance) and suggested that investors' demand may be responded to based on the SASB framework. At the same time, we continually suggested Company T to respond the CDP water questionnaire.

Since Cathay Life has communicated with the company, its management team has significantly demonstrated its importance to sustainable business operations, actively established sustainable actions and strategies, set relevant ESG targets, and disclosed information transparently and completely on its website. In 2019, it actively committed to SBTi and passed the target setting in 2020. In September of the same year, it announced that it will move toward product carbon neutrality by 2050, and is committed to reducing carbon dioxide emissions and improving energy efficiency. Its latest ESG rating in 2021 has been upgraded by three grade in 2021 from 2018, and the CDP water questionnaire also received an A- score for the first reply in 2021, indicating that Company T's efforts in ESG have been recognized by the outside world.

■ Follow-up tracking and planning

To understand the company's subsequent climate change response

actions.

- Possible post-engagement actions

Since Company T's ESG rating has been upgraded by three grade, and received A- rating for its first CDP questionnaire on water resources in 2021, we will continue to place it on the buylist.

### Engagement Case 3: Company F

#### Engagement themes: climate change disclosure

- Background

This company was included in the engagement targets by Climate Action 100+ for their crucial role in the global low-carbon transformation and for being a top 100 company of carbon emissions, and is considered to be in need of improvement in ESG rating.

- Engagement contents and progress

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 to 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."

■ Follow-up and planning:

To understand the company's subsequent climate change response actions.





■ Possible post-engagement actions:

Since the company has already announced its commitment toward "carbon neutrality by 2050," we will continue to place it on the buylist.

### 3. Proxy voting

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

#### (1) Setting up Proxy voting process

			
<p><u>Criteria for exercising voting rights</u></p>	<p><u>Evaluating proposals</u></p>	<p><u>Communication procedures</u></p>	<p><u>Exercising voting rights</u></p>
<ul style="list-style-type: none"> <li>▪ Fulfilling voting qualifications</li> <li>▪ Voting rights must be exercised according to the judgment of investment department.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Follow the internal guidelines for exercising voting rights.</li> <li>▪ Refer to third-party voting recommendation reports.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Directly dialog with investee if necessary.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Electronic voting</li> <li>▪ Appoint delegates to attend.</li> </ul>

Cathay Life exercises its voting rights for proposals in shareholders' meetings in accordance with external laws and regulations and its own internal voting policies. Before exercising these rights, our investment teams carefully evaluate each proposal based on Cathay's voting guidelines and research of investee companies, along with the ISS voting recommendations, and then present a report on "evaluation and analysis of proxy voting," which therefore will be by no means identical to the ISS recommendations.

Compared to conveying concerns for investee companies by directly speaking up or voting in shareholders' meetings, we believe that working to reach consensuses with investee companies in terms of long-term value creation may bring more positive impacts on investee companies and exert our influence as an institutional investor, thereby simultaneously benefiting Cathay Life, investee companies, and the society at large. Therefore, in the following situations, the Company's responsible units of investment and the Responsible Investment



Working Group will cooperate to directly communicate with investee companies:

- When there are controversial and high-profile issues
- When information needed to conduct voting analysis is insufficient
- When the core shareholding companies of domestic listed stocks recommend to “against” in their preliminary voting recommendations
- When overseas listed stocks holding 1.5 percent or more of investee companies’ outstanding shares at the end the previous year recommend to “against” in their preliminary voting recommendations

However, in the event that the Company’s communication or engagement is ineffective, we will carefully evaluate our engagement and raise its level by making proposals or speaking up in the company's shareholders' meeting. Furthermore, to fully express an opinion on each proposal at the meeting and reduce the time and space restrictions of voting, the Company will mainly exercise voting rights in electronic form. A representative may be assigned to exercise voting rights at a shareholders’ meeting of an investee company if necessary; however, we do not exercise voting by proxy.

#### **A case of communication procedures**



The company in question made a proposal to “TO RE-APPOINT ○○ AS AUDITORS AND TO AUTHORIZE THE BOARD OF DIRECTORS TO FIX THEIR REMUNERATION” in 2020. As over 50% of the remuneration was not related to auditing, it may involve conflicts of interest. Therefore, we preliminarily recommended to “against” after our internal personnel analyzed the proposal. Given Cathay’s influence on this company, we implemented a communication procedure. After meetings with this company in 2020, we concluded that the excess percentage was not high. Furthermore, this company provided reasonable explanations and promised to take non-audit expenses into consideration in the future. For these reasons, we eventually supported the resolution.

In the some resolution made by the company in question in 2021, over 50% of the remuneration was once again not related to auditing, and thus a meeting was held to communicate with the company.

Based on the general accounting practices, this company stated that the auditor listed fees of subsidiaries as: (1) service fees for the internal control report; and (2)

consulting related fees. Subsequently, the auditor will be reminded of recognizing accounting items according to its nature. The company's subsidiary is expected to be officially listed in the fourth quarter of this year, with progress currently on schedule. There may still be listing-related fees this year, yet they will be recognized as review fees in the financial report.

It was decided not to exercise voting rights in 2021 for this resolution because (1) the dispute is mainly related to identifying the accounting classification method, and the company proposed specific improvement measures, yet (2) we already communicated with the company on the same issue for the second consecutive year.

	<b>Communication procedures</b>	<b>Direction of votes</b>
● <b>2020</b>	— Company provided reasonable explanations and promised to take non-audit expenses into consideration in the future.	 <b>For</b>
● <b>2021</b>	— It happened again that the proportion of non-audit fees in the payment of accountants' fees exceeded 50%. Although the company has stated that it was due to market practices, internal communication will be conducted again, but it is considered that the same topic has been communicated for the second year.	<b>Abstentions</b> 

### **A case of Speech at investee annual general meeting**

Since 2019, Cathay Life has successively engaged with Company H on climate change and ESG-related issues. We have also seen that Company H has put a lot of effort in the past few years. Therefore, Cathay Life express our thanks and appreciation on carbon reduction ambition and ESG improvement of Company H in their annual general meeting. As Company H has also put considerable efforts in low-carbon transformation, Cathay Life suggest the following two points about ESG disclosure at annual general meeting, so that the interests of all parties can understand Company H's efforts and practices of climate action. Company H also expressed that they will continue to improve the disclosure of ESG-related information in the future:

1. Disclosure quantitative scenario analysis according to the TCFD framework;
2. Align its capital expenditure plans with the company's long-term greenhouse gas reduction goals or with the Paris Agreement's objective;

