



國泰人壽  
Cathay Life Insurance



# 2022

Cathay Life Insurance  
Sustainability Report

## About this Report

2-2

2-3

2-4

2-5

With a vision to "Lead the way in sustainable insurance and ensure the happiness of society," Cathay Life Insurance incorporates environment, society, and governance (ESG) in its decision making, and establishes short-term, mid-term, and long-term goals and action plans based on the the "CARE" framework.

## Reporting Period

This report discloses information from January 1, 2022 to December 31, 2022. Some of the contents will include information before January 1, 2022, or after December 31, 2022, to present the complete performance of projects and events. The previous report was published in June 2022, and subsequent reports will be published on an annual basis.

## Boundaries and Scope of this Report

This report discloses information on Cathay Life Insurance, including Cathay Life Insurance (excluding overseas subsidiaries) and Cathay Charity Foundation. A note will provide a description when certain parts contain information of Cathay FHC. The report content covers specific ESG practices and performance data, and there was no significant difference compared with the previous edition. Any data recompilation due to the adjustment of scope, calculation method or data source will be described in the notes to the paragraph.

## Basis for this Report

| Issued by   | Compliant with   |
|---|--|
| <b>The Global Reporting Initiative (GRI)</b>            | GRI Universal Standards 2021<br>G4 Financial Services Sector Disclosure            |
| <b>Sustainability Accounting Standards Board (SASB)</b> | SISC: Financial-Insurance  |
| <b>Financial Stability Board (FSB)</b>                  | Task Force on Climate-related Financial Disclosures (TCFD)                         |
| <b>United Nations (UN)</b>                              | Sustainable Development Goals (SDGs)<br>Principles for Sustainable Insurance (PSI) |

## Standard

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

## Report Assurance

The Company has engaged PwC Taiwan to perform assurance procedures on the Subject Matter Information identified to its report compiled based on the GRI Standards using the standards published by the Accounting Research and Development Foundation in Statement of Assurance Principles No. 3000, "Audit and Review of Non-financial Information" (references ISAE3000 (Revised)), and the International Confidence Standard ISAE3410, to which PwC has concluded with an opinion of limited assurance. The scope of assurance covers information from 2022, and it does not include information on and before December 31, 2021. A copy of the assurance report is included in the appendices of this report. Assurance results will be discussed with relevant personnel in internal CS meetings, following which, adjustments and optimization will be made.

### Contact Information

#### Contact Department

Corporate Planning Department, Cathay Life Insurance Co., Ltd.

#### Company Address

No. 296, Section 4, Ren'ai Road, Da'an District, Taipei City

#### Phone No

02-2755-1399

#### Cathay Life Insurance's Email for Corporate Sustainability

CS@cathaylife.com.tw

#### Cathay Life Insurance's Corporate Sustainability Website

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

# CONTENTS

## About Cathay Life Insurance 1

Message from the President 3

Sustainability Performance and Awards 4

Company Profile and Business Performance 6

## Sustainability Strategies 9

Sustainable Organizational Structure 9

Strategical Blueprint and Goals 10

Stakeholders and Material Topics 13

## Appendix 102

Medium and Long Term (2025-2030) Goals 102

PSI Index 107

GRI Index 110

SASB Index 112

Index of Guidelines for Climate-related Risks and Financial Disclosures in the Insurance Industry 114

Supplementary Information 115

Accountant's Limited Assurance Report 117

## C Commitment 17

### Solid Governance and Steady Operations 19

Corporate Governance, Risk Management, Legal Compliance, Operation Integrity

### Support Initiatives and Expand Influence 28

TCFD, Sustainability Advocacy

## R Richness 77

### Healthy Lifestyle and Work-Life Balance 79

Talent Attraction, Talent Development, Talent Cultivation, Employee Care

### Social Care and Value Creation 86

Dreams Come True Program, Social Care, Elder Friendly, Sustainable Campus Project

## A Accountability 56

### Responsible Investment and Paradigm Proposal 58

Stewardship, Sustainable Investment

### Diverse Coverage and Thoughtful Services 69

Establish Increased Protection Awareness, Develop Diverse Protection Products, Treating Customers Fairly, Digital Services

## E Eco-living 94

### Green Operations and Impact Mitigation 96

Environmental Data Inventory, Zero Carbon Operations Transition

### Eco-Friendliness and Sustainable Homeland 100

Sustainable Supply Chain, Environmental Education and Promotion



# Message from the President

## Realizing EPS Sustainability in Cathay 's Next 60 Years

2-22 Principle 1

Cathay Life Insurance has served Taiwan for 60 years since it sold the first insurance policy in September 1962. Over the years, Cathay Life Insurance has been committed to "lead the way in sustainable insurance," ensuring the happiness of eight million policyholders in Taiwan. Considering that the growth of EPS is more than a commitment to shareholders, Cathay Life Insurance launched a new "EPS" strategy on its 60th anniversary. The key strategies include "Elder Friendly X Protection First X Sustainability," which support people in the face of rapidly changing society and challenges from the pandemic, technologies, environment, and aging population.

### E Elder Friendly

**Committed to Elder Friendly and help customers create a happy life after retirement**

To manage people's risks, Cathay Life Insurance is committed to supporting customers in facing risks that arise from an aging population and declining birth rate. In addition to providing elderly friendly services, it also provides training courses for colleagues to gain professional knowledge in health care consulting services such as elderly care and precision medicine. In addition, we also set up the Fraud Defense Team in cooperation with the National Police Agency to promote fraud awareness and prevention. Meanwhile, we have established the Cathay Happy Farm in cooperation with the community and NGOs. Under encouragement and company from Cathay's volunteers, senior citizens can venture outside and plant vegetable, living a happy life after retirement.

In 2021, Chairman of Cathay FHC, Tsai Hong-Tu proposed that "No ESG, No Money." Following which, Cathay Life Insurance will continue to use its "financial" influence to drive the influence of "crowd gathering," where we will collaborate with colleagues, customers, suppliers, and investee companies, etc. to contribute to society, the next generation, and the Earth in the next 60 years.

### P Protection First

**Exercise functions to protect the public and create a physical and financial safety net**

"Providing sufficient protection for the public" is the most fundamental requirement of insurance companies. By leveraging core competencies, Cathay Life Insurance helps Taiwanese accumulate "health capital" and "retirement capital" well in advance. In 2022, our long-term health promotion platform was upgraded to FitBack. In addition to forming a strong link with spillover- featureeffect insurance products, we also organized the Every Step Counts event to connect walking steps with public welfare funds. The funds were used to set up PVsolar panels and planted trees in schools in remote areas in Penghu, Hualien and Taitung, which not only assisted children's learning and finding the path to their dreams, but also transformed every walking step into sustainable society and sustainable earth.

### S Sustainability

**Zero carbon operations X low-carbon investments; taking up responsibility for creating a sustainable planet**

In 2021, Cathay FHC made a commitment to adopt RE100 in all bases in Taiwan by 2030, and achieve net zero carbon emissions by 2050. Meanwhile, Cathay Life Insurance had also launched a dual strategy that included "Zero Carbon Operations Transformation" and "Low-Carbon Investment Allocation." Together with employees, policyholders and all companies concerned about climate change issues, Cathay Life Insurance worked to protect the Earth. In 2022, for "Zero Carbon Operation Transformation," the Company made a major breakthrough in creating green landlords. Cooperating with the Bureau of Standards of the Ministry of Economic Affairs, the Company launched a "green leasing scheme," distributing purchased green power uniformly to tenants of commercial office buildings through a transition model. Green energy wheeling was forecast to generate annual electricity of more than 20 million kWh in four commercial office buildings, which would be the largest amount of commercial office renewable energy transferred in Taiwan. In terms of "low-carbon investment allocation," the three core action plans include allocation and transition, climate engagement, and green electricity business operation. Meanwhile, by setting low-carbon investment goals and implementing a gradual phase-out of coal, we can increase our participation in international initiatives, deepen our engagement with investee companies, develop green electricity entities for the deployment of solar photovoltaic and offshore wind power businesses, jointly contributing towards Taiwan's transformation into a low-carbon economy.

President

蔡 鴻 圖



# Sustainability Performance

## Commitment

- Received the highest rating (Excellent) in the Corporate Governance System Assessment organized by the Corporate Governance Association in Taiwan for **3** consecutive terms.
- In conjunction with GDPR requirements, the Company was the first in the industry to introduce and pass the ISO29100 Information Technology - Security Techniques - Privacy Framework certification, and the first insurance company to obtain BS10012 and ISO29100 certifications.
- Cathay Life is the only insurance company in Taiwan to participate in CDP Non-Disclosure Campaign, Climate Action 100+ and Asia Utilities Engagement Program.
- Since 2018, Cathay Life assisted its parent company, Cathay Financial Holdings, in getting selected as a constituent stock of the DJSI Emerging Markets Index and DJSI World Index for **4** consecutive years.

## Accountability

- Cathay Life is the only insurance company on TWSE's List of Companies with Better Institutional Investor Stewardship Disclosure for **3** consecutive terms.
- In 2022, sustainable investments (including low-carbon and green energy, water resources, infrastructure, health industry, financial and inclusive care industry, impact investments, and sustainability-linked bond) amounted to NT\$**1.3** trillion.
- We launched the Cathay Vision Experience, known as CVX, the first remote insurance service platform approved in Taiwan.
- "FitBack" was the first health promoting platform which combines membership point system, diversified tasks, and cross-industry ecosystem. It has assisted **806** thousand members to keep track of their individual health indicators.

## Richness

- In 2022, the turnover rate of head office staff was **6.35%**, which lay within two standard deviations in the past three years. The retention rate of sales personnel was **66.8%**.
- In 2022, the total learning hours on the Hahow self-learning platform reached **38,406** hours; applicants for learning leaves reached **1,653**.
- Since 2013, Cathay Life has held the Dreams Come True Program, disbursing more than NT\$**28** million, which benefited close to **4,000** students.
- Since 2019, we have promoted Sustainable Campus Project in cooperation with the K-12 Education Administration of the Ministry of Education, advocating anti-drug education by gaming activities, which benefited over **1.5** million students.

## Eco-living

- The first financial institution in Taiwan to obtain the ISO 20400 certification.
- Cathay Life is the first insurance company in Taiwan to obtain the ISO 14067 (Carbon Footprint Standard) certification, as well as carbon footprint reduction label issued by the EPA.
- Cathay Life is Taiwan's largest commercial renewable energy transfer company, which can transfer more than **20** million kWh of green electricity per year.
- In line with Cathay FHC's Science Based Targets (SBT), we have set the industry-leading target of using **100%** renewable energy in our service locations by 2030 and achieving net zero emissions by 2050.
- We established the Responsible Property Investment and Management Policy, and all of our new buildings use eco-friendly energy efficient designs for green buildings. As of 2022, we have a total of **14** green buildings and **17** green building certificates.



# Sustainability Awards



## Commitment

### Republic of China National Enterprise Competitiveness Development Association

National Brand Yushan Award – First Prizes for "Outstanding Enterprise," "Best Product" and "Most Popular Brand"

### Taiwan Institute for Sustainable Energy

Taiwan Corporate Sustainability Awards - Corporate Sustainability Report Platinum Award and Single Sustainability Performance - Innovation and Development Leadership Award  
Taiwan Sustainable Investment Award - Influential Institution Award

### Enterprise Asia

Asia Pacific Enterprise Award - Inspirational Brand Award

### British Standards Institution

Information Resilience – Excellence Award

### Charlton Media Group

Insurance Asia Awards (IAA) - ESG Initiative of the Year

### CSR Works International

Asia Sustainability Reporting Awards - Asia's Best Sustainability Report Design Gold Award



## Accountability

### RMIM

Four awards, i.e., the Best Quality Award of Insurance for "Highest Recognition," "Best Salespeople," "Best Claims Service," and "Most Recommended."

Two excellence awards in Insurance Dragon and Phoenix Awards, i.e., Back Office Service and Field Operation Best Correspondence Office Award, Best Achievement, and Best Social Contribution Award of the Faith, Hope & Love Awards

### Commercial Times

Three gold awards—Digital Innovation Gold Award, Best Digital Inclusion Gold Award, and Digital Business Optimization Gold Award

Gold Award in the Life Insurance Category of the Service Industry Evaluation

✦ Won the gold award for six consecutive years

### Financial Supervisory Commission

First place in the Life Insurance Category in FSC's Micro Insurance Contest and won the Excellent Performance Award

Elderly Friendly Award for petty amount whole life insurance in the elderly insurance contest

Excellence Award for Treating Customers Fairly

### Taiwan Academy of Banking and Finance and Taiwan Financial Services Roundtable

FinTech Taipei Awards - Paradigm Co-creation Award

### Wealth Magazine

Best Recommended by Life Insurance Policyholders Award and Best Insurance Service Award

### Celent

Model Insurer Award - Innovation Execution

✦ The only insurance company in Taiwan that has won The Model Insurer Award

### The Stevie Awards

Bronze award for The Stevie Awards For Sales & Customer Service - Outstanding Customer Service Training

✦ The only insurance company in Taiwan that has won The Stevie Awards



## Richness

### Sports Administration, Ministry of Education

Sports Promotion Awards - Best Long-Term Sponsor Award, Best Sponsors Award and Best Promotion Award

- ✦ Won the Best Long-Term Sponsor Award for 10 times
- ✦ Won Best Sponsors Award and Best Promotion Award for 14 consecutive years

### Ministry of Culture

Arts and Business Awards - Gold Award

- ✦ Won for 12 times

### International Data Corporation (IDC)

Asia/Pacific Future Enterprise Awards - Best in Future of Work Award and Omni-Experience Innovator



## Eco-living

### Taipei City Government

Recognized by private enterprises and organizations for outstanding green procurement unit

- ✦ Won for 13 consecutive years

### Asia Insurance Review

Asia Insurance Industry Award (AIAA) - Sustainability Awards and Digital Insurer of the Year



## Basic Information

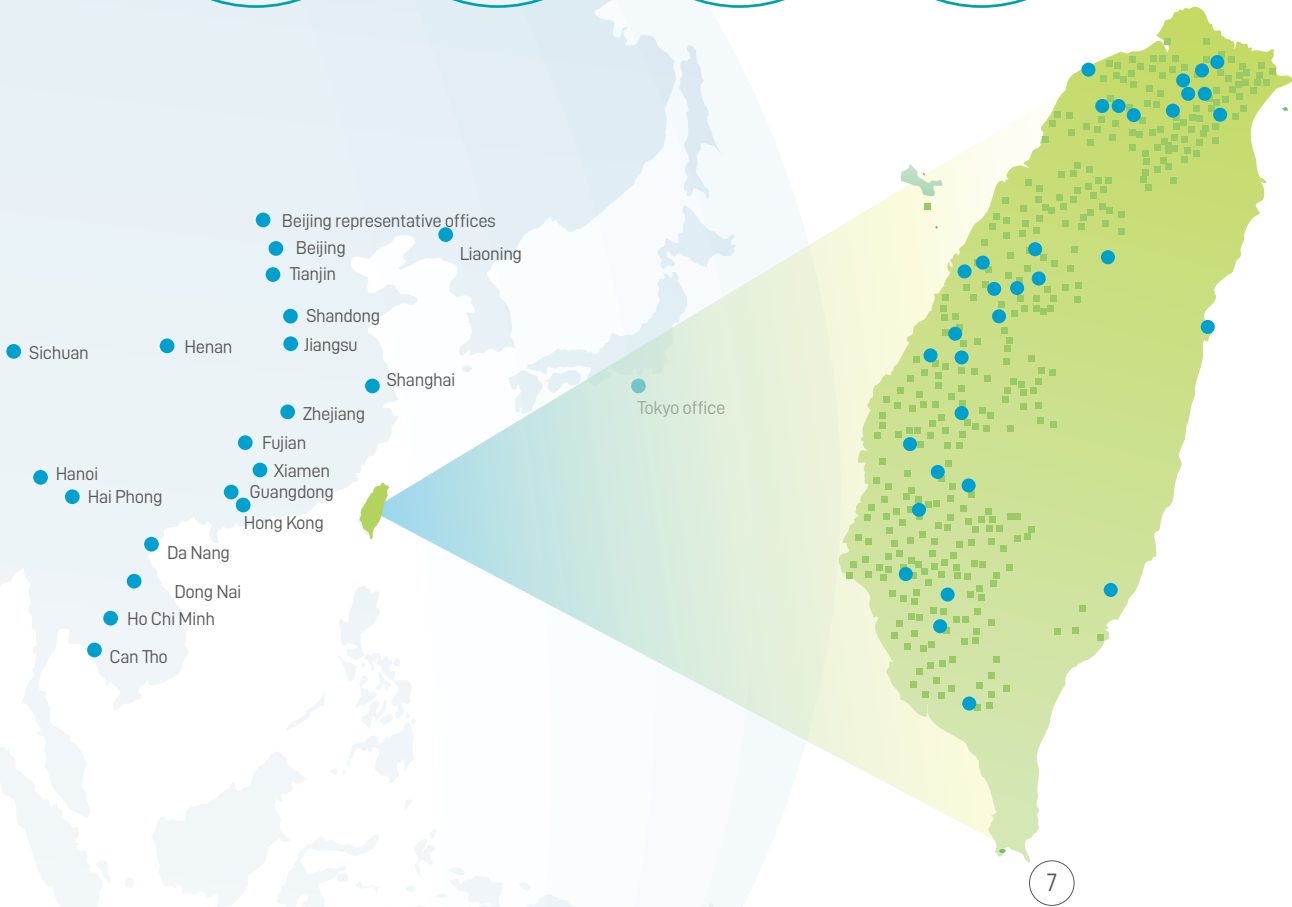
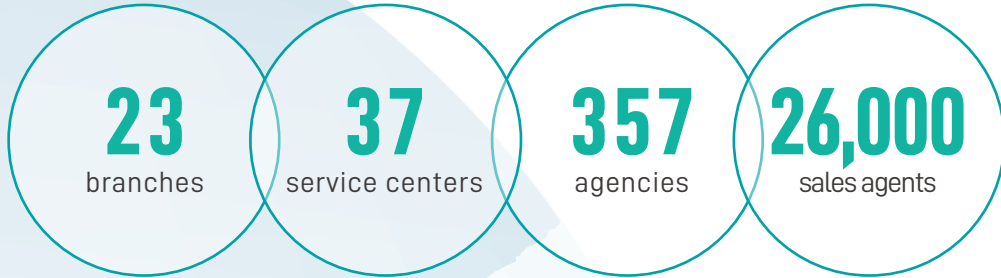
2-1 2-6 2-28

|  |   |
|--|---|
| <b>Company Name</b>                                  | Cathay Life Insurance Co., Ltd.   |
| <b>Date of Incorporation</b>                         | October 1962  |
| <b>Core Values</b>                                   | Integrity, Accountability, Creativity   |
| <b>Number of Employees</b>                           | 31,153  |
| <b>Number of Customers</b>                           | 8,133,366 (only includes personal insurance)  |
| <b>Primary Products and Services</b>                 | Life insurance, accident insurance, health insurance, annuity insurance, and investment-linked insurance  |
| <b>Important External Associations Participation</b> | <ul style="list-style-type: none"> <li>■ The Life Insurance Association of the Republic of China</li> <li>■ Chinese Insurance Service Association, Actuarial Institute of the Republic of China, Chinese National Association of Industry and Commerce, Life Insurance Marketing and Research Association (LIMRA)</li> <li>■ Insurance Institute of the Republic of China, Life Insurance Management Institute of the Republic of China, Risk Management Society of Taiwan, International Insurance Society (IIS), Life Office Management Association (LOMA)</li> </ul> |



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





## Business Sites

Cathay Life's business sites around Taiwan include 23 branches and 37 service centers and 357 agencies, with a total of over 26,000 salespeople to provide customers with a wide variety of thoughtful products and friendly services. Moreover, Cathay Life is also actively expanding overseas and established Cathay Lujiazui Life Insurance Co., Ltd. in China in 2005, and Cathay Life (Vietnam) Co., Ltd. in Vietnam in 2007, becoming the first insurance company to establish subsidiaries in China and Vietnam.

| Region         | Northern Taiwan | Central Taiwan | Southern Taiwan | Eastern Taiwan | Offshore Islands |
|----------------|-----------------|----------------|-----------------|----------------|------------------|
| Branches       | 8               | 7              | 6               | 2              | -                |
| Service center | 18              | 8              | 11              | -              | -                |
| Agencies       | 151             | 85             | 111             | 9              | 1                |

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

| Country | Description   | Number of Business Sites |
|---------|---|--------------------------|
| China   | The head office of Cathay Lujiazui Life Insurance Co., Ltd. is located in Shanghai, and there are branches in Jiangsu, Zhejiang, Fujian, Beijing, Shandong, Guangdong, Liaoning, Tianjin, Xiamen, Sichuan, and Henan, with representative offices in Beijing and Hong Kong. | 14                       |
| Vietnam | The head office is located in Ho Chi Minh, and there are branches in Hanoi, Hai Phong, Da Nang, Dong Nai, and Can Tho.  | 7                        |
| Japan   | Established an office in Tokyo.   | 1                        |



## Business Performance

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

Cathay Life will uphold the core competency of being people-oriented and the sustainability principle of reciprocity ("benefiting oneself by benefiting others") and progress toward becoming a leading financial institution in the Asia Pacific region.

|                             | 2020          | 2021          | 2022          |
|-----------------------------|---------------|---------------|---------------|
| <b>Total assets</b>         | 7,604,328,475 | 7,985,208,989 | 8,056,833,117 |
| <b>Total premium income</b> | 666,082,336   | 645,960,574   | 480,430,016   |
| <b>Operating income</b>     | 906,260,419   | 914,813,668   | 667,000,217   |
| <b>Net profit after tax</b> | 51,744,594    | 112,085,095   | 33,667,168    |

Unit: NT\$, in thousands

In 2022, Cathay Life generated NT\$**480.4** billion in premium income. Our market share was approximately **20.6%**, placing us at the **lead** in the industry.



# Sustainable Organizational Structure

## Organizational Structure

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

**Supervision and management**

The President is the committee member responsible for supervising the team's operations; supervisors of the vice president level and above serve as the executive officers and direct affairs of the six subordinate working groups, each headed by a supervisor of the vice president level and above who are responsible for managing the department heads and members in charge of execution.

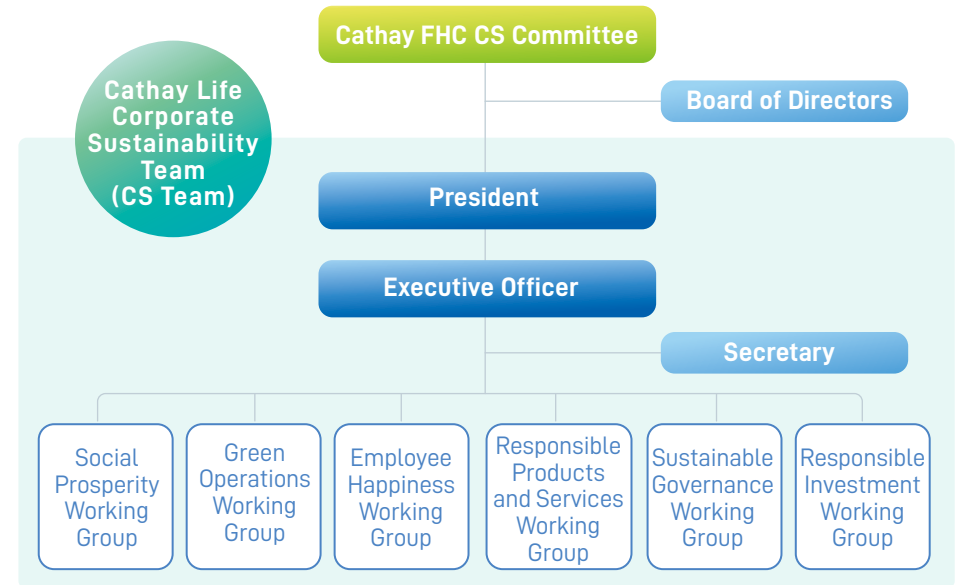
**Operating mechanisms**

CS Team attends the FHC-level CS meeting each quarter, and also convenes routine quarterly meetings to monitor the progress of each working group. The team submits a report on the implementation of CS measures to the Board of Directors semi-annually.

**Issuing of the Sustainability Report**

We issue a Sustainability Report each year to strengthen our information disclosure. Furthermore, we communicate the values of sustainability to customers, employees, competent authorities, and suppliers through internal and external channels.

2-12 2-13 2-14 Principle 1



## Sustainability-related Events

2011

2016

2017

2018

2019

2020

2021

2022

- Cathay FHC established a Corporate Social Responsibility (CSR) Committee, which was later restructured into the Corporate Sustainability (CS) Committee.
- Cathay Life established the Cathay Life Corporate Sustainability (CS) Team.
- Committed to complying with the UNEP FI's Principles for Sustainable Insurance (PSI).
- Self-compiled and issued the first PSI Disclosure Report.
- Self-compiled and issued the second PSI Disclosure Report (verified by a third party).
- The Excellence and Happiness Project for New Immigrants received SROI accreditation.
- Issued the first Corporate Sustainability Report (verified by a third party).
- Completed the Blueprint of Sustainability Strategies (including short-term, mid-term, and long-term goals).
- Issued the second Corporate Sustainability Report (verified by a third party).
- The Cathay Walker Project received SROI accreditation.
- The "zero-carbon operation transformation" was launched with a commitment to operate in line with the RE100 initiative, vowing to use 100% renewable electricity by 2030 and achieve net zero carbon emissions by 2050.
- Cathay Financial Holdings became the first financial service provider to join RE100 in Taiwan.
- Cathay Financial Holdings passed the science-based targets (SBT) for carbon emissions reduction.

# Strategical Blueprint and Goals

2-23

2-24

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

## Value Proposition

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

## Vision

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

## Strategic Focus and Goals

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

## Commitment

Attainment ● Attained ● Unattained

### Solid Governance and Steady Operations

#### Corresponding Material Topics

- Corporate Governance and Operation Integrity
- Information Security and Customer Privacy
- Integrated Risk Management
- Legal Compliance and Response

- Implementation of pilot projects to audit key sustainability KPIs. Obtained the "Excellent" rating from the Taiwan Corporate Governance Association.
- Comply with promotion schedule of Governance 3.0 - Sustainable Development Roadmap of the competent authority.
- Conduct information security governance maturity assessment.
- Formulated the climate scenario analysis for assets and liabilities.
- Improve our ranking in total fines (in ascending order) among major insurance companies (top seven companies in terms of market share) to the top 35% (ranked third; ranked first among the top three companies in terms of market share) in three years to the present.

#### Short-term goal completion status

- Less than or equal to ( $\leq$ ) one (1) major penalty case.
- Not limited by any financial business restrictions.  
Note: Suspended the sale of two products by the FSC in August 2022.
- Less than or equal to ( $\leq$ ) one (1) non-major penalty case.  
Note: Subject to two penalty cases fined NT\$600 thousand in January 2022.
- Less than or equal to ( $\leq$ ) six (6) major correction cases.  
Note: Accumulated eight (8) correction cases as of December 2022.

### Support Initiatives and Expand Influence

#### Corresponding Material Topics

- Sustainable Financial Investment
- Climate initiatives and engagement

- Continue to improve the risk trend reports and expand to other aspects.
- Collectively engaged with three to five companies on initiative activities.
- Study the viability of participating in other international organizations campaigning for responsible investment.
- Organize one engagement meeting per year for external participants.
- Improve the calculation of carbon footprint for listed equity and corporate bonds.
- Improve the scenario simulation analysis for listed equities and corporate bonds.

#### Short-term goal completion status

- Refine the approach to incorporate climate change factors into the ESG risk review process.
- Adjust the management approach of coal-related industries, lower revenue percentage threshold (from 50% to 30%), and no new investment is allowed: Revenue percentage over 30% from coal mining, coal mine railroad transport and coal-related auxiliary services; coal-fired power generation companies with revenue percentage over 30%, and do not engage in proactive transition.



Please refer to P.102 for the Medium and Long Term (2025-2030) Goals.



Please refer to P.107 for the Principles of Sustainable Insurance (PSI).



## Accountability

### Responsible Investment and Paradigm Proposal

Corresponding Material Topics

**Sustainable Financial Investment**  
**Climate initiatives and engagement**

- Exercise of voting rights of foreign investee companies which represent 35% shareholding.
- Exercise of voting rights of domestic investee companies which represent 70% shareholding.
- Refine the content of ESG risk review
  - Study and identify sensitive industries based on international trends and ESG risk factors, and adjust the investment exclusion list and sensitive industry list.
  - Adjustment/addition of sensitive industries.

Short-term goal completion status

- Organize two responsible investment training events targeting investment teams every year.
- Adjust/add engagement themes based on international trends and ESG risk factors.
- Facilitate disclosure of responsible investment measures.
  - Publish Responsible Investment and Stewardship Report.
  - Publish voting result disclosure reports.
  - Publish engagement reports.

### Diverse Coverage and Thoughtful Services

Corresponding Material Topics

**Sustainable products and services**  
**Customer Rights Protection and Service Quality**  
**FinTech Application**  
**Financial Inclusion**  
**Operations and financial performance**

- Promote health management by citizens, and deeply embed health-promoting concepts.
  - Launch more than two spillover-feature insurance products every year to encourage equal attention on both insurance and health.
  - Optimizing FitBack products: Increase health promotion mechanisms, enhance health-promoting spillover effects, and increase applicable insurance types and participation of policyholders.
  - Promotion of FitBack program to enable healthy people become policyholders, and to support the health of policyholders: Increase number of collaborative companies, enrich service diversity, garner as high as 800 thousand members.
- Refine elderly service framework.
  - Offer 10 protective or investment-linked products to meet the protection needs of elderly people in response to the aging population.
  - Launched four elderly care services (fracture, dementia, disability and cancer).
- Improve and realize financial inclusion.
  - Fulfill the demands of access: Provide five or more financial inclusion products and add product descriptions in foreign languages for more than 10 products.
  - Expand the scope of usage: Provide more than five online insurance products, with mobile insurance utilization reaching 90% or above (excluding mobile insurance premiums).

Short-term goal completion status

- Enhance customer satisfaction, improve the fairness of customer service, enhance service quality, and protect customer rights.
  - Customer service satisfaction reaches 90% or higher.
  - R-NPS reaches 20 points.
- Ranked as top 25% companies in the evaluation for Treating Customers Fairly.
- Digital service satisfaction reaching 90% or higher.
- Developing Digital Communication Service Tools
  - Expand the concept of CX (customer experience) applications, develop friendly and convenient customer-oriented digital services.
  - Extend customer view to all 0800 service hotline and service personnel, and combine background data cleaning, searching and labeling, widening the scope of customer service in the virtual channel.
  - Continue to upgrade digital service channels including the official website and MML, gradually introduce digital service functions to meet the needs of customers, and enhance the cohesiveness across digital channels.
  - Establish and improve IoT framework and ecosystem, increase cross-industry collaboration, take advantage of policyholders' use of services from different industries, connect the insurance industry in series, and carry out policy design or service customization, etc.



## Richness

### Healthy Lifestyle and Work-Life Balance

Corresponding Material Topics

- Talent Recruitment and Development
- Employee Rights and Benefits
- Workplace Safety and Health
- Workplace Equality, Diversity and Inclusion

Short-term goal completion status

- Cultivate cross-disciplinary approaches and strengthen cross-disciplinary skills.
  - Strengthen rapid decision-making, lead colleagues to develop cross-disciplinary skills, and achieve 20% coverage rate for the transition.
  - Qualified for job rotation, with actual job rotation rate over 15%.
- Expand and implement internal recruitment mechanisms: Expand the scope of internal recruitment to include vacancies of general positions; recruit simultaneously from internal and external sources, with replacements by internal candidates accounting for 3% or higher of total recruitment.
- Developing alternative training channels and encourage employees' spontaneous learning.
  - Continue to introduce various learning channels and integrate diverse training resources.
  - The overall average number of training hours per person reaches 220 hours/year.
- Increase employee engagement and satisfaction: Analyze the dimensions of lower employee engagement survey scores and conclude on major factors for improvement; the is four points or higher in both engagement score and satisfaction score (on a five-point scale).
- Construct a safe work environment and promote health awareness.
  - Expand and continue to implement work environment monitoring for a total of 178 office buildings.
  - Enhance employees' safety and health awareness, and maintain disabling injury frequency below 0.5.
  - Attendance in full-year health-promoting events (including health-related lectures and health education campaigns) reaches 30 thousand people, developing a culture of health promotion.
- Continue to promote female employees to senior managerial positions: Percentage of positions held by women in senior management reaches 20%.
- Shape a cultural atmosphere upholding equality and inclusion.
  - Review the internal impacts on inclusion in the workplace for improvement, in order to achieve employee engagement score of 4.2 points or higher (on a five-point scale) (engagement survey scores on gender equality and inclusion in the workplace).
  - Review various newly formulated procedures, regulations or activities to minimize discrimination.

### Social Care and Value Creation

Corresponding Material Topics

- Participation in Charity and Welfare

Short-term goal completion status

- Volunteer service hours reaches 50,000 hours.
- 1.2 million beneficiaries in projects or events.
- Completed professional event management lectures and trainings for 40% of the projects.
- We will continue to make improvements based on the SROI trial calculation results, in order to achieve effective project implementation.
- Collaborate with professional groups to expand the performance of projects and increase the number of beneficiaries.
- The course or activity content incorporate core competencies of the group to increase social value.
- Design questionnaires for 40% of the projects to assess the effectiveness of activities.
- Track students or groups for the incorporation of core competencies and development of internal projects.

## Eco-Living

### Green Operations and Impact Mitigation

Corresponding Material Topics

- Supply Chain Management
- Green Operations

Short-term goal completion status

- 5% carbon reduction using 2020 as the baseline year (actual carbon reduction 13.7%).
- The new computer room building in Qingping, Taoyuan obtained the LEED Gold Certification.
- The new office building in Qingping, Taoyuan obtained the LEED Gold Certification.
- The new office building in Shixing, Zhubei obtained the LEED Gold Certification.
- Obtained RE5.8 certificate for all domestic bases in 2022.

### Eco-Friendliness and Sustainable Homeland

Corresponding Material Topics

- Environmental Care

Short-term goal completion status

- 100% of suppliers sign Cathay's Sustainability Value Declaration, and continue to provide suppliers with education and training.
- Supplier training reached 100% to achieve a win-win situation.
- Establish a supplier risk assessment model after discussions with consultants and Cathay FHC to decide on feasible practices.
- Using 2018 as the baseline year, our environmental sustainability promotions reached 67 million people cumulatively.
- Environmental education hours per employee reach four hours.
- Invite policyholders to participate in beach cleanup activities.