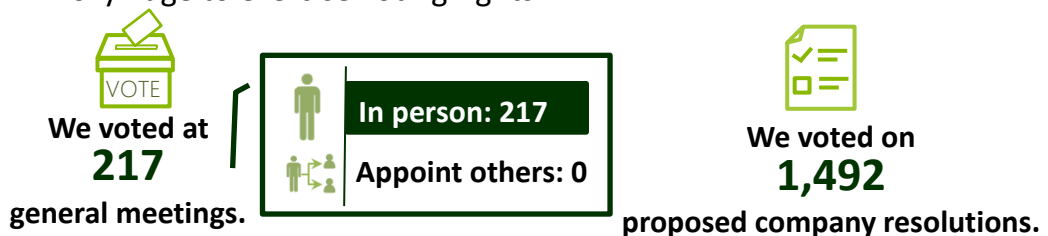


Link: <https://www.youtube.com/watch?v=poUjZZGFwjU&t=3s> (:1:12:47~1:19:08)

(2) Participation in voting

As of the end of 2021, Cathay Life has attended 217 shareholders' meetings of domestic and foreign companies, and has voted on a total of 1,492 proposals, all of which were conducted electronically. In addition, since the Company learned from its careful evaluations that no engagements or communications have been so ineffective that there was a need to voice our concerns regarding investee companies in shareholders' meetings, we did not attend these meetings by delegation or proxy, nor is there any record of our speeches in these meetings.

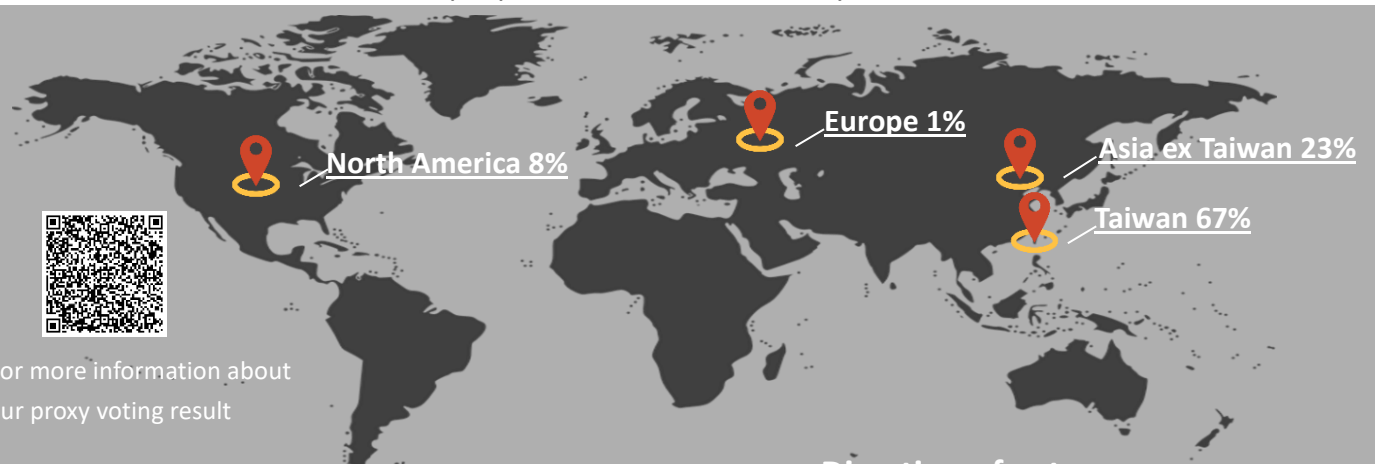
In addition, in response to the competent authority's encouragement for investors to exercise voting rights electronically, the shareholders' meetings held by the Company's domestic stock listed investee companies prioritized using the Shareholders' Meeting Electronic Voting Platform on the website of the Taiwan Depository & Clearing Corporation to exercise voting rights. On the other hand, given geographical and economic factors, the shareholders' meetings held by the foreign stock market-listed or OTC investee companies prioritized using the electronic voting platform Proxy Edge to exercise voting rights.



### (3) Voting results

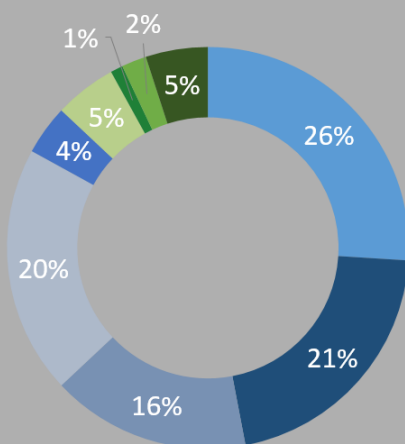
In 2021, shareholders' meetings held in Taiwan accounted for the highest percentage of all the meetings we attended at 67%, followed by those in other countries within the Asia Pacific region (23%). The proposals for voting were mainly for the election of directors and supervisors (26%), followed by operations (21%) and capitalization (20%).

Cathay Life Insurance respects the professional know-how of investee companies and, in the interest of sustainable growth and low-carbon transitions, supports all proposals from the managers of investee companies in general. However, ESG proposals that obstruct the sustainable development of investee companies will not in principle win our support. Therefore, we voted for 89%, against 7%, and abstained from 4% of the proposals we voted on this year.



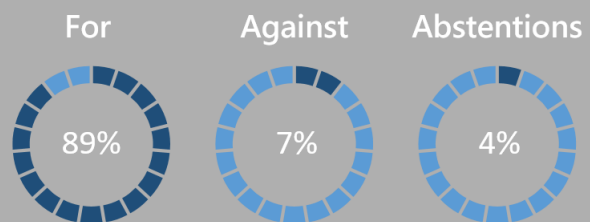
For more information about our proxy voting result

#### Category of proposals

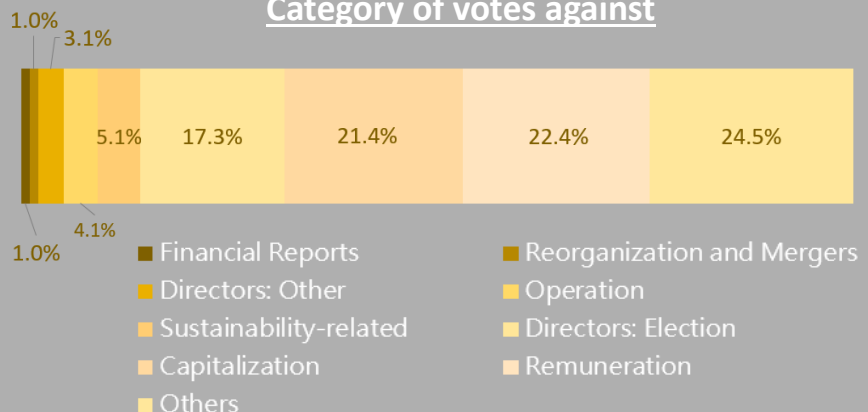


- Directors: Election
- Operation
- Financial Reports
- Capitalization
- Directors: Other
- Reorganization and Mergers
- Remuneration
- E&S
- Others