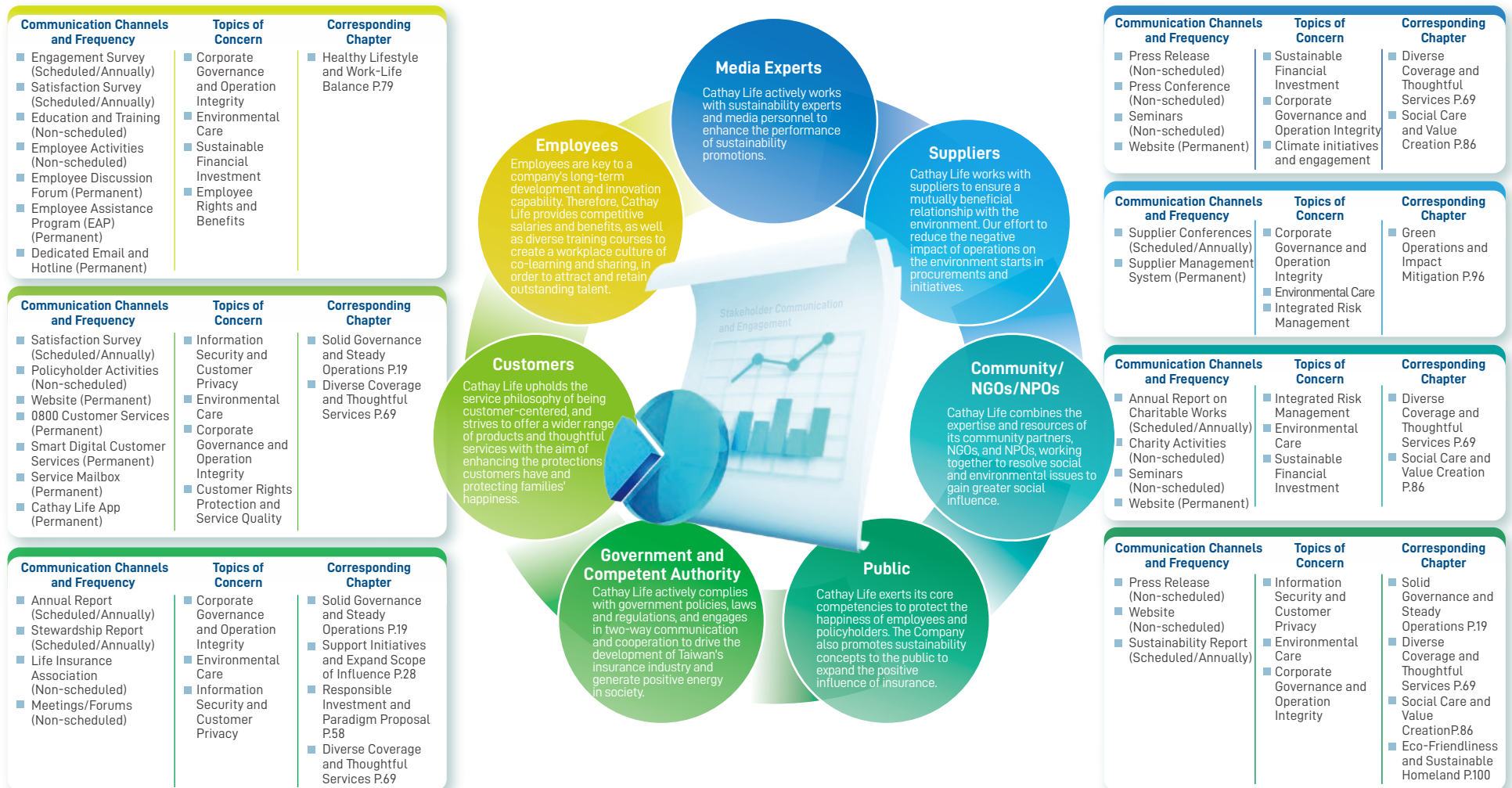


# Stakeholders and Material Topics

2-16 2-29 3-1 3-2

# Stakeholder Communication and Engagement

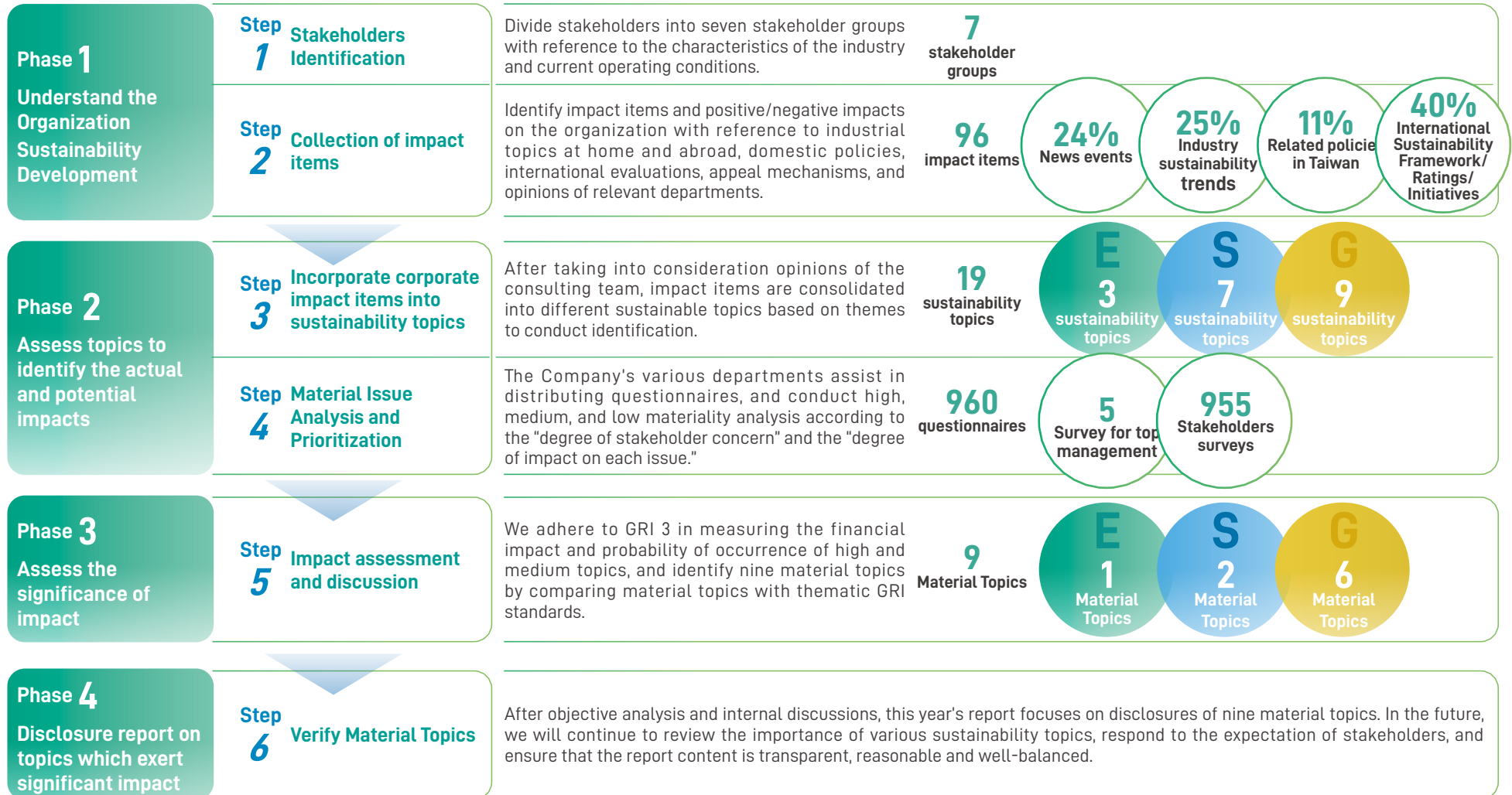
In response to changing trends and challenges, Cathay Life identified seven major stakeholders through through business development guidelines and evaluation of financial peers. Through different channels in response to different trends and challenges, and focuses on topics that stakeholders are concerned about. Hoping to respond to stakeholders' needs and expectation, our actions plans are guided by the C.A.R.E strategy focuses.





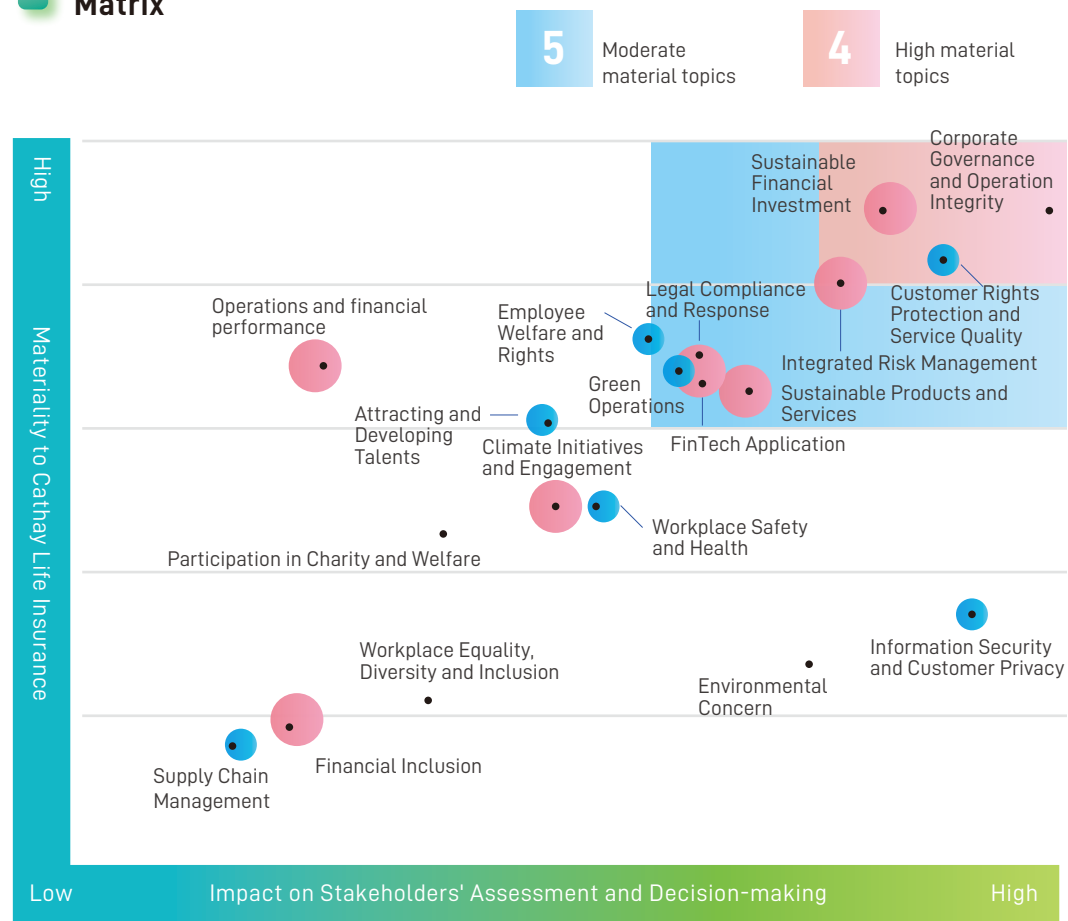
## Material Topics Analysis

### Analysis process





## Matrix



Note 1: Topics circled in red are sustainability topics with high probability of occurrence, and topics circled in blue are sustainability topics with moderate probability of occurrence.

Note 2: For the probability brackets, "high" impact on the organization/enterprise covers more than 80% probability of occurrence, "medium" probability of occurrence more than 50%, and "low" probability of occurrence less than 50%.

Note 3: The original "ESG Product and Services" was renamed as "Sustainable Products and Services" to promote stakeholder communication. The original "Climate Action" was renamed as "Climate Initiatives and Engagement" to emphasize that in addition to initiatives, climate governance shall also implement actions.

| Topic  | Materiality of topics                    |                     | Changes Made to Material Topics  |
|--|--|---------------------|--|
|  | 2022                                     | 2021                |  |
| <b>Operations and financial performance</b>      | Non-Material Topics (Outside the Matrix) | -                   | <p style="text-align: center;">↑ Increases</p> <p>External factors such as the pandemic and global inflation had exerted influences on financial performance, and in response, the Company incorporated new topics. The Company will continue to keep track on the development of the issue and meet stakeholder needs.</p> <p>This issue was highly important to employees, and the results of this year's survey analysis indicated that this was a material topic. In response, the Company has formulated management policies as it attaches great importance to employee opinions.</p> <p>Increase the importance for responding to international carbon reduction trends and internal goals and actions, in order to strengthen stakeholder communication.</p> |
| <b>Employee Rights and Benefits</b>              | Material Topics (High)                   | Non-Material Topics |  |
| <b>Green Operations</b>                          | Material Topics (Medium)                 | Non-Material Topics |  |
| <b>Information Security and Customer Privacy</b> | Non-Material Topics (Outside the Matrix) | Material Topics     |  |
| <b>Talent Recruitment and Development</b>        | Non-Material Topics (Low)                | Material Topics     |  |
|  |  |                     | ↓ Decrease   |





## Impact of material topics and identification of value chain Identification

| Material Topics                                       | Impact   | Material financial impact <sup>Note 1</sup> | Value chain comparison <sup>Note 2</sup> |            |                    | The GRI Standards Comparison   | Corresponding Chapter  |
|---|--|---|--|------------|--------------------|--|--|
|   |  |   | Upstream                                 | Operations | Downstream         |  |  |
| <b>Sustainable Financial Investment</b>               | Incorporate ESG factors into insurance investments to mitigate investment risks and implement shareholders' activism.                | V   | -  | -          | Directly linked to | Customized Topics  | Responsible Investment and Paradigm Proposal<br>■ Sustainable Investment Actions P.67                        |
| <b>Integrated Risk management</b>                     | Facing potential operating problems due to failure of early management of emerging risks.  | V   | -  | Cause      | -                  | Customized Topics  | Solid Governance and Steady Operations<br>■ The Great Steady Tree P.22                                       |
| <b>Corporate Governance and Operation Integrity</b>   | Corporate governance strengthens the trust between the Company and consumers, in order to avoid damage to corporate image.           | -   | -  | Cause      | -                  | GRI205 Anti-corruption   | Solid Governance and Steady Operations<br>■ The Great Steady Tree P.19                                       |
| <b>FinTech Application</b>                            | Develop digital services to meet market demands and optimize pricing strategies.   | V   | -  | Cause      | -                  | Customized Topics  | Diverse Coverage and Thoughtful Services<br>■ Developing Digital Services P.75                               |
| <b>Legal Compliance and Response</b>                  | Regulatory adjustments promote corporate sustainability transformation but in turn, raise legal compliance costs.                    | -   | -  | Cause      | -                  | Customized Topics  | Solid Governance and Steady Operations<br>■ Operation Integrity P.26   |
| <b>Sustainable Products and Services</b>              | Develop sustainable products and services, reduce insurance portfolio risks and insurance expenditures for the long term.            | V   | -  | Cause      | -                  | Customized Topics  | Diverse Coverage and Thoughtful Services<br>■ Providing Diverse Protection P.71                              |
| <b>Green Operations</b>                               | Promote energy conservation and carbon reduction measures to implement green energy use, and achieve the goal of net zero emissions. | -   | -  | Cause      | -                  | GRI302 Energy<br>GRI305 Emissions  | Green Operations and Impact Mitigation<br>■ Environmental Data Review, Energy and Resource Management P.96   |
| <b>Customer Rights Protection and Service Quality</b> | Unclear policy content or the wrong marketing strategy would damage customer rights and interests, and corporate image.              | -   | -  | -          | Cause              | FS15 Policies related to fair design and sale of financial products and services | Diverse Coverage and Thoughtful Services<br>■ Customer-Centric Approach P.73                                 |
| <b>Employee Rights and Benefits</b>                   | Provide comprehensive employee benefits and flexible work arrangements to attract talents.   | -   | -  | Cause      | -                  | GRI401 Employer-employee relationship  | Healthy Lifestyle and Work-Life Balance<br>■ Talent Development and Cultivation P.81<br>■ Employee Care P.83 |

Note 1: Relevant material topics have different degrees of financial impact on Cathay Life, and those marked with "V" are material topics with high financial impact.

Note 2: "Cause" refers to an impact caused by the organization's own activities; "contribute to" refers to the organization's activities cause, facilitate or induce an impact on another entity; "directly linked to" means that although the organization does not cause or contribute to an adverse impact, its operations, products or services may also have an adverse impact due to its business relationship.



# Commitment

## 19 Solid Governance and Steady Operations

- 19 The Great Steady Tree
- 26 Operational Integrity

## 28 Support Initiatives and Expand Influence

- 28 TCFD Compliance and Strengthening Climate Resilience
- 50 Pioneering Sustainability and Leveraging the Power of Dialog



### Core Philosophy

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

### Sustainability Highlights



In 2022, we provided each employee **3** hours of information security promotion courses, and organized **281** sessions of personal data education and training courses.



For the CDP Non-Disclosure Campaign, we engaged a total of **41** companies with a success rate of **61%** (**25** companies), which is well above the global average.



Climate Action 100+ and engagement of **3** companies (Hon Hai Technology Group, China Steel Corporation [CSC] and Formosa Petrochemical Corporation [FPCC]) for committing to zero-net carbon emissions or carbon neutrality by 2050.

SDG 3 SDG 16

## Management of material topics

|  |   |  |  |  |
|--|---|--|--|--|
| Corporate Governance and Operation Integrity | <b>Policy commitment</b>                            | Cathay Life Insurance has established an effective management framework to ensure shareholder rights and interests, by taking into account stakeholder interests. This enabled Cathay Life Insurance to achieve its business goals, with full disclosure of relevant information to the public.  |  |  |
|  | <b>Management and actions</b>                       | Compliance with Governance 3.0 - Sustainable Development Roadmap   | Sound corporate governance structure   | Strengthen competencies of the Board of Directors  |
|  | <b>Performance tracking/ stakeholder engagement</b> | <ul style="list-style-type: none"> <li>Various business executions of the Company are based on five main aspects, including strengthening board functions, increasing information transparency, fortifying stakeholder engagement, aligning with international standards, and deepening corporate culture related to sustainable governance.</li> <li>Cathay Life Insurance received the highest rating (Excellent) in the Corporate Governance System Assessment for three consecutive terms, which was organized by the Corporate Governance Association in Taiwan.</li> </ul> | <ul style="list-style-type: none"> <li>Adopt dual-track governance by independent directors and supervisors.</li> <li>Appointed corporate governance officers to assist directors in executing related affairs, in order to improve board efficiency.</li> </ul> | <ul style="list-style-type: none"> <li>Established the board performance evaluation system. In 2022, there were 37 evaluation items, and the overall evaluation results exceeded standards.</li> <li>Organized continuing education of the Board of Directors. In 2022, each director received an average of 18 hours (higher than the six hours of training as required by law).</li> <li>The Board of Directors proactively participated in meeting discussions, and the overall attendance of Directors was 96% (excluding proxies) in 2022.</li> </ul> |

|                               |   |  |  |  |
|-------------------------------|---|--|--|--|
| Legal Compliance and Response | <b>Policy commitment</b>                            | Cathay Life Insurance strive to form an organizational culture of regulatory compliance, and comply with various internal and external laws and regulations, while keeping track of the changes in statutes in order to timely make business adjustments. In addition, we monitor the legal compliance status through our management system, with a sound mechanism to handle violation of laws and regulations and make improvements. |  |  |
|                               | <b>Management and actions</b>                       | Establishment of accountable unit  | Establish the compliance management system   | Regulatory compliance education and training   |
|                               | <b>Performance tracking/ stakeholder engagement</b> | <ul style="list-style-type: none"> <li>Establish a dedicated regulatory compliance unit.</li> </ul>  | <ul style="list-style-type: none"> <li>We also regularly organize the Second and Third Lines of Defense Joint Meeting (on Legal Compliance, Risk Management, Information Security, and Auditing) and the Legal Compliance Meeting.</li> <li>Legal compliance self-evaluation and self-inspection were conducted twice a year.</li> </ul> | <ul style="list-style-type: none"> <li>Regularly issue monthly newsletter "Regulatory Compliance Auditing and Information Security Monthly."</li> <li>Conducted online legal compliance tests two times every year.</li> <li>We conduct regulatory compliance online courses for internal employees and field workers. In 2022, the number of trainees was 30,767, and the total training hours reached 365 thousand hours.</li> </ul> |

|                            |   |  |  |  |
|----------------------------|---|--|--|--|
| Integrated Risk Management | <b>Policy commitment</b>                            | Cathay Life Insurance has incorporated ESG issues into various business processes, and established complete mechanisms, objectives, and emergency response plans of risk management, so as to monitor and respond to potential operational, financial, and emerging risks in relation to environmental or social trends. |  |  |
|                            | <b>Management and actions</b>                       | Establish the Risk Management Committee  | Complying with International Supervision Standards   | Comprehensive risk management system   |
|                            | <b>Performance tracking/ stakeholder engagement</b> | <ul style="list-style-type: none"> <li>Establish the Risk Management Committee under the Board of Directors.</li> <li>Quarterly meetings are convened to submit reports to the Board of Directors.</li> </ul>  | <ul style="list-style-type: none"> <li>Establish a comprehensive risk assessment process, goals, and response plans through enterprise risk management (ERM) to align with Insurance Core Principles (ICP).</li> </ul> | <ul style="list-style-type: none"> <li>Established an emergency response and operations resumption mechanisms. To confirm the appropriateness and feasibility of the mechanism, we annually conducted various simulation drills on a regular basis. As a result, Cathay Life became the first insurance company in Taiwan to receive ISO 22301 certification in 2021, with the largest business scope.</li> <li>Establish a rigorous information security management framework. No significant information security event was found in 2022, and as a result, Cathay Life won the BSI Information Resilience Excellence Award.</li> <li>Establish a comprehensive personal data management system. There was no significant personal data infringement event in 2022.</li> </ul> |

## Solid Governance and Steady Operations

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

## The Great Steady Tree

2-9

2-10

2-11

2-15

2-17

2-18

2-19

Principle 1

Principle 3

Cathay Life upholds the core value of Integrity, Responsibility, and Innovation, and aims strengthen sustainable governance in compliance with the Corporate Governance 3.0 -Sustainable Development Roadmap issued by the FSC. In addition to improving corporate governance efficiency, it also actively participated in various external evaluations by professional institutions. As a result, Cathay Life received the highest rating (Excellent) in Corporate Governance System Assessment for three consecutive terms, which was organized by the Corporate Governance Association in Taiwan. As a subsidiary of Cathay Financial Holdings, Cathay Life supported Cathay Financial Holdings in being selected as a constituent stock of the DJSI Emerging Markets Index and DJSI World Index for four consecutive years since 2018, indicating that Cathay Life is one of the top scoring companies in the world in terms of corporate governance performance.

### ( I ) 2022 Key Corporate Governance Refinement Project



- In compliance with the Corporate Governance 3.0 -Sustainable Development Roadmap, the Company's various business executions are based on five main aspects, including strengthening board functions, information transparency, stakeholder engagement, keeping in line with international standards, and deepening corporate culture related to sustainable governance.
- Improvement of information security, strengthening of information management mechanism, and appointment of an Information Security Officer.
- Obtained the "Excellent" rating from the Corporate Governance System Assessment.
- The average actual attendance rate of the board of directors, training hours, internal performance evaluation results and diversification policy all exceed legal requirements.

### ( II ) Corporate Governance Organizational Structure

To improve the corporate governance structure, we not only established a functional committee of the Risk Management Committee under the board of directors, with a two-tier board system in which the independent directors and supervisors are separate. The supervisors are responsible for supervising board operations and decision-making, while independent directors participate in the Company's business decisions, in order to actively keep in line with international trends and Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers issued by TWSE. Since 2019, the corporate governance supervisor has been appointed to provide directors with business operations reference and legal compliance information, and assist directors in business execution, with more effective board practices.

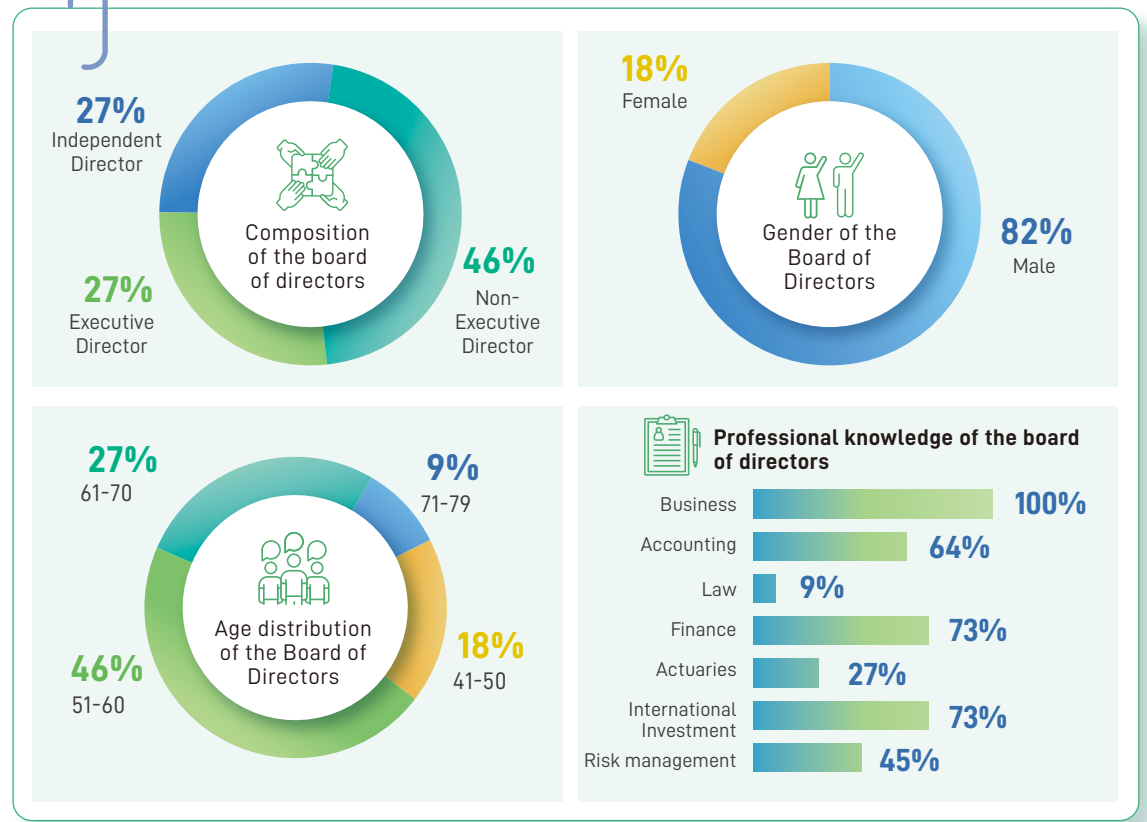


### ( III ) Board Diversity and Operation

#### ■ Diversified composition of the board of directors

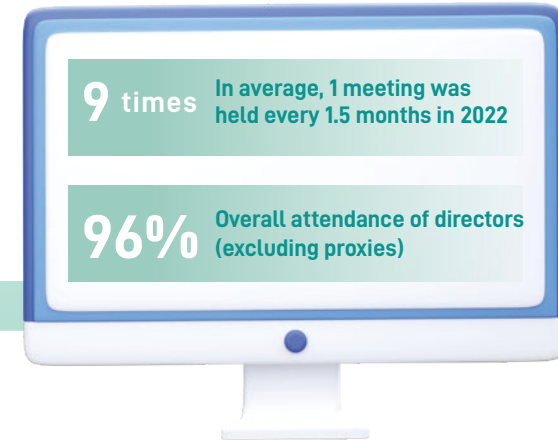
The Company currently has 11 directors, including 5 non-executive directors, 3 independent directors and 3 executive directors (general manager, executive vice president and senior vice president), which have professional skills and experience in business, accounting, law, finance, actuary, foreign investment, and risk management.

Please refer to the board structure, diversification policy and board independence.



## Operations of the Board of Directors

To implement board functions, all directors actively participated in discussions, requiring business units to keep track of the progress of key proposals discussed in the board of directors meeting, and periodically report to the board of directors. In addition, the board of directors annual work plan is formulated every year, focusing on key proposals to improve the efficiency of decision-making for the board of directors.



## Board performance evaluation and professional education

2022 Board performance evaluation results:

The board actively partakes in the Company's operations and attach great importance to corporate sustainability issues such as disclosure of climate-related information and green finance; fulfills its duties to instruct and supervise the Company's strategies, major business activities, and risk management practice, and establishes suitable internal control system. The sustainable business practices are consistent with the Company's operating goals. There are 37 evaluation items, and the overall evaluation results exceeded standards.

### Board of Directors

- Participation in the Company's operations
- Quality of board decisions
- Board composition and structure
- Selection of suitable board directors and continuing professional education
- Internal control



### Individual director

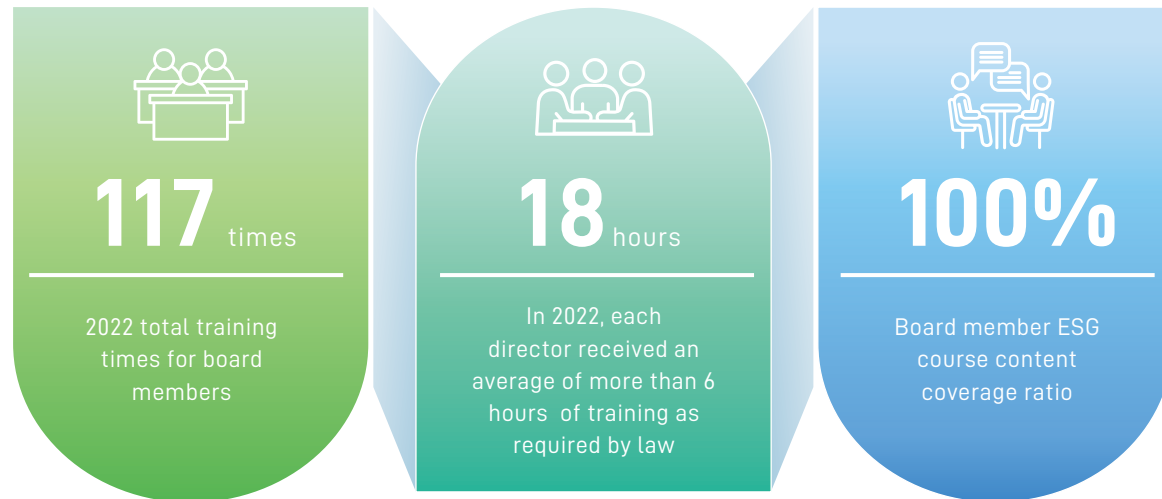
- Attendance at the Board of Directors meetings
- Understand proposals before the meeting, and participate in board discussions
- Compliance with Laws and Best Practice Principles
- Improve corporate governance
- Continuing education on corporate governance courses
- Understanding of the company, management team, and industry
- Other matters designated by the competent authority or the board of directors



## Professional education and training of board functions

In order to strengthen sustainable governance of the board of directors, and keep in line with international trends, the directors continue to participate in external courses and seminars, and actively provide core courses in compliance with relevant laws and regulations and the competent authority. The Company also organized core courses and professional courses every year (covering 4 categories: teamwork and operations, finance business and technology, risk management and internal control, digital governance and corporate governance) for board members to participate according to the directors' training plan and questionnaires, so as to gain a better understanding of their fields by diversified channels, and fulfill their duties of loyalty and due diligence as business decision makers and leaders.

Please refer to Cathay Life's 2022 Annual Report on P.52



For the nomination and selection of the board of directors, please refer to the Procedures for the Election of Directors and Supervisors of Cathay Life Insurance.

For the conflicts of interest, please refer to the Internal Procedures and Regulations Governing Cathay Life's Transactions Other than Loans with Stakeholders.

## ( IV ) Strengthening Risk Management

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

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



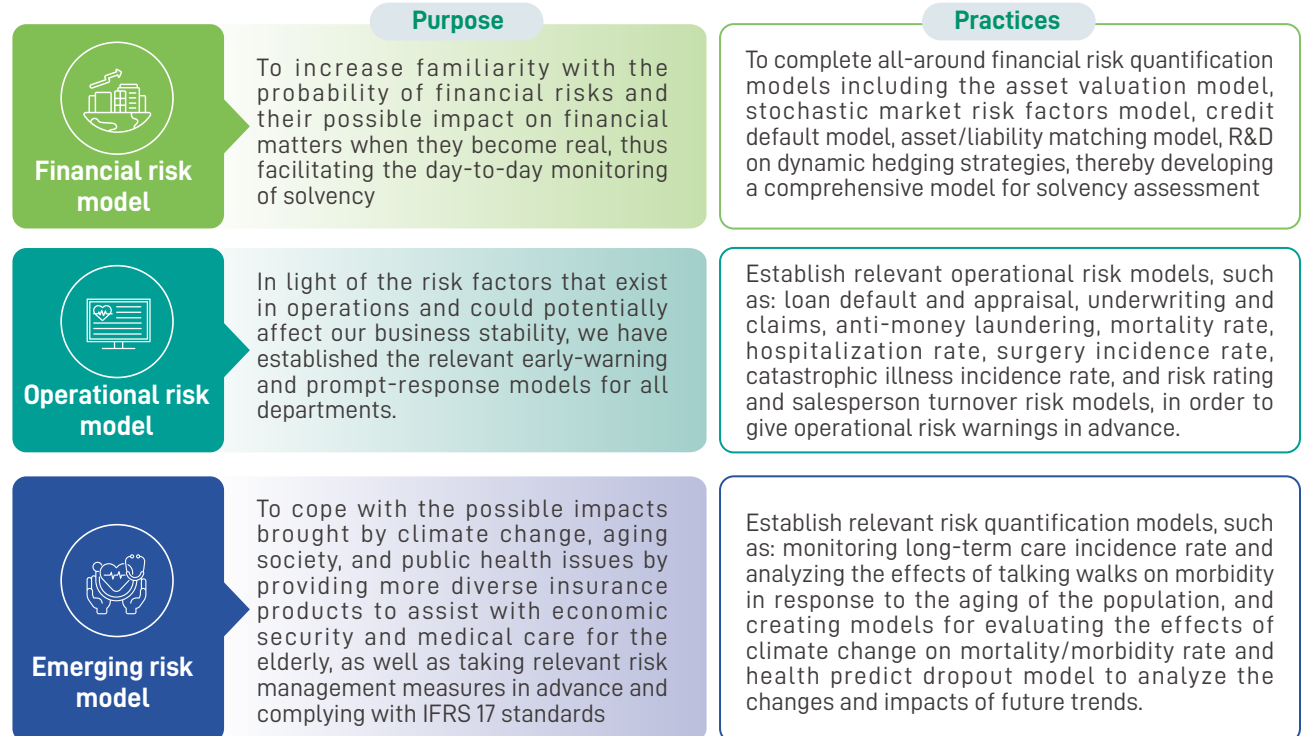
## Complying with International Standards

Cathay Life improved its professional technology and risk management skills by obtaining relevant experience via international exchanges in the past years. It voluntarily participated in IFRS 17 and ICS calculations, so as to understand the impact of international systems. In addition, the Company have made constructive proposals to the International Accounting Standards Board (IASB) and the International Association of Insurance Supervisors (IAIS) in response to the regional characteristics of Taiwan and risks of Taiwan's life insurance industry, which have been approved many times, so that the ICS can reasonably reflect on the actual financial performance and solvency of life insurance companies in Taiwan.

In response to preparations for domestic accounting and solvency systems to meet international standards, the Company actively engaged in discussions with domestic scholars, insurance organizations (such as: Actuarial Institute of Chinese Taipei (AICT), Life Insurance Association of the Republic of China, and Taiwan Insurance Institute) and the competent authority. In addition to feedback and international exchange experience, the Company also proposed localization adjustments and transitional conversion measures based on the regional characteristics of Taiwan's life insurance industry and its influence, and shared its experience in seminars, so as to assist the industry in complying with the international standards. Internally, the Company has formulated and periodically adjusted self-management planning to comply with the IFRS 17 and ICS. The contents cover investment, commodities, and distribution channel strategies, with regular monitoring of the current status. We aim to keep track of the Company's compliance with international standards, with real-time monitoring and response measures in case of any deviation.

## Developing risk management systems through industry-academia cooperation

Cathay Life, along with the Life Insurance Association and other insurance service providers, has jointly completed the 2017 White Paper of Advice on the Sustainable Development Policy for the Life Insurance Industry to provide relevant advice to the competent authorities, thereby ensuring sound risk management for the insurance industry. Since 2005, Cathay Life has been collaborating with experts and academics from various countries and working in various disciplines in establishing quantitative models for financial risks and emerging risks for the purposes of establishing an effective risk control mechanism and drawing up response plans. As of the end of 2022, we have developed 45 models. For example, financial distress prediction models, various empirical models of incidence rate, smart insurance policy analysis, claims and abnormality detection, and anti-money laundering models. We began responding to Task Force on Climate- Related Financial Disclosure (TCFD) requirements in 2019, and worked together with academics in the modeling and quantitative assessment of the effect of climate change on claims of life insurance products, so as to improve our tools for risk assessment.







## Business Continuity Management

Given technological development and environmental changes, the companies encountered more operating risks, such as natural disasters, human-caused disasters, infectious diseases and IT incidents, which may cause operational disruptions. Cathay Life has established an emergency response and operations resumption mechanisms. To confirm the appropriateness and feasibility of the mechanism, the Company annually conducted various simulation drills on a regular basis. In addition, when implementing remote backup drills, the business operations verification is also included to ensure that all of the Company's businesses and customer services are not affected by risk incidents. The Company invested in the establishment of Qingpu Information Centre, which was the first in the financial industry to obtain Uptime Tier 3 Certification, with improved dual center operation mechanism of the IT system to ensure that the computer rooms maintain operations without interruption. Furthermore, we use international verification standards to examine our insurance services, administrative operations, claims services, and customer consultation services. As a result, Cathay Life became the first insurance company in Taiwan to receive ISO 22301 certification in 2021, with the largest business scope. It is also comprehensively strengthening the continuous operations management system, in order to provide uninterrupted and convenient services.

Continue to obtain certification in 2022

**First in the industry with the widest scope**

Ensure uninterrupted customer services

**Continue to obtain ISO certification to meet international standards**

- The first domestic life insurance company to obtain the certification
- Providing more than 50% of the Company's unit support services

Obtained certification in the second half of 2022

**The only company in the industry with dual-certification computer room**

To provide stable and uninterrupted information service

**Qingpu Information Centre with Tier III Certification**

- Design certification (Tier III Facility)
- Installation certification (Tier III Design)
- LEED green building certification (LEED Gold)

## Personal Data Security

**Sound personal data management system**

Cathay Life developed a sound personal information management system, which passed the BSI and obtained the BS10012 Personal Information Management certification in 2014, and passed the reversion certification in 2018. Corresponding GDPR requirements, the Company was the first in the industry to introduce and pass the ISO29100 Information Technology - Security Techniques - Privacy Framework certification, and the first insurance company to obtain BS10012 and ISO29100 certifications.

**Robust personal data management system**

To ensure the protection and reasonable use of customer data, we will continue to optimize the personal information management system, and strengthen system applications for the protection of personal data. To reduce the risk of personal information breaches, various protection mechanisms have been established, such as gateway data leakage prevention mechanism, the APP control mechanism. We also manage the use of personal information by personal information inventory of the Company's PCs, and the establishment of a "Personal File Administration Classified Section", so as to effectively prevent data leakage and achieve personal data protection.

**Continually strengthen response measures to personal data incidents**

Cathay Life has formulated the Management Regulations on Personal Information Misuse Incidents which stipulated the emergency response procedures for personal information misuse incidents. To achieve better effectiveness of the response procedures, we refer to external case studies every year, plan scenarios, and strengthen emergency response capabilities through simulation drills. In 2022, there were no material personal information misuse incidents, and only 8 cases were the result of sales agents neglecting to inform customers of third parties. Meanwhile, we will continue to strengthen education, training, and promotion for service personnel, in order to reduce the incidents of personal information breaches.