#### Direction of votes



#### Category of votes against







## ■ Reason of Abstentions

- Subject to Article 146-1 of Insurance Act in Taiwan, insurance companies cannot cast a vote in the election of directors or supervisors at the public company, those in Taiwan being invested, hence the abstention votes for proposals related to the appointment of directors and supervisors °
- If the preliminary voting recommendations is "against", investee company is willing to improve after we communicate and engage with the investee company.

## ■ Reason of Against

Cathay Life believes that shareholders have the right to review material issues one by one rather than be forced to vote on multiple proposals collectively as a bundle. If a motion classifies into multiple types of proposals of the same category, and the contents of these proposals may clash with or obstruct shareholders' rights or economic interests, Cathay Life may directly oppose the whole proposal bundle in the motion.

In addition, we pay attention to the overall ESG performance of investee companies. We will cast opposition votes against proposals deemed inconsistent with the spirit of corporate governance, detrimental to shareholders' rights and interests, or having negative impacts on the environment or society. Below are the proposal categories of our main concerns and the considerations for our opposition:

 <b>Director election</b>	Whether directors are independent, serve for too long or have too many concurrent positions in other companies
 <b>Financial statement and audit</b>	The completeness and truthfulness of financial statements often depends on whether external auditors can effectively audit the management without obstruction or interference. For this reason, we attach great importance to the widely recognized independence of auditors.
 <b>Capital structure</b>	Whether the capital structure affects shareholders' investment values and their priority to receive benefits over other debtors in the company
 <b>Earnings distribution</b>	Cathay Life is normally in favor of distributing cash or stock dividends generated by income or derived from capital and statutory reserves, unless the dividend rate is not in the best interests of shareholders (such as being continuously too low without adequate explanation) or is unfavorable to the company's sustainable financial condition (such as being too high for the company's financial condition).

## A case of proposal opposition: Senior management remuneration

The main purpose of remuneration is to attract, retain, and reward directors, senior management personnel or key employees who play critical roles in ensuring long-term sustainable business growth. For this reason, remuneration indicators of the bonus system shall be challenging and stringent and provide appropriate incentives, while performance evaluation indicators and actual performance shall also be fully disclosed to provide investors with sufficient information for evaluation. Therefore, we opposed the “CEO long-term incentive program” of the company in question for the following reasons:

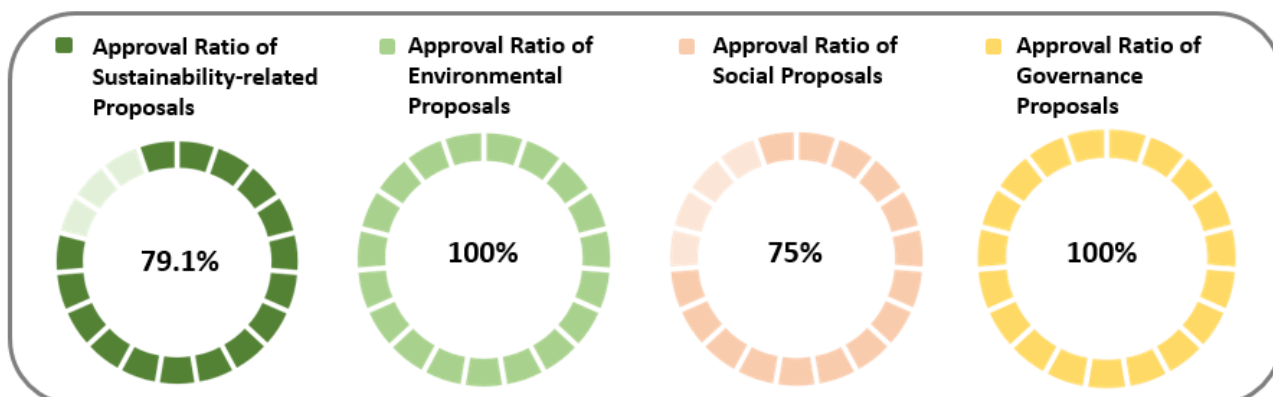
The long-term incentive program approved by the company in 2020 does not require the CEO to meet all evaluation standards, and even if the CEO fails to meet some of the standards, he/she may still receive the highest bonuses/incentives.

The evaluation standards were adjusted in response to the COVID-19 pandemic. However, there is insufficient information for comparing the difference between incentives before and after the adjustment. Although the CEO has met the adjusted performance requirements, the company did not disclose the targets and its achievement rates.

### (4) sustainability-related resolutions

In principle, Cathay Life Insurance supports shareholder resolutions related to strengthening investee companies’ capability to develop long-term sustainable value. At the same time, to motivate companies to adopt more specific climate-change response actions, we will support the climate-related proposals that “comply with the Paris Agreement emission-reduction targets.”




Supporting such resolutions by exercising our voting rights is an important display of our stewardship policies. In 2021, we supported companies’ resolutions that included publishing climate transition reports, disclosing reports on the salaries of employees from different genders and races, and the link between the remuneration of senior management and sustainability performance. To sum up, we fully supported climate-related and sustainable governance proposals.



(IV) Sustainable investment

In addition to establish a comprehensive responsible investment policies and mechanism, we also invests in specific topics that solve social or environmental issues. The total amount of relevant sustainable investment as of 2021 is US\$ 42.1 billion (7.4% growth compared to 2020).