## Information Security

Cathay Life's IT security governance is based on the ISMS framework. The IT security department is in charge of the formulation of information security policies and management standards, coordinating the development of IT security policies, and is responsible for IT security technology research and monitoring. Furthermore, it has adopted an ex-ante preparation, in-process investigation, and post-hoc monitoring approach, placing emphasis on increasing cybersecurity monitoring, enhancing the resiliency of cybersecurity operations, bolstering information security management, and building collaborative defense capabilities. In doing so, we ensure continuous system operations and data security, thereby creating a secure environment for the development of financial services. Since 2007, Cathay Life gradually obtained international information security certifications for the refining of information security management system, enhancing our ability to defend and protect in response to various risks with information security and personal data, ensuring the security of customer privacy and the Company's confidential information. With that, Cathay Life has become the insurance company which obtained the most international information security-related certifications. In addition to strengthening information security management system, we also continue to cultivate personnel from the Information Security Department to acquire the necessary professional skills, and obtained 10 new personal information security certifications in 2022. Under such a rigorous information security management framework, no significant information security event was found in 2022, and as a result, the Company won the BSI Information Resilience Excellence Award.

### Increasing cybersecurity monitoring

- Establish an information security consultation task force that reports to the Board of Directors
- Appointed an Information Security Officer
- All directors/supervisors have completed the information security education and training courses

### Enhancing the resiliency of cybersecurity operations

- Ramp up Distributed Denial of Service (DDoS) drills
- Participating in major financial information security incident response drills

### Bolstering information security management

- Acquire international information security certifications (e.g., ISO27001, 27017 and PCI-DSS certifications)
- Improve financial cybersecurity maturity assessments
- Established the Information Security and Personal Information Management Committee, and 2 information security management and review meetings were held in 2022

### Building collaborative defense capabilities

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

To embed information security concepts among all employees, we provided all employees with 3 hours of information security promotion courses, we organized 281 information security training courses to enhance employee awareness. Based on the results from "Social Engineering Exercise", we conducted training on various topics for 122 employees, and 14 information security personnel participated in 599 hours of professional training courses. A total of 30,903 employees received 93,010 hours of training in 2022.



- General Knowledge on the Information Security
- Social engineering email advocacy
- Safety Precautions to Take When Working From Home
- Personal Data Protection
- Self-Protective Measures
- Case Studies from Other Insurance Companies
- Case study

## ( V ) Management Level Remuneration Policy

### Remuneration for Directors/ Supervisors

The Company formulated its directors'/supervisors' remuneration policy according to the Guidelines for Directors'/Supervisors' Remuneration, and the remuneration of directors/supervisors is determined by the board of directors based on each individual Directors'/Supervisors' level of participation, contribution to the Company's operations, the Company's business performance, and individual performances, in reference to industry peers.

Business execution, finance operations, and risk management indicators are considered in the performance evaluations of directors to improve operational risk management. The annual evaluation results will affect the remuneration for directors/supervisors.

### Remuneration of Senior Management

The Company established the Guidelines for Remuneration of Senior Management to create long-term value for shareholders. The remuneration of senior management is approved according to their position, duties, performance, ability, and market standards. For example, the variable portion of remuneration to the president is linked to business indicators, financial indicators, risk management, internal control, and corporate sustainability indicators.

We analyze the competitiveness of remuneration and assess the remuneration of individual managers each year to verify the reasonableness of senior management's remuneration.

# Operation Integrity

2-25 2-26 2-27 205-2 Principle 1

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

Please refer to Cathay Life Reporting System Official.

## ( I ) Regulatory Compliance

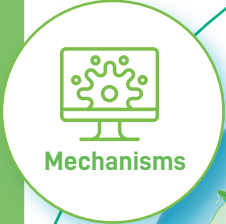
Cathay Life establishes systematic channels for the dissemination of laws and regulations, control, and education to raise our employees' awareness, ensure legal compliance for all businesses, and reduce the probability of operational risks.

In 2022, we continued to optimize our Legal Compliance Management System and integrated it with the enforcement systems of other insurance companies to improve compliance performance.

2022 material penalties and improvement measures: None  
 Note 1: Material penalties are cases with cumulative fines of more than NT\$3 million.  
 Note 2: Other fines and improvement measures

Please refer to Cathay Life's 2022 Annual Report on P.99-101.

- Specialized legal compliance unit was established, which sends information of legal and regulatory changes to relevant departments, and tracks response and implementation statuses.
- Legal compliance self-evaluation and self-inspection were conducted twice a year to ensure compliance and remedy any deficiencies in the operations of our business departments. The result was included in the criteria of manager assessment to urge our managers to pay due attention to legal compliance.
- We also regularly organize the Second and Third Lines of Defense Joint Meeting (on Legal Compliance, Risk Management, Information Security, and Auditing) and the Legal Compliance Meeting, seeking to raise awareness of legal compliance and risk management.
- In 2022, 230 products and services (including business trials, new types of operations, and new products that require review opinions of the Chief Compliance Officer) were subjected to the review procedure to ensure that these products comply with laws and internal regulations, and relevant opinions were expressed by the Chief Compliance Officer.



- We continue to regularly issue monthly newsletter "Regulatory Compliance Auditing and Information Security Monthly," promoting information such as major changes to relevant laws, personal data protection, information security, AML/CFT, major external events, or businesses related to legal compliance, thereby acquainting employees with the risks in Cathay Life Insurance's operations.
- We conduct regulatory compliance online courses for internal employees and field workers: Number of trainees was 30,767; total training hours reached 365 thousand hours.
- We conduct online legal compliance tests two times every year, and require participants to get full marks in the test, so that they have better familiarity with the law and awareness on legal compliance.
- All units are required to conduct legal compliance education every week, while the headquarter departments are required to hold at least one Compliance Committee Meeting every year: Number of trainees was 30,767; total training hours reached 525 thousand hours.

Online courses

Total trainees **30,767**  
 Total training hours **365,000**



Legal Compliance Meeting

Total trainees **30,767**  
 Total training hours **525,000**



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

## ( II ) AML/CFT

In addition to developing a comprehensive AML/CFT policy, Cathay Life has also established an Anti-Money Laundering and Counter-Terrorist Financing Committee. Through the participation and directions of senior executives, along with the cooperation of task forces across departments, and external advisories, we continue to optimize our AML/CFT risk management mechanism and support the government's promotion of AML/CFT. All employees are required to be trained on AML/CFT, including but not limited to tax crimes, Asia / Pacific Group (APG) reports, identification of risk factors, case studies of AML operations and sanctions, etc.



### • AML/CFT processes:

**Prevention**

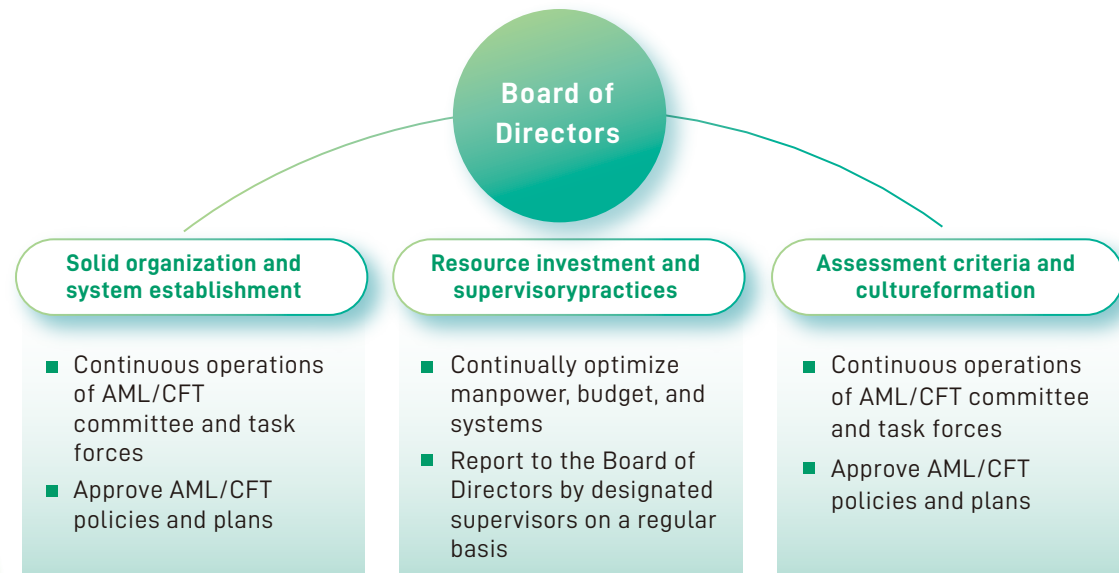
- AML/CFT governance
- AML/CFT training  
2022 cumulative number of trainees: **46,522** people  
2022 total training hours: **33** thousand hours

**In-process control**

- Watch list filtering
- Customer due diligence
- Transaction monitoring
- Suspicious transaction reports (STRs)

**Post-hoc review**

- Legal compliance review
- Internal audit





## Support Initiatives and Expand Influence

Cathay Life Insurance works to lead by example and is the first in the industry to adopt the sustainable development framework. We review and improve our own sustainability measures and call on stakeholders to join in the implementation of sustainability measures through periodic disclosures. Furthermore, we lead the industry in participating in initiatives and activities held by international organizations, and use investment to conduct in-depth engagements with investee companies. Furthermore, we also urge other insurance companies to implement Principles for Responsible Investment (PRI), in the hope that our investee companies and other insurance companies can also jointly take on initiatives and answer the call for sustainability issues. These endeavors are part and parcel of Cathay Life Insurance's effort in becoming a role model as the leader of sustainable insurance.



## TCFD Compliance and Strengthening of Climate Resilience

Principle 1 Principle 3

A global risk report from the World Economic Forum (WEF) in 2023 pointed out that the top-three most severe global risks in the next ten years are all associated with climate change. Confronted by the increasingly harsh impact of climate change, Cathay Life Insurance has been actively developing and responding to climate-related risks and opportunities. In June 2018, we started signing agreements in support of Task Force on Climate-related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB) in June 2018. The following describe Cathay Life Insurance's climate-related actions in terms of "Governance," "Strategy," "Risk Management," and "Metrics and Targets".

**Risk Management**

**Governance**

**Strategy**

**Metrics and Targets**



# ( I ) Governance

## Cathay Life Insurance Climate Governance Framework

### Cathay Life Insurance Board of Directors

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

#### Risk Management Committee

The Risk Management Committee under the Board of Directors convenes quarterly meetings, while the Risk Management Department periodically submits Own Risk and Solvency Assessment (ORSA) Report and work reports on risk management to the Committee for review and reports to the Board of Directors.

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

For the composition of the Committee, please refer to "Solid Governance and Steady Operations" on P.22

#### Risk Management Department (staffed with three climate risk management personnel)

Since May 2020, we have also incorporated climate risk management issues in the Own Risk and Solvency Assessment (ORSA) Report and Risk Management Implementation Report, which are submitted to the Board of Directors periodically to report on the Company's operating plans, climate related risk capacity, and risk management status.

For relevant specific measures, please refer to "Support Initiatives and Expand Influence" on P.28

#### TCFD Task Force

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

#### President

The Corporate Sustainability (CS) Team, led by the President of Cathay Life, has formulated an implementation plan of short-, medium-, and long-term targets that incorporates climate factors into the overall strategies since 2018. The team meets on a quarterly basis not only to keep track of the work progress of each working group and the implementation of metrics and targets, but also reports the implementation results to the Board of Directors biannually.

In order to cope with the risks and opportunities in the low carbon transformation brought about by climate change, the climate related Responsible Investment Working Group and Green Operation Working Group have formulated response measures and conducted carbon footprint inventories from investment and business.

Since 2020, we have also incorporated the results of responsible investment (including climate change) into the Investment Policy Review Report, which is annually submitted to the Board of Directors. Since 2021, climate risk scenario analyses and investment portfolios have also been added to the report.

In 2021, in response to the Group's dedication to the RE100 initiative and commitment to the science-based carbon reduction targets (SBTs), Cathay Life promoted a dual strategy that includes "Zero Carbon Operation Transformation" and "Low-Carbon Investment Allocation."

In 2022, relevant indicators were linked to the performance of the President and senior management.

For the Corporate Sustainability (CS) Team, please refer to "Sustainable Organizational Structure" on P.9

#### Responsible Investment Working Group (staffed with three climate)

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

For specific measures, please refer to "Support Initiatives and Expand Influence" on P.38, 43, 50 and "Responsible Investment and Paradigm Proposal" on P.58

#### Green Operation Working Group (staffed with three climate specialists)

Focusing on the company's daily operations, this group evaluates the impact caused by climate through the management of energy resources and supply chains to lower carbon emissions generated in our operations.

For specific measures, please refer to "Eco Living" on P.94

#### Non periodic reporting mechanism

To ensure that when a major natural disaster occurs, Cathay Life's staff can report it as quickly as possible to a unit of the right level of authority and quickly keep track of the incident status. The measure is helpful in quickly returning to normal operations so as to protect personal and property safety and the Company's rights and interests. As such, we have established guidelines for reporting disasters and important notices on handling major events, and handling natural disasters according to their level of severity. If an incident meets the criteria for a major event, relevant information will be compiled and reported by the Audit Department to the Board of Directors.



## Climate related education and training

Cathay Life's emphasis on climate issues is deeply embedded in our core corporate culture. Each year, we link internal and external resources and technologies with internal training courses, presentations, and exchange with external institutions, in order to raise the climate awareness of Cathay Life employees and strengthen climate risk management.

**Board of Directors**

To deepen our climate governance culture, climate change is included in the training courses for directors and supervisors, all of whom completed training.

**15**  
Total of participants

**10.5hrs**  
total hours

**Senior executives**

In 2022, we invited external experts to hold talks on sustainable climate for five sessions for managers' work meetings and CS team regular meeting.

**1,212**  
Total of participants

**6,060hrs**  
total hours

**Training course and presentation topic:**

- Domestic and international sustainability trends:
- TCFD and green finance supervision
- Introduction to carbon sink and carbon trade
- Zero Carbon Operation Transformation
- Marine ecology conservation

**Climate risk management personnel**

We appoint and train climate risk management personnel to keep track of climate trends and improve risk assessment skills.

**Climate risk management personnel**

Climate change is a required course for employee education and training, which will improve employees' climate awareness.

Jesse Chou, Chief Sustainability Officer of Delta Electronics, was invited in March to share on sustainability issues.

Advisors shared on TCFD and introduced domestic and international carbon trade trends at regular meetings.

## Linking climate change metrics and targets to performance assessment mechanisms

To align with international trends and facilitate effective climate governance, Cathay Life has initiated the Zero Carbon Operation Transformation Plan, incorporating operational carbon reduction rate and green energy usage rate into annual KPIs of the president and senior executives of related departments to enhance management. We also implement rolling adjustments to performance metrics and targets every year according to external trends and policy developments.

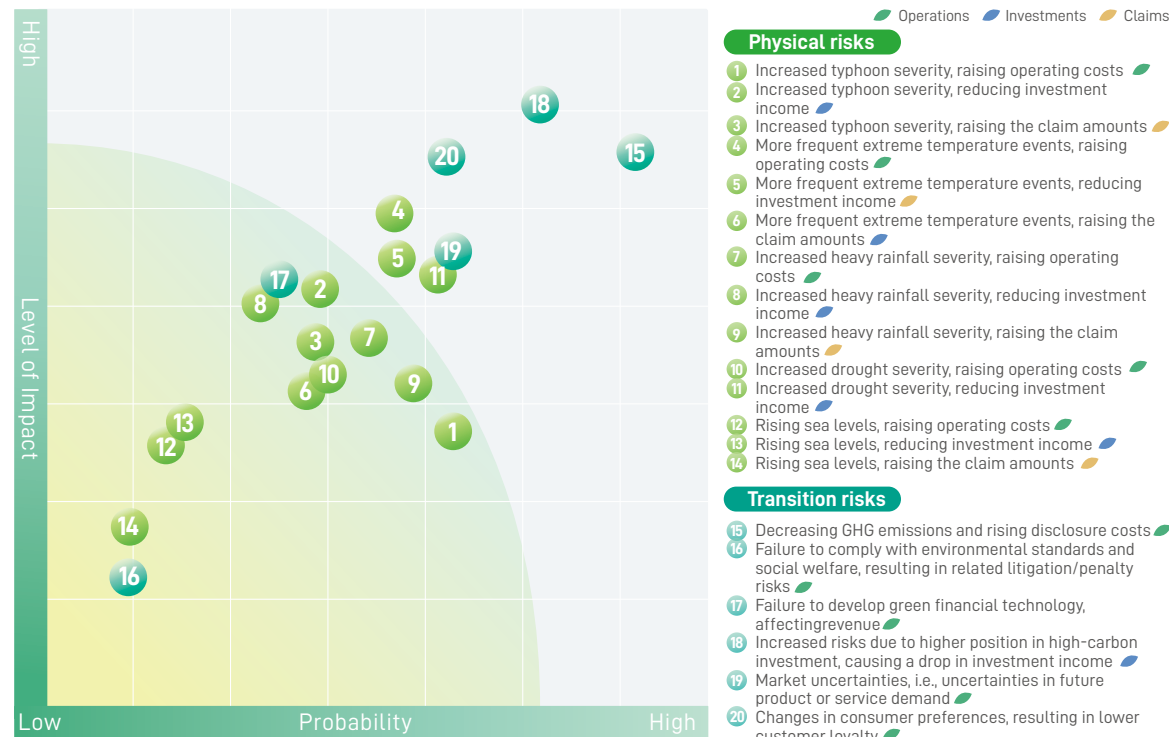
For key climate indicators and goals, please refer to "Support Initiatives and Expand Influence" on P.46

## ( II )Strategy

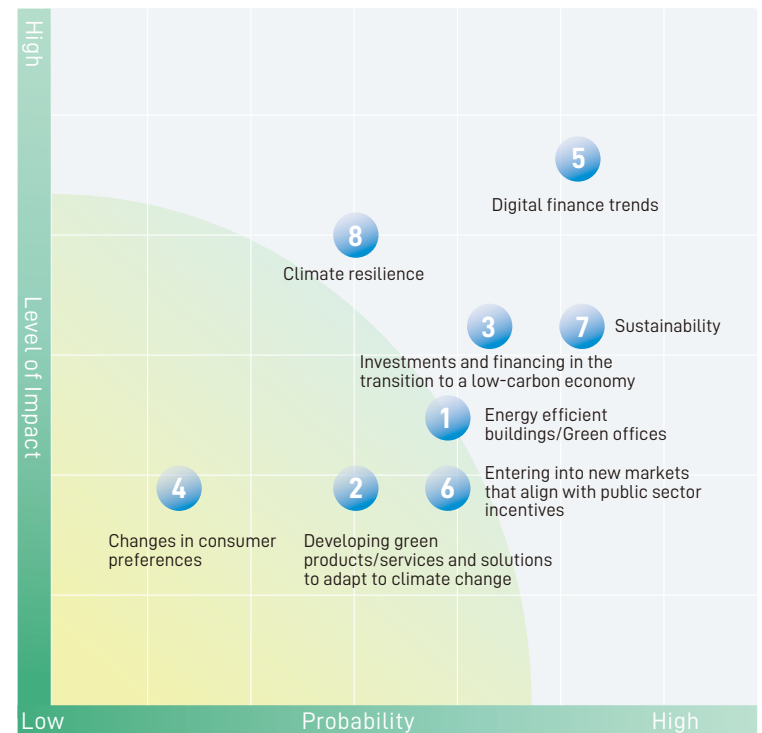
The impact of climate change on the life insurance industry includes physical and transition risks, and opportunities brought by the corresponding changes in the general public's behavior. Cathay Life identifies climate risks and opportunities of different businesses through the cooperation with TCFD, CS team members and relevant units every year. We also analyze the financial impacts of the Company and prioritize climate risks and opportunities based on questionnaire-based assessment results. In addition, we develop and continually optimize scenario analysis of the core business including investment, insurance, operation from the major risks and opportunities, and formulate climate strategies based on the scenario analysis results, so as to measure the financial impact of climate change and improve the resilience of Cathay Life's strategies.

### Identifying climate risks and opportunities

#### Cathay Life Insurance Climate-related Risk Matrix



#### Cathay Life Insurance Climate-related Opportunities Matrix







## Overview of major climate risks and opportunities

|                                | Risk items               | Duration   | Potential financial impacts  | Corresponding existing risk          | Scope of impact on the value chain |
|--------------------------------|--------------------------|--|--|--------------------------------------|------------------------------------|
| <p><b>Transition risks</b></p> | Policies and regulations | Short and medium terms   | Reduction and disclosure of GHG emissions: Stringent climate-related policies or regulations may increase operating costs and related disclosure requirements (such as replacing energy-consuming equipment or purchasing renewable energy, etc.).   | Operation                            | Upstream and midstream             |
|                                | Market                   | Short term   | Market uncertainty: Uncertainty about future business and investment conditions due to unclear global or regional emission reduction and energy policies.  | Operation/Market                     | Midstream and downstream           |
|                                | Reputation               | Medium and long terms  | Changes in consumer preferences: Failure to meet customer preferences or respond to customer complaints on corporate environmental strategies may lead to reduce customer loyalty and affect corporate revenue.  | Operation                            | Downstream                         |
|                                | Market                   | Short and medium (long)  | Decrease in asset values of negotiable securities: Reduced investment income and asset values due to increased risks in positions with high emissions from investment and financing.   | Market                               | Downstream                         |
| <p><b>Physical risks</b></p>   | Long term                | Medium and long term   | Decrease in asset values of negotiable securities: Drought or extreme heat leads to water shortages and power cuts in investee companies, and impacts their production capacities and asset values, increasing the probability of companies' defaults or decreases in their market values, thus lowering our income and the values of assets we are investing in.    | Market                               | Downstream                         |
|                                | Long term                | Medium and long term   | Disruption of operations: Extreme heat leads to power cuts and abnormal operations, and even suspension of operations.   | Operation                            | Midstream and downstream           |
| <p><b>Opportunities</b></p>    | Opportunity type         | Duration   | Potential financial impacts  | Business category                    | Scope of impact on the value chain |
|                                | Products and services    | Short and medium terms   | Digital finance trends: We provide low carbon services that meet the expectations of policyholders through the use of digital technology, further enhancing the company's performance and reputation. Furthermore, this allows us to increase operational efficiency and reduce costs.   | Operation                            | Midstream and downstream           |
|                                | Resilience               | Medium and long term   | Strengthening climate resilience to achieve business sustainability: Actively respond to climate-change issues, and improve the corporate sustainability and ESG rating in order to strengthen the brand sustainability value in response to stakeholder expectations, building trust with stakeholders, and supporting the company's long-term business operations. | Operation<br>Investment<br>Insurance | Upstream, midstream and downstream |
|                                | Market                   | Medium and long term   | Low-carbon investment: Actively search for prospective investment during the global transition to a low-carbon economy, increasing investment income.  | Investment                           | Upstream, midstream and downstream |
| Market                         | Medium and long term     | Energy efficient buildings/Green offices: Provide tenants having ESG-related goals and supply chain requirements with renewable energy value-added services. | Operation  | Midstream and downstream             |                                    |

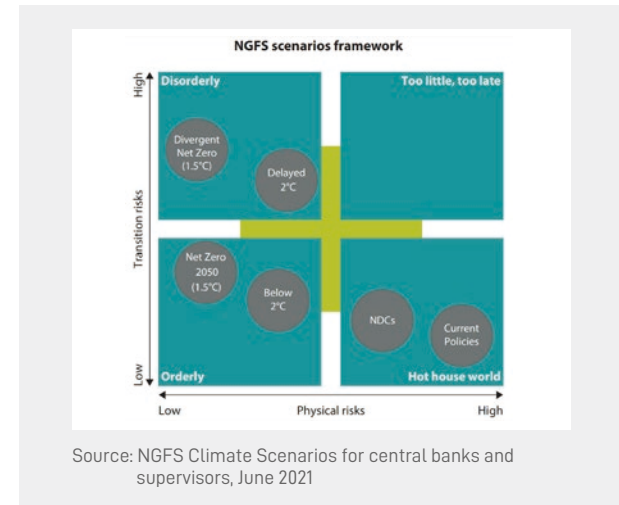
Note: Definitions of time categories: Periods of three years (inclusive) or below are classified as short term. Periods ranging from three to ten years (inclusive), are classified as medium term, and periods longer than ten years are considered long term.

## Forward-looking scenario analysis

### Investment - Securities

In response to climate change, enterprises may pay for additional carbon emission costs in the future, and will also face the impact of extreme weather events on assets, equipments, and operating capacities, which may lead to loss of asset value for investors. Cathay Life introduced a model developed by MSCI, and adopted climate scenarios such as NGFS and RCP8.5 emissions to measure the Climate Value-at-Risk (Climate VaR, CVaR) of equity investment (excluding sovereign bonds) Note 1. A comparison of trends in the two most recent years shows that if the latest model and database data are used to retrospectively calculate the risk value in 2021, the overall risk (including transformation and entity) in 2022 will be lower than that in 2021. Therefore, the related risks are controllable.

### Description of NGFS scenario and MSCI CVaR scenario analysis results

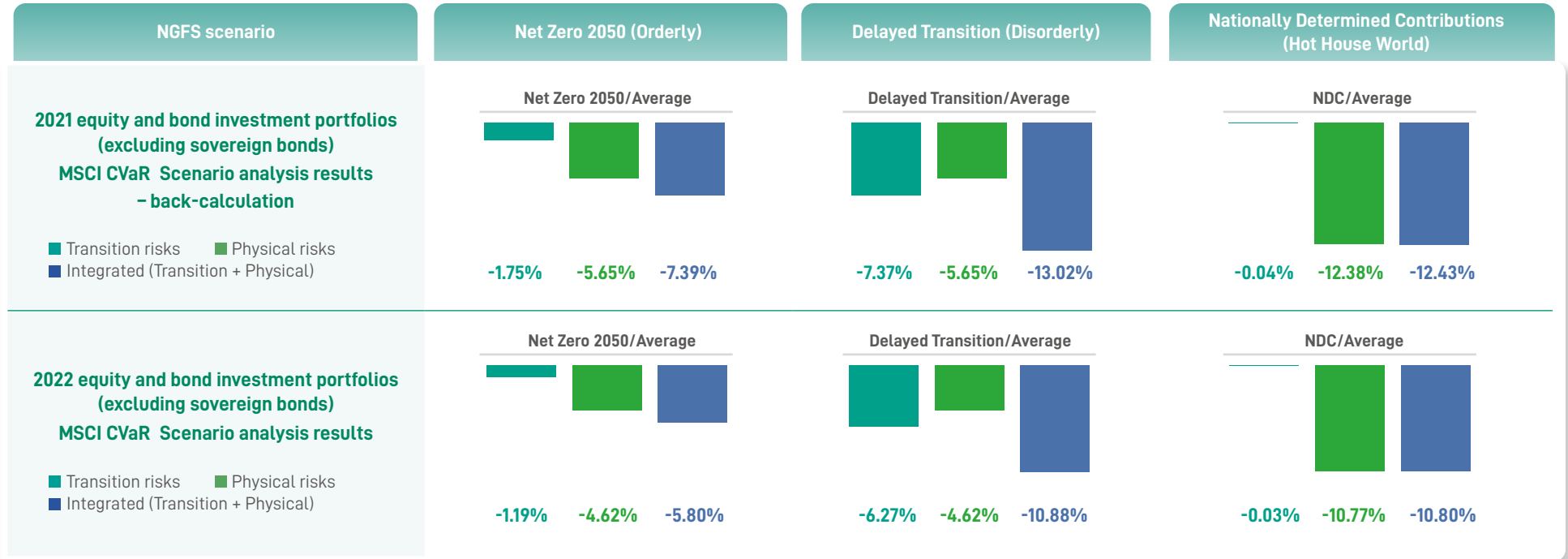


| NGFS scenario   | Net Zero 2050 (Orderly)  | Delayed Transition (Disorderly)  | Nationally Determined Contributions (Hot House World)  |
|---|--|--|--|
| <b>Scenarios and assumptions</b>                                    | Formulate climate policies in advance and implement them gradually. We expect to achieve net zero emissions and answer to calls for limiting temperature increase to 1.5 ° C by 2050. Physical and transition risks are deemed 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. |
| <b>Carbon price by 2050 <sup>Note 2</sup> (USDt/CO<sub>2</sub>)</b> | 672.7  | 621.9  | 34.1   |
| <b>Degrees of warming by the end of century</b>                     | 1.5° C   | 2° C   | 3° C   |
| <b>Description of transition risks</b>                              | [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   |
| <b>Description of physical risks <sup>Note 3</sup></b>              | [Medium Risk] Average climate change scenario  | [Medium Risk] Average climate change scenario  | [High Risk] Extreme climate change scenario  |

Note 1: Climate Value-at-Risk (CVaR) refers to the discounted cost of climate risk accumulatively borne by investment portfolios up to the year 2080. Please refer to the [MSCI website](#) for details.

Note 2: The carbon price development roadmap for NGFS scenarios is the main MSCI parameter used. Please refer to [NGFS Phase 2 Scenario Explorer](#) for details.

Note 3: 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 climate (95th percentile).



• Sovereign bond investment portfolios analysis results using MSCI Sovereign CVaR<sup>Notes 4, 5</sup> scenarios (transition risks)

As MSCI added a new method to measure the CVaR of sovereign bonds in 2022, Cathay Life has expanded the scope of assessment of securities investment by sovereign bond. Using the MSCI CVaR methodology for sovereign bonds, we measured the magnitude of losses caused by rising bond yields on the overall sovereign bond investment portfolio in different NGFS transition scenarios. Results show that related transition losses are controllable.



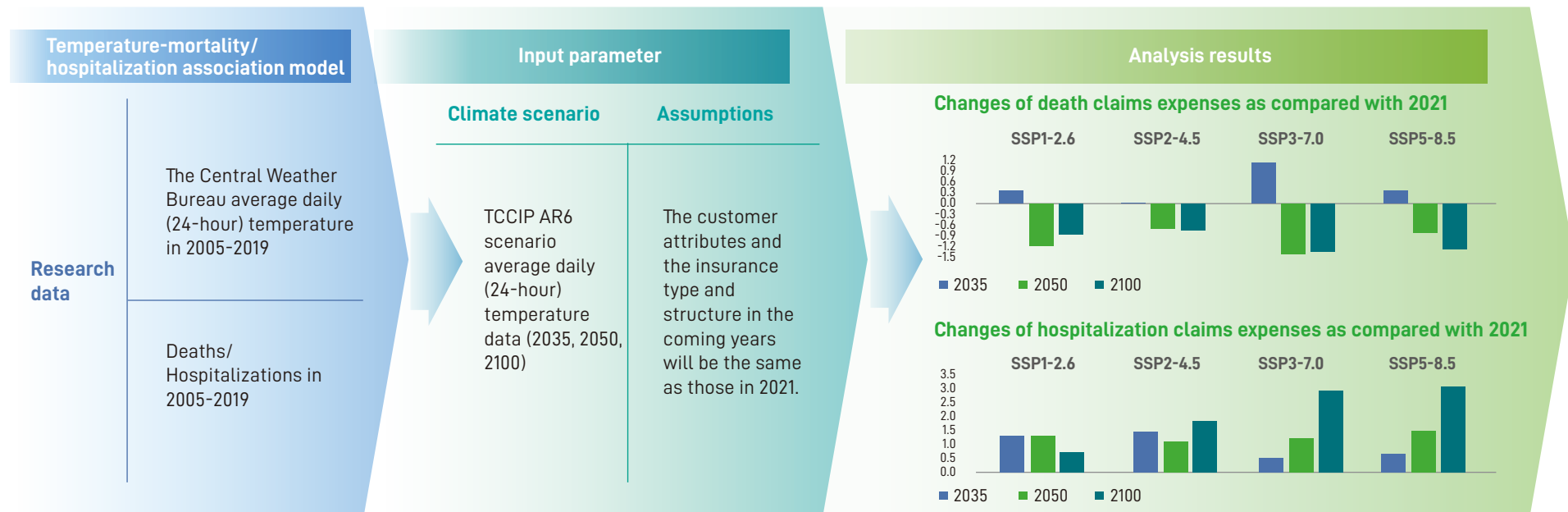
Note 4: The MSCI Sovereign CVaR methodology computed the discounted profit/loss all the way to 2050 to be borne by the sovereign bond portfolio due to changes in the yield rates of government bonds of various countries. See the [MSCI website](#) for details.

Note 5: Description of the MSCI Sovereign Climate VaR data source: (1) The latest data is dated Jan 31, 2023; (2) The MSCI data covers 54% of the overall sovereign bond investment portfolio.

## Insurance - Life insurance products

Climate change has caused a sustained rise in global temperatures and resulted in heat waves around the world in recent years. Global warming combined with the urban heat island effect have increased the frequency of extremely high temperatures, as well as the duration of such high temperatures in Taiwan, which may even become the new normal in the future. Cathay Life utilized historical data (2005-2019) related to weather, death/hospitalization, and AR6 climate scenario analysis data available on the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP), and set up a model to assess the impact of global warming on death rate and hospitalization rate from all causes. This will help us understand future changes in expenses due to life insurance death and hospitalization benefit claims.

According to the TCCIP simulations of temperatures in Taiwan in different SSP-RCP climate scenarios, the number of high temperature days in counties and cities in Taiwan shows an upward trend, while the number of high-risk low temperature days decreases. Without considering the assumption of demographic transition, preliminary assessment results indicate that rising temperatures will slightly reduce the company's overall mortality rate by 0.8% -1.26%, while only the hospitalization rate will slightly increase by 1.49%-3.07%. Since most Taiwanese people have a habit of using air conditioning, they are better adapted to high temperature than to low temperature, which makes high temperature not a major risk for insurance claims.

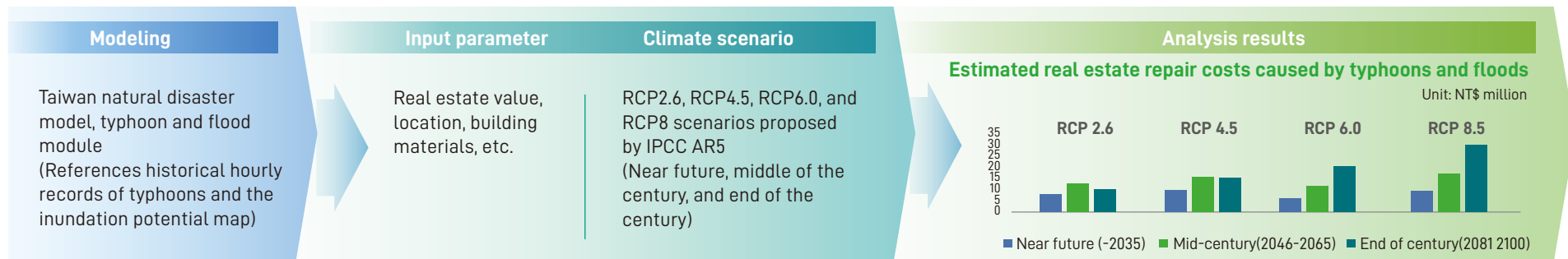


Note: According to domestic and international studies, climate change will increase the severity of extreme weather events (such as rainstorms and typhoons), and even accelerate the spread of infectious diseases. However, due to limitations in relevant domestic studies and data availability, the recent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



## Operations - Self-owned real estate

Cathay collaborates with consulting companies to examine the short-, medium- and long-term financial impacts of physical risks on real estate caused by typhoons and floods, and uses TCCIP AR5 data to simulate the impact of different RCP climate scenarios. Since the real estate of Cathay Life are mostly located in Taiwan, the simulation scenarios focused on our real estate in Taiwan. The overall results showed that our real estate is not under major risks. Nevertheless, our real estate management departments already established emergency response procedures and purchased business insurance covering typhoons and floods for real estate with higher asset values to reduce the risks and mitigate the impact of climate change.



In summary, by reviewing the main businesses of Cathay Life through major qualitative risk assessment and forward-looking scenario analysis, we identified our major climate-related risks, including transition and physical risks in securities and the physical risks in daily operations.<sup>Note</sup> We also take assessment results of relevant scenario analysis into consideration, in order to review and evaluate whether climate-related risks management policies should be adjusted, and periodically report the results to the Risk Management Committee and the Board of Directors.

Note: We improve operational resilience through business continuity management mechanism.

Please refer to " Support Initiatives and Expand Influence " on P.46

## Climate strategies and action plans

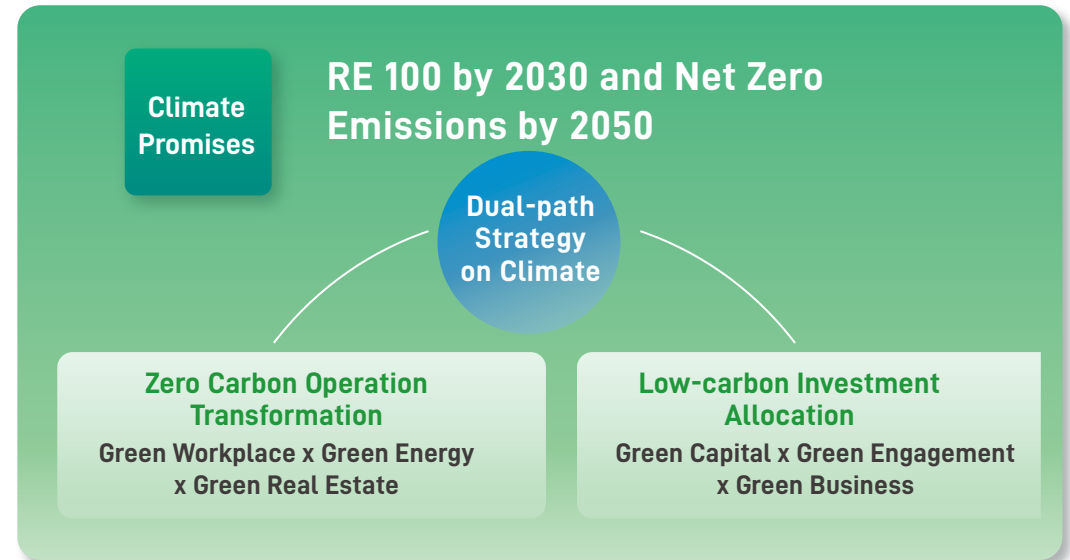
We have identified through scenario analysis the following climate risks and opportunities:

- Under the impact of climate change, Cathay Life's operational developments and investment assets will mainly be confronted with transition risks and physical risks, which are expected to materialize in the short, medium, and long term.
- Low-carbon transformation opportunities are expected to emerge in the short, medium, and long term.
- Scenario analysis results show that the expected financial losses in investment assets, insurance products, and Cathay Life's operations are all controllable; however, we may be confronted with severer losses in scenarios of direr global warming.