Theme	SDGs	2021 investment amount	Contents
 <p data-bbox="153 846 384 931">low-carbon green energy</p>	 	US\$ 6.6 bn	<p>In response to the global trend of transformation into a low-carbon economy and the Taiwanese government’s 5+2 Industrial Innovation Plan, we actively invest in low-carbon green energy industry to contribute to the wellbeing of the Earth.</p>
 <p data-bbox="181 1279 355 1312">Infrastructure</p>	 	US\$ 24.3 bn	<p>In order to maintain economic and social growth, eradicate poverty, and adapt to the impacts of climate change, infrastructure improvements will be crucial for continued sustainability. Cathay Life has invested in infrastructure-related industries to fund sustainable urban development and change people’s lifestyle.</p>
 <p data-bbox="161 1659 392 1693">Water Treatment</p>		US\$ 0.27 bn	<p>With the scarcity of water resources, the rapid increase of the urban population, and the violent climate change, the issue of effectively using water resources is also one of the most important issues. We hope that areas can have better public water supply by investing in public sewage treatment and water resources development.</p>
 <p data-bbox="229 2000 317 2033">Health</p>		US\$ 13.0 bn	<p>With the rapid demographic changes, tremendous impact and demand will be placed on the medical system. In order to promote human health and well-being, we actively invests in health-related industries such as drug development and biotechnology.</p>

Theme	SDGs	2021 investment amount	Contents
 <p data-bbox="153 577 392 607">Financial inclusion</p>	 	US\$ 0.12 bn	<p data-bbox="735 320 1422 667">Upholding our core philosophy of being “people-oriented,” which is incorporated into our core competencies of investment, Cathay Life invests in industries related to education and microfinance, hoping in doing so to contribute to the realization of inclusive finance.</p>

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



(V)TCFD

Confronted by the increasingly severe impact of climate change, Cathay Life has taken the initiative in promoting the framework of the Task Force on Climate-related Financial Disclosures (TCFD) issued in June 2017 by Financial Stability Board (FSB).

1. The impact of quantified climate change on investment portfolios

Physical risks caused by extreme weather may damage investee companies and even impact their production capacities, thus increasing the probability of companies' defaults or decreases in their market values. To control global warming, governments around the world are intensifying their supervision of carbon emissions by implementing carbon pricing or carbon emissions trading mechanisms; but such measures have created a transition risk that has led to an increase in the costs of investee companies and affected their profits and values, thus reducing Cathay's income and values of assets we are investing in.

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

Figure: Distribution of high climate-related risk position



Note:

<b>High Risk</b>	Based on the nature of their business activities, companies in that industry face a high level of risk exposure to the Direct climate change Issue.
<b>Indirect Risk</b>	Based on the nature of their business activities, companies in that industry face a high level of risk exposure to the Indirect climate change issues.
<b>Moderate Risk</b>	Based on the nature of their business activities, companies in that industry face a medium level of risk exposure to the Direct climate change Issue.
<b>Low Risk</b>	Based on the nature of their business activities, companies in that industry face a low level of risk exposure to climate change Issue.

(1) Backward looking: Portfolio of Carbon footprint

Since mid-2018, we have used weighted average carbon intensity method (tCO<sub>2</sub>e/\$m sales) recommended by TCFD to assess and monitor the carbon footprint of our listed equity and corporate bond portfolio and since 2020, we adopt the standard of Partnership for Carbon Accounting Financials (PCAF) to calculate total carbon emission of portfolio 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 tCO<sub>2</sub>e, and portfolio carbon intensity was 76.99 tCO<sub>2</sub>e/USmn invested, while the weighted average carbon intensity was 254 tCO<sub>2</sub>e/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 density accounted for 20%. In addition, the "Asia (excluding Taiwan)" position accounted for only 17%, but its carbon density accounted for 37%. In due course, we will continue to observe changes in these indicators and engage with high carbon emission companies.

**Table: Carbon Footprints of Various Asset Classes in 2020-2021**

	Unit	2021	YOY	2020
<b>Listed equity</b>				
Total carbon emissions	t CO <sub>2</sub> e	999,435	4.0%	961,414
Portfolio carbon intensity	t CO <sub>2</sub> e/US mn invested	41.14	-9.2%	45.30
Weighted average carbon intensity	t CO <sub>2</sub> 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

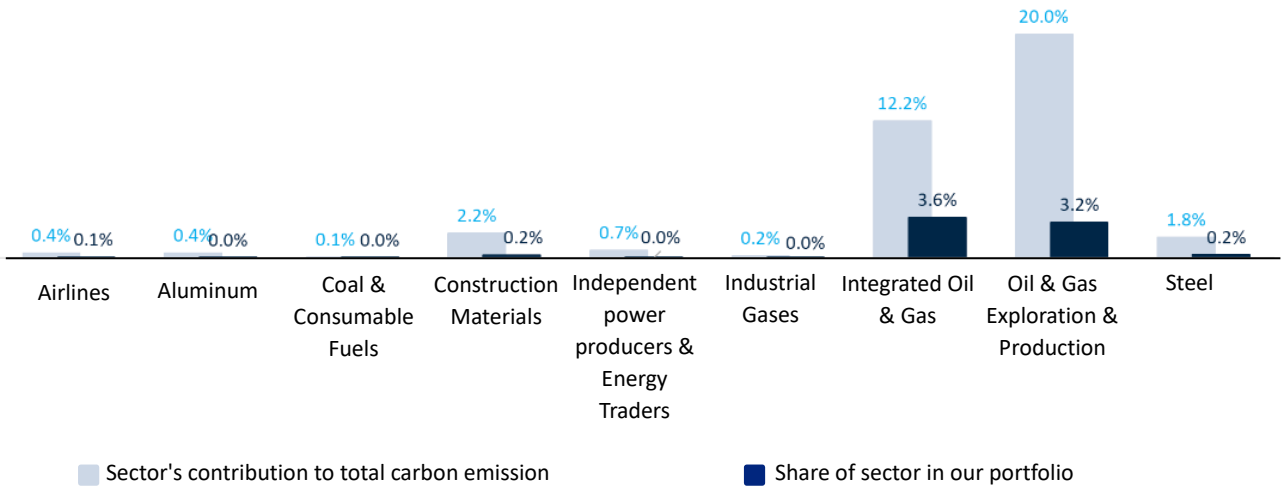
Corporate bond				
Total carbon emissions	t CO <sub>2</sub> e	9,800,240	-10.5%	10,953,223
Portfolio carbon intensity	t CO <sub>2</sub> e/US mn invested	84.49	-19.2%	104.62
Weighted average carbon intensity	t CO <sub>2</sub> e/US mn revenues	276	-1.9%	281
Carbon emissions coverage rate	%	100%	0.0%	100%
Data quality score		1.80	-21.2%	2.28
Total				
Total carbon emissions	t CO <sub>2</sub> e	10,799,675	-9.4%	11,914,638
Portfolio carbon intensity	t CO <sub>2</sub> e/US mn invested	76.99	-18.6%	94.62
Weighted average carbon intensity	t CO <sub>2</sub> 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)

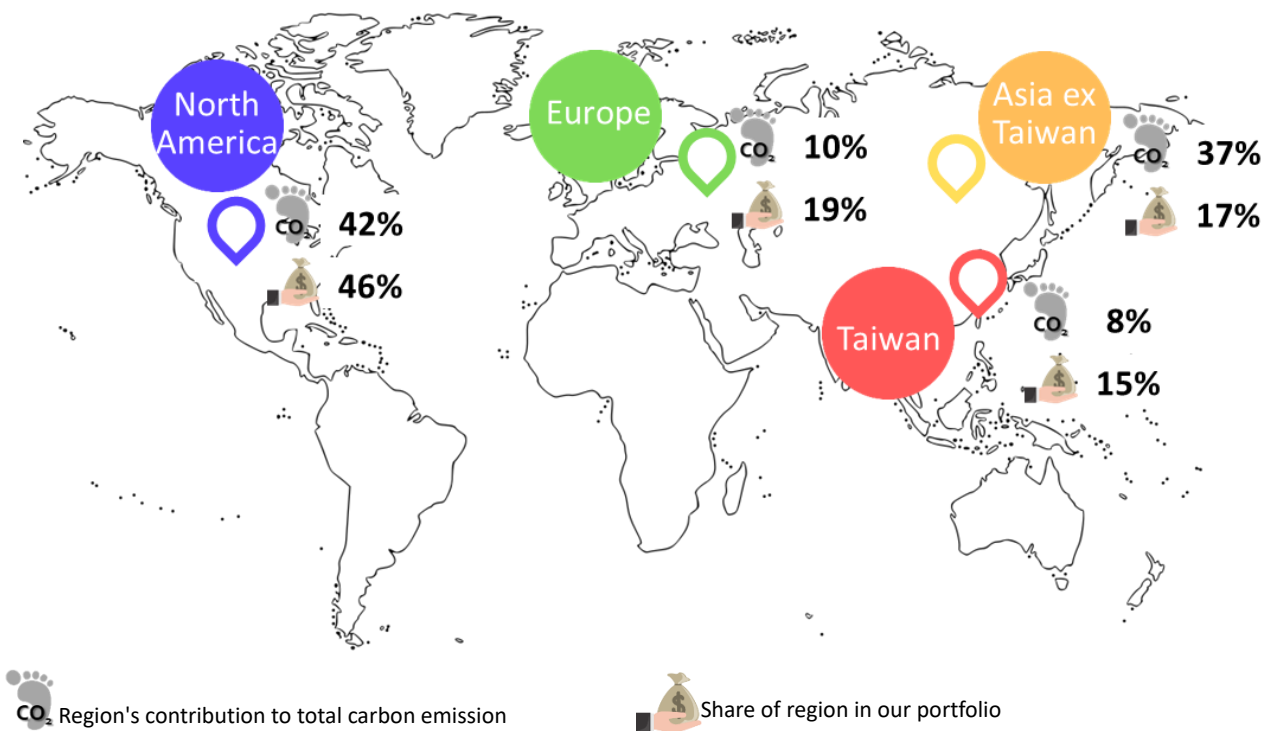
**Figure: Analysis of the Total Carbon Emission Concentrations in 2021**



**Figure: Distribution of carbon footprint in high climate-related risk industries in 2021**



**Figure: Distribution of Carbon Emissions by Region in 2021**



(2) Forward looking: Climate value at risk(C VaR)

The carbon footprint of the portfolio is evaluated based on the past carbon emission performance of the investee company. In addition to increase cost from carbon pricing, it is also necessary to consider the value of the company's operating capacity and assets value due to physical risks, which will lead to the value of the securities issued and the decline indirectly led to the loss of Cathay Life's net asset value. Cathay Life introduced the model developed by MSCI, adopted climate scenarios such as NGFS (Network for Greening the Financial System) 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.

Figure: NGFS Scenario and MSCI CVaR Scenario Analysis Results

NGFS Scenarios	Net Zero 2050 (Orderly)	Delayed Transition (Disorderly)	Nationally Determined Contributions (Hot House World)
Scenarios and 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 - medium risks	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 Note:	[Medium Risk] Average climate change scenario	[Medium Risk] Average climate change scenario	[High Risk] Aggressive climate change scenario

NGFS Scenarios	Net Zero 2050 (Orderly)	Delayed Transition (Disorderly)	Nationally Determined Contributions (Hot House World)
MSCI CVaR	<div style="display: flex; justify-content: space-around; align-items: center;"> <span style="color: #4CAF50;">■</span> Transition risk           <span style="color: #388E3C;">■</span> Physical risk           <span style="color: #2E7D32;">■</span> Transition + Physical risk         </div>		
Scenario analysis results	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>-1.50%</p> <p>-3.26%</p> <p>-4.75%</p> <p>Net Zero 2050 / Average</p> </div> <div style="text-align: center;"> <p>-6.43%</p> <p>-3.26%</p> <p>-9.69%</p> <p>Delayed Transition / Average</p> </div> <div style="text-align: center;"> <p>-0.04%</p> <p>-8.20%</p> <p>-8.24%</p> <p>NDC / Aggressive</p> </div> </div>		

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 extreme 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>)

Note 3: For MSCI Climate VaR, CVaR data used throughout this report: 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, none 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 disseminated in any form and may not be used as a basis for, or a component of, any financial instruments or products or indices. Further, none 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 the ESG Parties shall have any liability for any errors or omissions in Dconnection with any data 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.

## 2. Climate change response strategies and relevant actions for investment portfolios



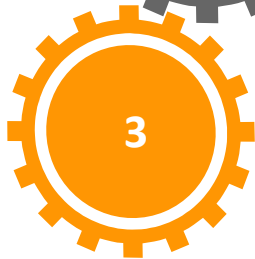
### **Participated in international organizations that keep track of international climate change trends ahead of time (P.22-23)**

- Asia Investor Group on Climate Change (AIGCC)
- Ceres Valuing Water Finance Task Force



### **Implemented ESG risk reviews and engagements to mitigate investment risks**

- Incorporated climate risk factors into investment processes(P.10)
- Implemented strict control for sensitive industries and required attention to environmental issues for general industries(P.14)
- Adopted “climate change” as the main theme for engagements (P.20)



### **Set goals for investment in low-carbon and green energy industries, thereby raising the resilience against climate change**

Set low-carbon and green energy investment targets in 2018: “Investment amount shall grow 20% by 2025 and 40% by 2030 using 2018 as the baseline year”

## **Evaluation of the effectiveness of responsible investment**

**Insurance is a “people-oriented” industry, and responsible investment is the mission Cathay Life takes upon itself as the leader of the industry.**

As insurance is a “people-oriented” industry, every time we sale a life insurance policy for a newborn, it represents Cathay Life's promise to protect policyholders their entire life. On the basis of such promise, we not only pursue targets of stable and long-term income in terms of our use of capital, but also seek solid and sustainable organizational operations.