All these data and analysis results will provide important information for follow-up establishment of climate strategies, thereby enhancing Cathay Life's climate resilience, and providing stakeholders with long-term values.



In addition to understanding the potential risk patterns and the extent of financial losses caused by extreme weather events through the aforementioned risks and opportunities and scenario analysis results, we also took into consideration factors such as the increasing stringency of domestic and international climate policies and laws, as well as carbon reduction commitments and strategies of financial institutions in the operations (Scopes 1 and 2) and their investment assets (Scope 3) that international initiative organizations and investors pay much attention to. Based on these considerations, we formulated a dual strategy covering "Zero Carbon Operation Transformation" and "Low-Carbon Investment Allocation." From operations to investments, we have launched various climate action plans to manage climate risks and keep abreast of market transformation opportunities, while exerting our financial influence to lead industries in Taiwan to work together towards net zero emissions. In 2022, Cathay Life and its parent company Cathay FHC became the first financial institution in Taiwan to join RE100, and passed the SBTs review. We are the first insurance service provider in Taiwan to be committed to the goal of RE100 by 2030 and Net Zero Emissions by 2050.



**(1) Zero Carbon Operation Transformation strategies and action plans**

Cathay Life has nearly 200 operating locations in Taiwan, and more than 90% of its operational carbon emissions are from purchased electricity. Therefore, reducing power consumption in daily operations and increasing renewable energy are important actions for Cathay Life to achieve net zero emissions. We also proactively exert our asset influence to help industry make progresses in energy transition:

Please refer to "Green Operations and Impact Mitigation" on P.98

**Green Workplace**

Promote replacement of old and energy-consuming equipment, initiate transition into a hybrid office culture, optimize software and hardware equipment and management mechanisms for employee telecommuting, and improve office efficiency and lower reliance on office space, so as to promote space merging plans. All of which will design and plan a new workplace characterized by shared seats and multi-purpose spaces with reduced floor areas and power consumption.

**Green Energy**

Through Power Purchase Agreement (PPA), purchasing renewable energy certificates, and using self-generated power, we increase the use of renewable energy year by year to replace traditional power consumption, and create ESG renewable energy public welfare projects based on local development issues. In doing so, we not only reduce emissions from our operations, but also promote community development.

**Green Real Estate**

In addition to increasing its demand for renewable energy through PPA, Cathay Life has also worked with the government and think-tanks to develop a "green leasing scheme," and promote the "renewable energy group purchase" platform as a landlord of commercial rental buildings. This allows tenants to obtain renewable energy more easily, and solves the inability of small and medium-sized electricity users in obtaining sufficient renewable energy in the market or the demanding professional requirements for renewable energy.





## (2)Low-carbon investment allocation strategies and action plans

As one of the largest institutional investors in Taiwan, Cathay Life makes prudent investments on behalf of our shareholders and policy holders, takes actions to support investment targets that effectuate sustainable development, and exerts our positive influence on society and the environment. During investment processes, we place emphasis on assessing and measuring risks in various aspects, including climate-related risks, and pursuing net zero emissions. We work to meet the funding needs of companies in their low-carbon transformation through our financial influence, and raise their awareness of low-carbon transformation and encourage them to formulate specific plans through dialogs. Cathay Life believes that these actions will strengthen the resilience of investment portfolios in coping with climate risks. As the same time, Cathay Life can also explore opportunities related to low-carbon transformation, thus helping the world achieve sustainable economic development and common good.

### Green Capital

#### Expanding low-carbon and green energy investments

To attain the goals of Paris Agreement, the world must invest massive funds in low-carbon industries. For this reason, Cathay Life has set specific low-carbon and green energy investment goals in 2019, in the hope of contributing to the mitigation of global warming through investments. Furthermore, in 2021, we have achieved the goal of 40% growth by 2030 with 2018 as the baseline year, which was set in 2019, ahead of schedule.

Given the changes in climate transition policies of various countries and the global pursuit of low-carbon transformation, we believe that low-carbon industries have a potential to increase in value, which will translate into investment opportunities to Cathay Life. Therefore, in 2022, we re-examined and expanded low-carbon and green energy investment growth targets by 20%, 25%, and 35% for 2023, 2025, and 2030 respectively, with 2020 as the baseline year. We will continue to pay attention to leaders in the field of climate innovation in the medium and long term, and carefully evaluate potential investment opportunities in climate solutions, while expanding support for green industries by investing in core competencies.

#### Allocation of investment targets undergoing low-carbon transformation

In order to increase the climate resilience of our investment portfolios and provide financial motivation for the low-carbon transformation of enterprises, we continue to invest in low-carbon green energy industries. Moreover, as governments around the world have announced the target of net zero emissions and relevant supervisory measures, we are also promoting corporate carbon reduction actions. Therefore, if companies with high carbon emissions take active measures, they can also achieve transformation in the global transition into a low-carbon economy. Cathay Life will also proactively allocate investments in companies with long-term and specific carbon reduction goals (companies that commit to SBT and Net Zero), which will replace investment targets with high carbon emissions and without carbon reduction targets. In doing so, we will progressively reduce the carbon emissions of investment portfolios and achieve allocation transformation.



### Formulating coal phase-out plans

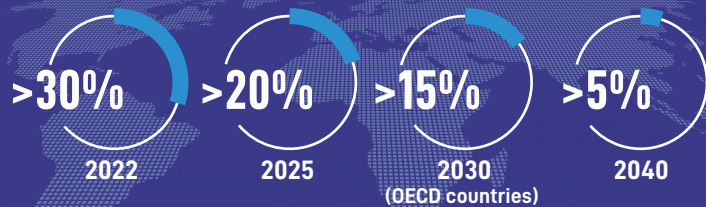
In 2021, the UN COP26 reached the Glasgow Climate Pact, the first climate agreement that specifies a plan to reduce the use of coal. Therefore, phasing out coal has become a consensus for the global combat with climate change. Coal-related industries will face considerably increased risks of asset impairment in the future.

Therefore, Cathay Life will carefully evaluate the use of funds in coal-related industries, and provide the necessary financial support for coal companies that have proactively set up low-carbon transformation goals. In 2019, we became the first institutional investor in Taiwan to phase out coal power, placing coal mining companies with a revenue percentage above 50% from coal businesses and coal-fired power producers who have not actively switched to renewable energy, on the "investment and lending exclusion list." In 2021, we also became the first committed institutional investor to place industries in the coal value chain—coal mine railroad transport and coal-assisted services—with a revenue percentage above 50% from coal businesses on the "investment and lending exclusion list." We further reduced the revenue percentage threshold to 30% in 2022, and proposed a progressive coal phase-out plan to reduce the revenue percentage threshold to 5% by 2040 to achieve complete coal phase-out. The scope of the plan includes self-directed investments and third party managed investments. In doing so, we seek to reduce investments in coal companies that do not implement energy transition, so as to avoid holding controversial assets and prevent investments from becoming stranded assets.

#### "Progressive divestment"

**No more new investments** in companies with the following coal shares of revenue:

Coal mining companies, coal mine railroad transport, coal-assisted services, and coal-fired power generation companies that do not engage in proactive transition.



### Paying attention to industries with high carbon emissions and deforestation-related activities

Paying attention to industries with high carbon emissions and deforestation-related activities:

Cathay Life has established the Investment Management Principles for Sensitive Industries, which incorporate industries with high climate change and deforestation risks into our allocation transformation plans. Cathay Life also continues to pay attention to industries that will aggravate climate change. In 2022, in response to the Glasgow Climate Pact in COP26, which is committed to discontinuing investments in fossil fuels, we included the unconventional oil and gas industry into a list of sensitive industries. If a company has an "unconventional oil and gas" business that accounts for more than 50% (inclusive) of its revenue and does not meet the criteria for active transformation, it will be included in the "investment and lending exclusion list." In doing so, we provide funds needed for energy transformation in developing countries.

In strategic actions of low-carbon allocation, we can see that climate-related opportunities refer to the potential for an increase in value of an investee company in the process of low-carbon transformation and the improvement of the company's market presence through well-developed business activities in the future. While paying attention to the development of climate innovation technologies, Cathay Life also carefully assesses its potential new investment risks. Generally speaking, the development of renewable energy is confronted with risks generated in coordination and communication with stakeholders and regulatory risks:

- Risks generated in coordination and communication with stakeholders: Installing renewable energy equipment (e.g., solar cells) requires large areas of land and may therefore lead to objections from stakeholders of land use. Reasons for objections include loss of farm land, impact on wildlife habitats, impairment of asset values, and health and safety concerns.
- Regulatory risks: Obtaining permissions for renewable energy developments takes a longer time, and therefore there are risks of regulatory changes during the process. Any objections or protests from the aforementioned stakeholders during the process may also increase the risk of project postponement.

In addition, Cathay Life will also continue to refine assessments of the financial risks, planning and management risks, and technological risks of innovation technologies to ensure that Cathay Life addresses both the risks and opportunities in low-carbon investment allocation strategies.



## Green Engagement

Please refer to "Support Initiatives and Expand Influence" on P.50

### Participating in initiatives proposed by international organizations

As global climate issues rapidly unfold, Cathay Life is proactively participating in initiatives of international organizations such as the Asia Investor Group on Climate Change (AIGCC) and Ceres Valuing Water Finance Task Force. Setting an example for Taiwan to learn about international benchmark practices, we also hope to act as a bridge between international and Taiwanese industries and cultivate international perspectives in Taiwan.

### Expanding engagement with key companies

Cathay Life is the first financial institution in Taiwan to conduct in-depth dialogs with companies on the climate theme. We are also one of the most proactive and leading financial companies in Asia. As a leader in climate engagement actions, we hope to continually communicate and cooperate with investee companies to urge them taking specific climate response actions, thereby increasing the climate resilience and long-term value of Cathay Life's own investment portfolios.

When implementing climate engagements, we also apply different methods according to our influence in different targets and familiarity with different markets:

#### Domestic Investment Targets



Engagement



Leading Investor

CDP Non-Disclosure Campaign

#### Individual Engagement

Through one-to-one in-depth and general engagements, Cathay Life Insurance learns about the preparation of a company for climate change and expresses its expectations for the company.

#### Collective Engagement

Every year, we co-organize Sustainable Finance and Climate Change Summit with Cathay FHC, where we collect industrial, governmental and academic, as well as international opinions to be provided to companies.

#### Foreign Investment Targets



Engagement



Voting

Supporting Investor

Asian Utilities Engagement Program

Proxy Voting

#### Connecting with international investors to exert collective influence

#### Climate Accountability

We not only support proposals that are helpful for corporate climate actions, but also adopt a climate accountability mechanism, through which we carefully evaluate whether directors have fulfilled their duties in supervising climate issues of high carbon emission companies.



**Case:**

Company F belongs to the oil and natural gas industry and is an engagement target of CA100+

**(Climate Engagement Case)**

Company F was one of the engagement target companies listed by the Climate Action 100+ (CA100+) initiative. Cathay started to engage with Company F and Group F, to which Company F belongs, 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 has been proactively engaging with Company F. Our specially-assigned personnel not only communicate with Company F frequently through phone calls or emails to keep abreast of Company F's progress, but also holds multiple face-to-face or online engagement meetings with Company F every year. We have also worked with several international investment institutions to urge the company to take on 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, accompanied by Cathay FHC Chief Investment Officer Sophia Cheng, as well as senior executives from Cathay Life and Cathay Securities Investment Trust, visited several senior executives in Company F's General Administration Division and the chairman and president of Company F in person. Leaders of both companies engaged in active dialogs to explore feasible carbon reduction plans.

After Group F announced in October 2021 that the group is "moving toward carbon neutrality by 2050," many affiliated companies of the group also promised carbon neutrality by 2050. Company F's chairperson even announced its goal of carbon neutrality by 2050 in the 2022 shareholders' meeting. Cathay highly approves Group F and Company F's ambition in carbon reduction, and hopes they can continuously take carbon reduction actions.

Cathay is pleased to see that, under the leadership of the general administration division of the Group F and senior executives of Company F, Company F has published its first independently-prepared TCFD report in 2022, which discloses the short-, medium- and long-term carbon reduction goals by 2025, 2030 and 2050, respectively, as well as corresponding action plans and GHG emissions roadmap up to 2030. [Climate Action 100+ Progress Update 2022](#) "Case Studies" (p. 22) also approves Company F's commitment to carbon neutrality by 2050 and the publication of its first independently prepared TCFD report. Cathay hopes that Company F's carbon reduction actions can meet international standard. Cathay will continue to have dialogs with Company F and looks forward to its successful low-carbon transformation.

**Case:**

Company C belongs to the oil and natural gas industry and was listed as a company in focus by CA100+

**(Climate Accountability Case)**

**The company has made a promise on taking climate actions.**

- Reduce Scope 1 and Scope 2 GHG emission intensity in 2025 and 2030, respectively.
- Establish a low-carbon technology department and plan to discontinue routine flaring by 2025.

**Climate actions that are not aligned with the Paris Agreement.**

- The company has not set carbon reduction goals for the overall value chain (lacks Scope 3 goals).
- The company has not formulated a coal phase-out strategy with medium and long-term GHG reduction goals.
- Capital expenditure plans are not aligned with the Paris Agreement.

Compared with other oil and gas development companies, which continue to promote more aggressive GHG reduction goals and have become committed to net zero emissions in the entire value chain by 2050, or have formulated Scope 3 emissions reduction plans by reducing investments in oil and gas developments, along with commitment to cooperating with customers to reduce their demand for oil and gas and to increasing R&D investments in alternative fuels and technologies, Company C's goals do not appear to be ambitious, nor are they in line with the net-zero scenario. If the global market takes a more aggressive action of limiting the temperature rise to 2° C in the future, Cathay Life expects that Company C may face greater regulatory, competition, legal and financial risks.

As a participant of CA100+, Cathay Life not only proactively engages its subsidiaries, but also exercises voting rights to implement shareholder climate activism and fulfill stewardship. Therefore, based on the aforementioned reasons and the spirit of climate accountability, Cathay Life did not exercise (abstained) its voting right for the election of Company C's public policy and sustainable development committee chairperson, head director, and current CEO.

## Green Business

The development of renewable energy has become one of the most important strategies to implement net-zero emissions. Furthermore, under the energy transition policies of governments around the world, costs from additional carbon fees or carbon tax will be incurred by enterprises with high carbon emissions. This will accelerate the demand for renewable energy, thereby benefiting the renewable energy industry.

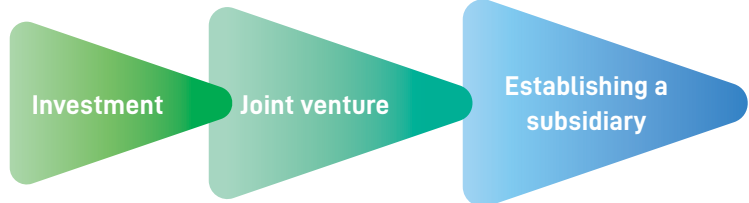
For this reason, Cathay Life proactively evaluates investment opportunities in Taiwan's renewable energy. By centering on solar energy, our plan begins with an investment, followed by establishment of a joint venture and a solar power plant subsidiary, thus continually accumulating renewable energy power generation assets.

In addition to investing in solar power plants since 2014, Cathay Life has established solar power plants in joint venture with key solar energy raw material suppliers since 2016 to promote solar power industrial clusters. Furthermore, optimistic about opportunities in energy transition policies, Cathay Life has also leveraged its years of experience in solar energy industry development, vertically integrating resources and forming professional management teams. In 2022, we proactively engaged in the merger and capital increase of Cathay Power, and increased our shares of Cathay Power to 70%, thus becoming the first life insurance company in Taiwan to establish a solar power plant subsidiary. We hope that, in addition to responding to the government's energy transition policy, we can also play a key role in reducing the gap between supply and demand of renewable energy, thus helping more Taiwanese companies obtain green power.



### Joint venture in solar power plants

Since 2016, we initiated a model of joint venture with solar energy service providers, including Sino-American Silicon Products Inc., Neo Solar Power, and Power Master, in the form of special projects to establish solar power plants and promote solar power industrial clusters.



### Investing in solar power plants

We have been jointly investing in Galaxy Energy with AU Optronics since 2014.

### Establishing a solar power subsidiary

In 2022, we proactively participated in the merger and capital increase of Cathay Power, and became the first insurance service provider to establish a solar power subsidiary.

## ( III ) Risk management

Cathay Life believes that climate change will aggravate existing risks. In order to systematically manage climate risks and establish a comprehensive climate risk management procedure, we established the Guidelines for Emerging Risk Management to include climate change risks in the overall risk management system. Furthermore, since 2021, we have proactively responded to financial control policies by formulating the ESG and Climate Risk Management Guidelines, strengthening climate-related risk management measures to improve our enterprise risk management (ERM) mechanism. The relevant actions are described as follows:

### Roles and responsibilities of three lines of defense



## Climate risk appetite and exposure limit

In 2022, Cathay Life established its climate risk qualitative appetite, which recommends reduction of investments in or avoidance of insurance services for climate risk sensitive industries or companies and regions with high physical risks, if assessments find related risks difficult to manage or control.

To enhance our risk appetite control mechanism, we have developed corresponding exposure limit indicators/metrics to manage transition and physical risks of climate change.

**Sensitive industry climate change risk exposure limit**

We comply with the Cathay Group's climate change risk exposure limits for sensitive industries, and periodically review the use of our investment and credit extension limits based on the sensitive industries list.