Having operated for 60 years, Cathay Life has assets worth over US\$ 291billion, which account for one quarter of the total capital of Taiwan’s insurance industry. As the leader of the industry and one of the largest institutional investors in Taiwan, we not only fulfill our promises to policyholders and expectations from shareholders, but are also fully committed to making a more meaningful use of our capital. Therefore, despite the risky investment environment in the past few years, characterized by low interest rates for a long time, high volatility in the international market, and losses from differences of interest rates, we constantly give our best to fulfill the obligations as an asset owner and implement responsible investment. The evaluation of implementation effectiveness is summarized as follows:

### **1.100% responsible investment amounting to US \$223 billion**

We began participating in the Group's Responsible Investment Working Group in 2014 and adopting the Principles for Responsible Investment (PRI) in 2015. Since then, we have set relevant expectations and goals for ourselves every year. We also have dedicated responsible investment personnel to refine and implement our responsible investment policies, covering various types of assets (stocks, bonds, funds, real estate, etc.) in order **to become the leader of responsible investment in the Asia-Pacific region.**

To enhance the investment team’s understanding of responsible investment, the responsible investment course is listed as a compulsory course for newcomer training in the investment system (including basic introduction to responsible investment, interpretation of ESG rating reports, explanation of internal responsible investment mechanisms, etc.), and held regularly every year 2 sessions of responsible investment training course(including international trends, climate change, case studies, etc.), and



grouped workshops to allow investment team colleagues to discuss and share. Besides, in order to enable the investment team to learn more, we also encouraged investment team to participate in responsible investment seminars or education training organized by external international benchmark companies and sustainable organizations. 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. Therefore, 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..

Cathay Life's training results were also selected as the only [leading practice](#) when Share Action conducted an Asset Owner Disclosure Project (AODP) questionnaire for 70 insurance industries around the world:



#### **Cathay Life: mandatory sustainability training for all staff**

An example of **leading practice** comes from Cathay Life, which has made sustainability-related training mandatory for all employees. This covers the organisation's sustainability strategy, the Principles for Sustainable Insurance, responsible investment and underwriting, and corporate governance and is given annually or, for employees on the investment side, twice a year.

## **2. We have worked with various stakeholders to exert our influence in sustainability.**

During our investment decision-making process, we consider the ESG measures of potential investee companies to select companies with a prospect of sustainable development to invest in. By doing so, we can avoid the impact of ESG risks on Cathay's income from investments and ensure the rights and interests of our policyholders and shareholders. However, this approach is unable to make companies with poor ESG performance improve their performance. For this reason, Cathay Life adopted a more active approach to exert its influence on sustainability, hoping that by doing so we can become a stable force for society and bring a positive impact to the world.

### **(1) We required mandate institutions to implement responsible investment, thereby ensuring the security of the capital of our policyholders and shareholders:**

100% of our mandate assets were managed by asset management companies that are either PRI signatories or who have follow the governmental stewardship code in

place. Those who have not signed also have related responsible investment actions.

**(2) We proactively cooperated with international investors to exert a bigger influence:**

We have participated in four international initiatives, thereby continuing to promote the global sustainable development with international organizations.

**(3) We engaged with investee companies to improve sustainable actions, thus creating a positive cycle:**

Cathay Life communicated with 80 enterprises on 17 ESG materiality issues for a total of 203 times. The main engagement targets were enterprises belonging to industries of “Information Technologies” (46%) and “Materials” (19%); the main issues for communications were “Climate Change Vulnerability (40.4%)” and “Carbon Emission (24.6%)”. The success rate of engagement was 11%.

**3.We directly invested in sustainable categories to support corporate sustainable transformation:**

We are proactively seeking sustainable investment targets (e.g., low-carbon and green energy, water resources, infrastructure, health, and financial inclusion), in which we have invested US\$ US\$ 42.1 billion, up 7.4% compared to 2020. In 2021, Cathay Life will take further steps to invest in impact investing, which tackles issues including social integration, educational and environmental resource requirements, medical care, and quality of living. To accomplish this, Cathay Life has invested US\$31.8 million.




**Annexed Table: RI policy on different asset classes**

Asset class	Own assets managed internally or by third-parties	RI Policy	% of assets	Note								
Listed equity	managed internally	Yes	1~5%	<ol style="list-style-type: none"> <li><b>100%</b> apply Investment and Lending Exclusion Policy.</li> <li><b>100%</b> apply Investment Management Principles for Sensitive Industries.</li> <li>By leveraging the ESG database, Cathay life insurance established <u>ESG risk review procedures</u> to integrate ESG factors in listed equity and fixed income.</li> <li>Cathay FHC also established the <u>engagement policy</u> to improve investee’s ESG information disclosure.</li> </ol>								
	managed by third-parties	Yes	1~5%	<ol style="list-style-type: none"> <li>Mandate assets                             <ol style="list-style-type: none"> <li><b>100%</b> apply Investment and Lending Exclusion Policy.</li> <li><b>100%</b> apply Investment Management Principles for Sensitive Industries.</li> <li>Cathay life insurance have taken signing PRI into consideration as an one of evaluation items for mandate partner selection process and ask asset managers to take ESG factors into consideration in their regular investment process, review their ESG performances annually, and have formulated clearly ESG-related terms when signing contracts with asset management companies.</li> <li>As of the end of 2020, <b>100%</b> of our listed equity mandate assets were managed by asset management companies that are either <u>PRI signatories</u> or who have follow the <u>government stewardship code</u> in place.</li> </ol> </li> <li>Equity Fund &amp; Equity ETF:                             <ol style="list-style-type: none"> <li>Checking whether counterparties have signed the PRI or governmental stewardship principles or implemented ESG;</li> <li>Utilizing data from external professional ESG assessment institutions to review the ESG performances of funds or fund management institutions.</li> </ol> <table border="1" data-bbox="810 1505 1388 1736"> <thead> <tr> <th></th> <th>Sign the PRI or governmental Stewardship Principles</th> <th>Review the ESG performances of funds or fund management institutions</th> </tr> </thead> <tbody> <tr> <td>Equity Fund</td> <td>100%</td> <td>0%</td> </tr> <tr> <td>Equity ETF</td> <td>72%</td> <td>28%</td> </tr> </tbody> </table> </li> </ol>		Sign the PRI or governmental Stewardship Principles	Review the ESG performances of funds or fund management institutions	Equity Fund	100%	0%	Equity ETF	72%
	Sign the PRI or governmental Stewardship Principles	Review the ESG performances of funds or fund management institutions										
Equity Fund	100%	0%										
Equity ETF	72%	28%										
Fixed income	managed internally	Yes	20~50%	<ol style="list-style-type: none"> <li><b>100%</b> apply Investment and Lending Exclusion Policy.</li> <li><b>100%</b> apply Investment Management Principles for Sensitive Industries.</li> <li>By leveraging the ESG database, Cathay life insurance established <u>ESG risk review procedures</u> to integrate ESG factors in listed equity and fixed income.</li> </ol>								
	managed by third-parties	Yes	20~50%	<ol style="list-style-type: none"> <li>Mandate assets                             <ol style="list-style-type: none"> <li><b>100%</b> apply Investment and Lending Exclusion Policy.</li> <li><b>100%</b> apply Investment Management Principles for</li> </ol> </li> </ol>								

Asset class	Own assets managed internally or by third-parties	RI Policy	% of assets	Note									
				<p>Sensitive Industries.</p> <p>(3) As of the end of 2020, <b>100%</b> of our fixed income mandate assets were managed by asset management companies that are either <u>PRI signatories</u> or <u>who have follow the governmental stewardship code</u> in place. Those who have not signed also have related responsible investment actions.</p> <p>2. Bond Fund&amp; Bond ETF:</p> <p>(1) Checking whether counterparties have signed the PRI or governmental stewardship principles or implemented ESG;</p> <p>(2) Utilizing data from external professional ESG assessment institutions to review the ESG performances of funds or fund management institutions.</p> <table border="1"> <tr> <td></td> <td>Sign the PRI or governmental Stewardship Principles</td> <td>Review the ESG performances of funds or fund management institutions</td> </tr> <tr> <td>Bond Fund</td> <td>100%</td> <td>0%</td> </tr> <tr> <td>Bond ETF</td> <td>99.8%</td> <td>0.2%</td> </tr> </table>		Sign the PRI or governmental Stewardship Principles	Review the ESG performances of funds or fund management institutions	Bond Fund	100%	0%	Bond ETF	99.8%	0.2%
	Sign the PRI or governmental Stewardship Principles	Review the ESG performances of funds or fund management institutions											
Bond Fund	100%	0%											
Bond ETF	99.8%	0.2%											
Private equity	managed internally	Yes	1~5%	<p>1. <b>100%</b> apply <u>Investment and Lending Exclusion Policy</u>.</p> <p>2. <b>100%</b> apply <u>Investment Management Principles for Sensitive Industries</u>.</p>									
	managed by third-parties	Due Diligence	1~5%	<p>1. Mandate assets As of the end of 2020, <b>100%</b> of our private equity fund mandate assets were managed by asset management companies that are either <u>PRI signatories</u> or <u>who have follow the governmental stewardship code</u> in place.</p> <p>2. Private Equity fund From 2017 onwards, Cathay Life has <u>taken ESG into considerations of new transaction counterparties</u> in our PE fund investment selection process.</p>									
Infrastructure	managed internally	Yes	below 1%	Cathay mainly adopt the <u>sustainability themed investing approach</u> in this asset class.									
	managed by third-parties	Yes	below 1%										
Property	managed internally	Yes	5~10%	<p>1. Property is <b>100%</b> covered by <u>Responsible Property Investment and Management Policy</u></p> <p>2. Cathay also adopt the <u>sustainability themed investing approach</u> in this asset class.</p> <p>3. As a demonstration of our commitment to ecology and environmental protection, for 2016 onwards, architects commissioned by Cathay are required to design buildings invested and developed by Cathay based on green building standards. °</p>									
	managed by third-parties	Due Diligence	below 1%	<p>1. Mandate assets As of the end of 2020, <b>100%</b> of our REITs mandate assets were managed by asset management companies that are either <u>PRI signatories</u> or <u>who have follow the governmental stewardship code</u> in</p>									

Asset class	Own assets managed internally or by third-parties	RI Policy	% of assets	Note
				place. 2. REITs As of the end of 2020, <b>100%</b> of our REITs assets were managed by fund management institutions that are either <u>PRI signatories or who have follow the governmental stewardship code</u> in place.
Derivatives & Alternatives, specify Hedge fund	managed internally	Not applicable	0.00%	
	managed by third-parties	Due Diligence	below 1%	1. Mandate assets We ask our hedge fund asset managers to take ESG factors into consideration in their regular investment process, review their ESG performances annually, and have formulated clearly ESG-related terms when signing contracts with them since 2017. 2. Hedge fund From 2017 onwards, Cathay Life has <u>taken ESG into considerations of new transaction counterparties</u> in our HF fund investment selection process.

## Appendix I: Principles for Responsible Investment Content Index

 <p><b>PRINCIPLE 1</b> <b>INCORPORATE</b></p>	<p><b>Incorporate ESG issues into investment analysis and decision-making processes</b></p> <ul style="list-style-type: none"> <li>■ Complies with Cathay FHC’s Responsible Investment Policy and Investment and Lending Exclusion Policy</li> <li>■ Established the ESG risk review process;</li> <li>■ Stipulated Investment Management Principles for Sensitive Industries.</li> <li>■ Invested in sustainable investment targets</li> <li>■ Reported the implementation results of responsible investment to the Board of Directors every year</li> </ul>	<p>P.7-16 &amp; P.38 - 39</p>
 <p><b>PRINCIPLE 2</b> <b>BE ACTIVE</b></p>	<p><b>Be active owners and incorporate ESG issues into our ownership policies and practices</b></p> <ul style="list-style-type: none"> <li>■ On July 25, 2016, Cathay Life signed the Taiwan Stewardship Principles for Institutional Investors issued by TWSE Corporate Governance Center, and became the first insurance company in Taiwan to become a signatory.</li> <li>■ Interacts with investee companies through dialog, engagement, and exercise of voting rights to demonstrate the Company’s due diligence management as an active owner.</li> </ul>	<p>P.19 - 37</p>
 <p><b>PRINCIPLE 3</b> <b>SEEK DISCLOSURE</b></p>	<p><b>Seek appropriate disclosure on ESG issues by the entities in which we invest</b></p> <ul style="list-style-type: none"> <li>■ Participated in CDP NDC and encouraged investee companies to respond to CDP questionnaires and disclose their carbon emission data and climate change measures.</li> <li>■ Participated in Climate Action 100+ and encouraged investee companies to strengthen climate risk disclosure and management.</li> <li>■ One-on-one engagements with companies to encourage the investee company to improve ESG and increase carbon governance, carbon targets, and carbon disclosure</li> </ul>	<p>P.24 - 30</p>

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



**PRINCIPLE 4  
PROMOTE**

- Took signing the Principles for Responsible Investment (PRI) into consideration for mandate partner evaluation, and required mandate partners to comply with Cathay Life’s exclusion policy and implement ESG management.
- Participated in various activities, and hope that the peers can jointly implement responsible investment, such as participating the Valuing Water Finance Task Force.

P.17-18 & P.22

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



**PRINCIPLE 5  
COLLABORATE**

- Participate in AIGCC, Ceres Valuing Water Finance Task Force, improve the learning and understanding of climate change and water resources, and strengthen the effectiveness of investor negotiation.
- Co-organized the Climate Change Forum with Taiwan Stock Exchange and 2021 to jointly promote the importance of the ESG and climate change issue.

P.22 - 24

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










**PRINCIPLE 6  
REPORT**

- Published CS related reports on our activities and progress in the implementation of PRI.
- Since 2017, we have published a Stewardship Report on a yearly basis; in 2020, we added details regarding our responsible investments in the report.

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

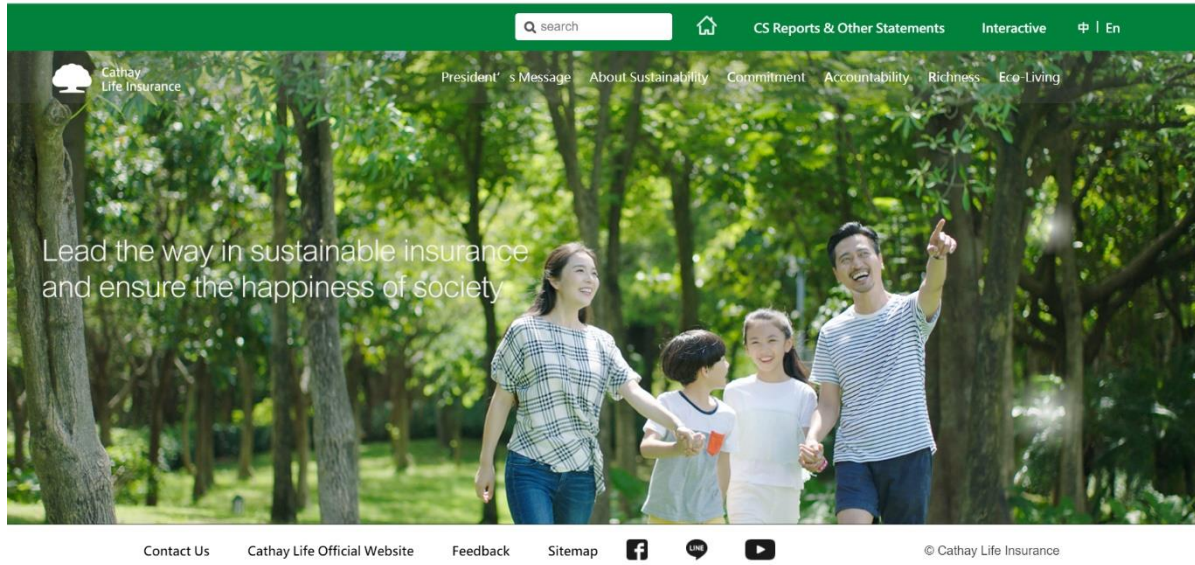
 <b>PRINCIPLE 1</b> <b>STEWARDSHIP</b>	<p><b>Establish and disclose stewardship policies</b></p> <ul style="list-style-type: none"> <li>■ Complies with Taiwan Stewardship Principles for Institutional Investors and publish our compliance statement.</li> <li>■ Stipulate Stewardship Policy.</li> </ul>	<p>P.2 &amp; P.7</p>
 <b>PRINCIPLE 2</b> <b>MANAGEMENT</b>	<p><b>Establish and disclose policies on managing conflicts of interest</b></p> <ul style="list-style-type: none"> <li>■ Ensures that we executes its businesses in the interest of its clients and shareholders, we has established Rules for Conduct of Financial Investment Transactions on managing conflicts of interest, including types of conflicts of interest and management approach.</li> </ul>	<p>P.8-9</p>
 <b>PRINCIPLE 3</b> <b>OBSERVATION</b>	<p><b>On-going observation of investee companies</b></p> <ul style="list-style-type: none"> <li>■ Observes financial and ESG performance of investee companies through ESG data from the MSCI ESG database, their website, conference calls, face-to-face meetings, participation in institutional investors' roadshows or attendance at shareholders' meetings or significant extraordinary general meetings</li> </ul>	<p>P.10 &amp; P.19</p>
 <b>PRINCIPLE 4</b> <b>INTERACTION</b>	<p><b>Maintain an appropriate dialogue and interaction with investee</b></p> <ul style="list-style-type: none"> <li>■ Interacts with investee companies through various activities such as being a guest speaker or panelist on seminar or participating international initiatives, and holding climate change forums.</li> </ul>	<p>P.19 - 30</p>
 <b>PRINCIPLE 5</b> <b>PROXY VOTING</b>	<p><b>Establish clear voting policies and disclose voting results</b></p> <ul style="list-style-type: none"> <li>■ Stipulates Proxy Voting Policy to establish our threshold for exercising voting rights, escercising manners and publish the voting result annually based.</li> </ul>  <p>Proxy voting report since 2015</p>	<p>P.31 - 37</p>
 <b>PRINCIPLE 6</b> <b>REPORT</b>	<p><b>Periodically Disclose Fulfillment Status of Stewardship Responsibilities</b></p> <ul style="list-style-type: none"> <li>■ Publishes a Stewardship Report every year.</li> <li>■ Cathay Life was also the only insurance company in Taiwan to be included in Taiwan Stock Exchange's 2021 <a href="#">List of Companies Most Compliant with the Taiwan Stewardship Principles for Institutional Investors</a>.</li> </ul>	<p>--</p>



## Other sustainability of Cathay Life

### 1. CS website

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



### 2. CS website-Stewardship

<https://patron.cathaylife.com.tw/ODAB/en/ODAB9000>