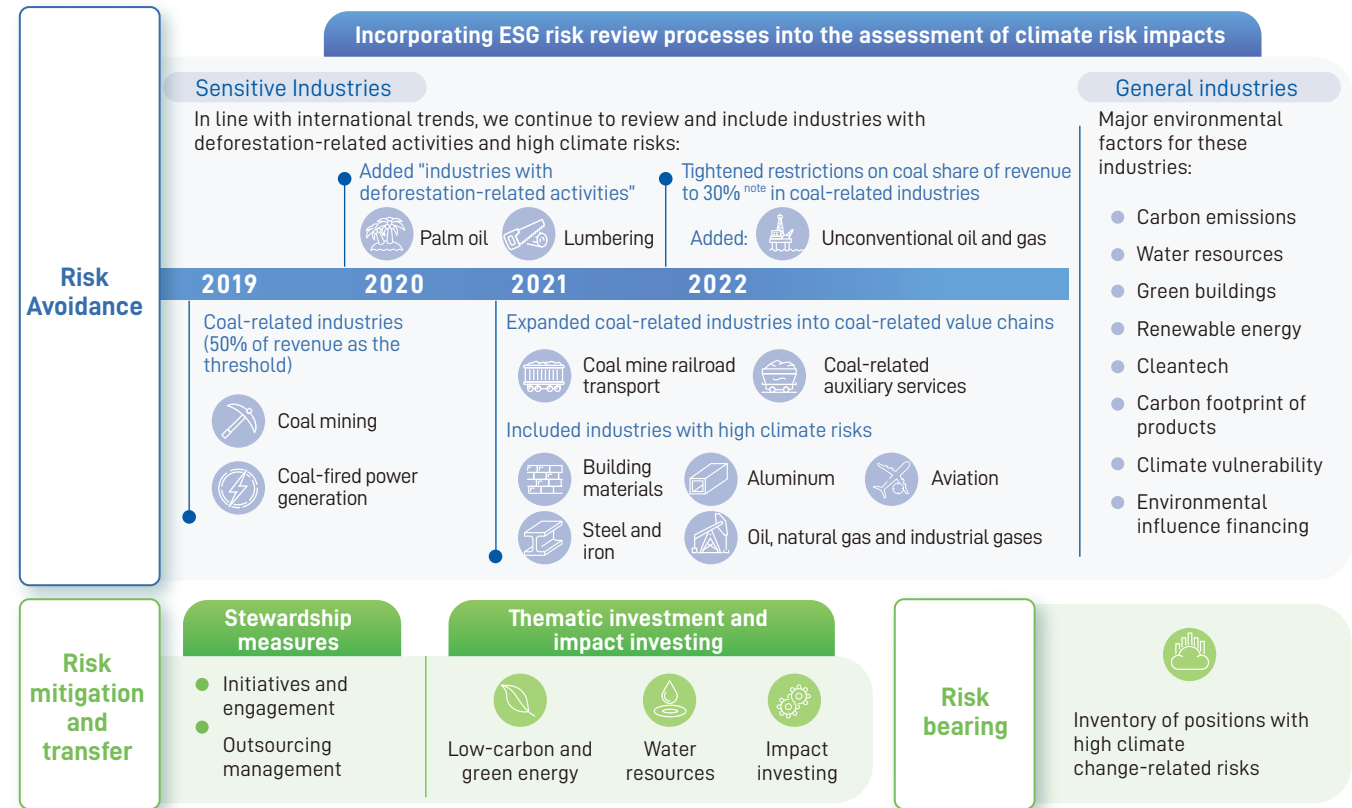
**Climate change physical risk exposure limit**

We comply with Cathay Group's management measures for country risks and exposure limits, and regularly review countries with high climate risks as assessed by the ND-GAIN Matrix, which are incorporated into country risk and exposure limit management.

## Securities management

### Listed equities and corporate bonds

To reduce the impact of climate change on investment assets, we established the ESG risk review process, which includes industries with high climate change-related risks into risk management, and avoid investing in companies with high climate risks identified through reference to CVaR. The climate risk management after investments are made is implemented through stewardship measures and communications with investee companies on "climate change adaption" and "carbon emissions" chiefly, thereby mitigating climate risks. Lastly, we periodically conduct inventory and track investments with high climate-related risks to ensure the reasonableness of risk bearing.



Note: Coal phase-out plans please refer to P.39



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

To ensure that the impact of our investee companies on the environment will not lead to an increase in Cathay Life's investment risks or negative public image, we carefully evaluate their activities in relation to the environment, climate, net zero emissions, or other sustainability-related issues. Through establishing the Investment Management Principles for Sensitive Industries, and referencing the MSCI major environmental issues for general industries, we evaluate companies' ESG risks and incorporate the results into our investment decision-making processes:

- **Established Investment Management Principles for Sensitive Industries.**

We include high climate change-related risk industries such as coal-related (including coal-fired power producers, coal mining companies, coal transportation industry, and coal-related auxiliary services), palm oil industry, lumbering industry, oil and natural gas-related industries (including integrated oil and gas, oil and gas exploration and production, and industrial gases), construction materials industry, aluminum industry, steel and iron industry, aviation industry, and unconventional oil and natural gas industry (added in 2022) into a list of sensitive industries, and then generate a list of companies to be excluded from our investments and a watchlist based on factors including the severity of climate risk impact brought by such industries, the severity of climate risk impact on such industries, the ratio of such operational categories to the operating revenues, and the preparation of these companies for climate change.

- **Referencing major environmental issues for general industries**

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

### (2) Stewardship measures

- **Initiatives and engagement**

In addition to exerting our influence through participating in international initiatives, and organizing forums and corporate collective engagements, we also communicate and cooperate with stakeholders in the financial value chain to gain an in-depth understanding of the companies' carbon governance and carbon disclosures. We encourage them to disclose climate change response actions in accordance with the TCFD framework and actively set SBTs or net-zero targets to advocate companies to demonstrate specific climate response actions and strengthen their climate resilience. Cathay Life firmly believes that only by bringing positive influence on investees can Cathay Life drive its own long-term value.

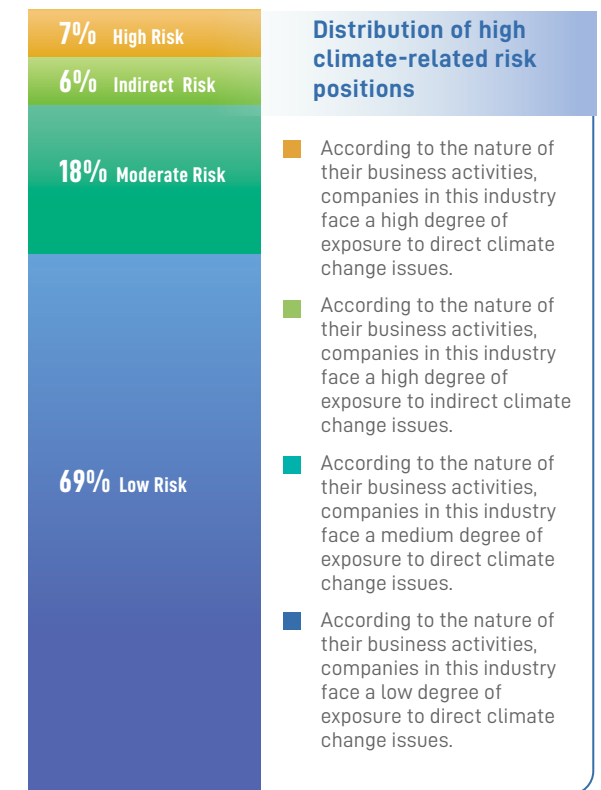
Please refer to "Supporting Initiatives and Expand Influence" on P.28

- **Asset manager mandating and monitoring**

We take signing the Principles for Responsible Investment (PRI) into consideration for mandate partner evaluation to ensure that Cathay Life's mandate partners fulfill their duties as asset managers and pay attention to climate-related risks and opportunities. We also stipulate in mandate agreements that PRI must be included in decision-making considerations, and that the investment targets' fulfillment of obligations in accordance with relevant ESG regulations must be assessed. We not only review our mandate partners' ESG measures on an annual basis, but also ask them to present stewardship and climate-related policies every year in order for us to understand their responsible investment measures, climate-related promises and carbon reduction goals. All of these measures are taken in the hope to thereby benefit reciprocally with our mandate partners and work with them to tackle climate risks and opportunities.

### (3) Inventory of positions with high climate change-related risks

Based on the MCSI ESG methodology, Cathay Life identified the impact levels of major climate risks on the core businesses of investee companies. In 2022, inventories found that 6% of our equity and corporate bond investments involve high climate risks, which was a decrease by 1% compared to the previous year. The climate risks were thereby, deemed controllable.



## Climate physical risk exposure management

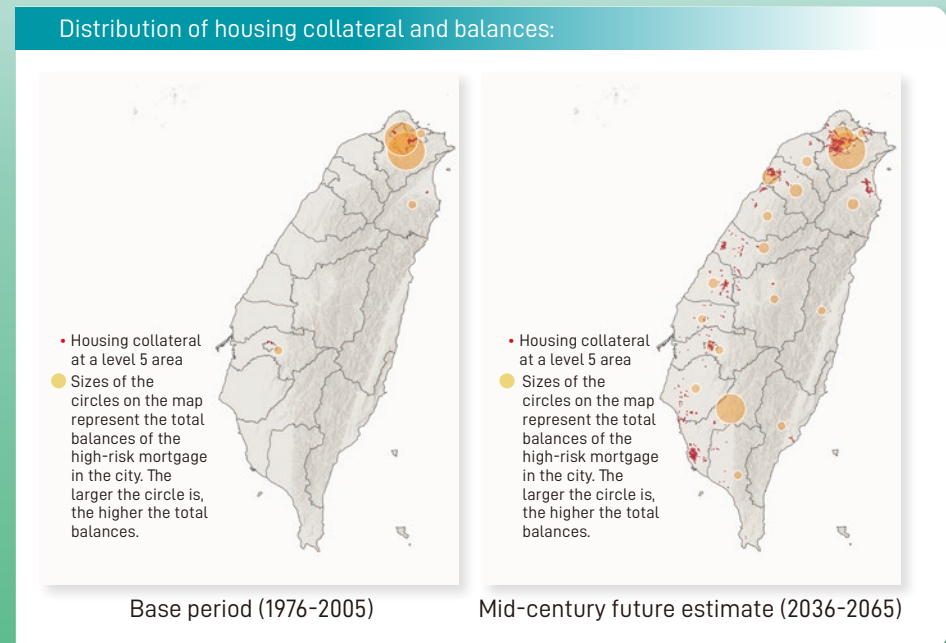
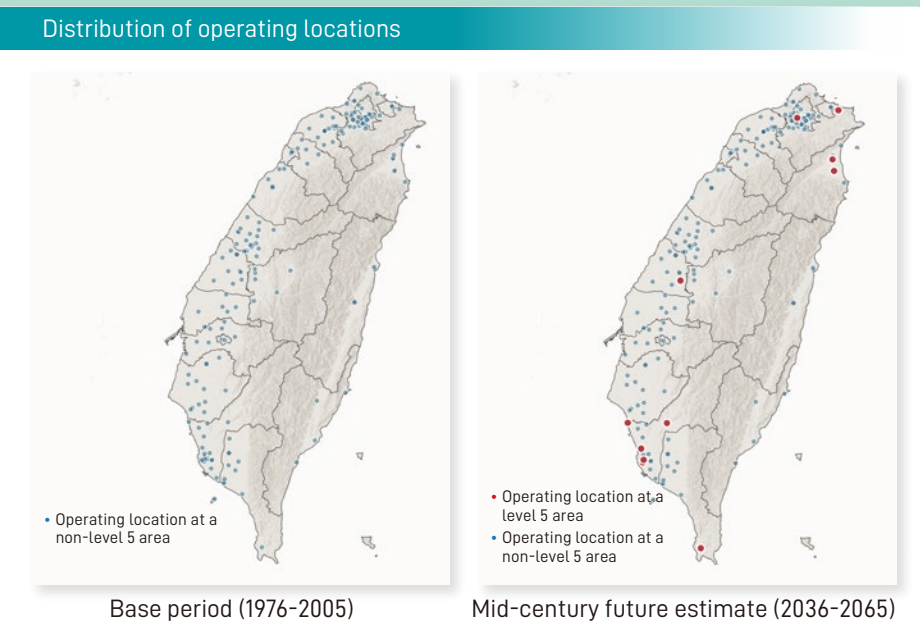
### Climate change-induced flood risk exposure

We have prepared a riskmap of projections for the end of the century based on flood risks identified in AR5 scenarios of NCDR, in which flood hazard is divided into five levels. Areas with level 5 hazard vulnerability are all areas that rank in the top 20% in terms of hazard vulnerability. Areas with the highest level flood risk are compared with business locations and locations of housing mortgage customers. We examine the physical risk of flooding at Cathay Life's business locations and locations of housing mortgage customers during the base period (1976-2005) and the future flood risk (2036-2065) in the RCP8.5 climate scenario as of the end of 2022. The result shows that the risk was deemed controllable.

### Ratio of regions with high risk of flooding

|                           | Base period (1976-2005) | Mid-century future estimate (2036-2065) |
|---------------------------|-------------------------|---|
| Business Sites            | 0%                      | 5.79%                                   |
| Housing mortgage balances | 0.28%                   | 5.67%                                   |

### Regions exposed to high flood risks in Taiwan





## Business continuity management mechanism

We established guidelines for reporting disasters to ensure that when a major natural disaster occurs. Our staff can report a major disaster as quickly as possible to a unit of the right level of authority for decision-making on handling methods, so as to quickly return to normal operations. If a natural disaster is deemed by the responsible unit as potentially causing failures of key businesses and systems without recovering in time, or causing severe casualties in the Company and complete disruption of key businesses and systems, the vice president of business management will evaluate whether to activate the business continuity emergency response team and act as its convener to take charge of coordinating the members to handle the incident. The vice president of business management will also simultaneously notify risk management units, which will in turn, notify the Business Continuity Management Committee to facilitate a decision on whether to notify relevant departments to implement the business recovery procedure.

## ( IV ) Metrics and Targets

### Key climate change metrics and targets

To monitor whether its own climate mission of net-zero carbon emissions is in line with the Paris Agreement, Glasgow Climate Pact, and Taiwan's Nationally Determined Contributions (NDC), Cathay Life supports the RE100 initiative, in which it is committed to using 100% renewable energy in Taiwan's operating bases by 2030. Furthermore, Cathay Life also uses a scientific and quantitative method to set the carbon reduction targets for scope 1 and scope 2, which are underpinned by emission-based considerations. In addition, it also devises specific and ambitious carbon reduction investment portfolio underpinned by impact-based considerations. In 2022, its science-based targets (SBTs) were approved by the Science Based Targets initiative (SBTi). To achieve the above tasks, upon reviewing the relevance, reliability and comparability of the relevant indicators, the following key climate goals have been set, and the achievements of the Corporate Sustainability (CS) team will be reviewed at quarterly meetings for continuous improvement.

For governance framework for monitoring and reporting, please refer to the Support Initiatives and Expand Influence on P.29

| Metrics  | Baseline year | Short-term targets 2023  | Medium-term targets 2025   | Long-term targets 2030   |
|--|---------------|--|--|--|
| Percentage of renewable energy use   | -             | 10% for the current year   | 50% for the current year   | 100% for the current year  |
| PV panel capacity installed for self-use in Cathay buildings   | 2020          | -  | 250% of the base year  | 425% of the base year  |
| Scope 1 and Scope 2 emissions (Metric tons/CO <sub>2</sub> e)  | 2020          | Down by 2.7%   | Down by 12.5%  | Down by 25%  |
| Growth of low-carbon and green energy investments  | 2020          | Increase by 20%  | Increase by 25%  | Increase by 35%  |
| Carbon reduction path of investment portfolio  | -             | 2026: S1+S2: 2.68° C<br>S1+S2+S3: 2.79° C  |  |  |
| Engagement Action  | -             | Engagement with key domestic companies accounting for 45% carbon emissions of investment portfolio         | Engagement with key domestic companies accounting for 50% carbon emissions of investment portfolio | Engagement with key domestic companies accounting for 55% carbon emissions of investment portfolio |
| Coal phase-out plan<br>The coal-related industries covered are:<br>Coal-fired power generation companies, coal mining companies, coal mine railroad transport, and coal-assisted services that do not engage in proactive transition | -             | Coal businesses with revenue exceeding 30% are put on the exclusion list, and no new investment is allowed | Lower revenue threshold to 20%   | Lower revenue threshold of coal-related industries in OECD countries to 15%                        |

For other indicators, please refer to Green Operations and Impact Mitigation on P.96



## Verification of climate strategy resilience

To fulfill its commitment of net-zero carbon emissions by 2050, Cathay Life has launched a dual strategy covering "Zero Carbon Operation Transformation" and "Low-Carbon Investment Allocation," along with strategic action plans. We selected two key climate targets, i.e., "green energy" and "expanding low-carbon and green energy investment" under the "percentage of renewable energy use" and "growth of low-carbon investment" categories of the strategic plans for monitoring, comparison and trend analysis. Both key climate goals will serve as items for verifying climate strategy resilience.

| Verification strategy                | Verification target  | Verification method       | Description of verification results   |
|--------------------------------------|--|---------------------------|---|
| Zero Carbon Operation Transformation | Actual Metrics and targets Performance - Percentage of Renewable Energy Use                                  | Monitoring and comparison | <p>To implement the zero-carbon operation transformation strategy, Cathay Life has set mid- and long-term goals for renewable energy use for its domestic operating bases, with aims to achieve 50% renewable energy by 2025, and 100% renewable energy by 2030. These goals will be integrated in the annual performance appraisal of the general manager and relevant executives to strengthen management.</p> <p>To ensure that various renewable energy procurement plans can meet standards, Cathay Life uses 2020 as the baseline year for assessing annual electricity consumption and renewable energy use. In the future, annual growth of electricity consumption due to expansion of operating bases, energy-saving owing to equipment replacement, and experience on matching percentage of renewable energy will be accounted for to estimate the total yearly electricity consumption and percentage of renewable energy use. Based on the historical results of renewable energy use before 2021 and future renewable energy procurement plans, the 2022 percentage of renewable energy use was set at 5.8%, while the actual percentage of renewable energy use was 6.9% in 2022. By comparing the target completion status, Cathay Life will assess the effectiveness of the climate actions taken. The assessment results show that its strategies and actions are climate-resilient (verification results benchmark: target completion status for percentage of renewable energy use).</p> |
| Low-carbon investment allocation     | Estimated Metrics and targets Performance for the Future - Growth of Low-carbon and Green Energy Investments | Trend Analysis            | <p>Cathay Life's low-carbon and green energy investments mainly focus on securities investments and green buildings:</p> <ul style="list-style-type: none"> <li>● <b>Negotiable securities:</b> Analyze the historical results of low-carbon investment assets as a percentage of securities assets in 2018-2021. Forecast the number of securities assets invested in low-carbon industries by taking into account the capital status under future operations and investment market fluctuations.</li> <li>● <b>Real estate:</b> Forecast the number of green buildings and their market value based on the market value of properties that have obtained a valid green building label each year, and new buildings which will obtain the green building label or LEED certification prescribed by the U.S. after 2023.</li> </ul> <p>According to the results, Cathay Life can achieve the goal of "growth in low-carbon and green energy investment of 20% by 2023, 25% by 2025 and 35% by 2030 using 2020 as the baseline year," indicating that the current climate strategies and actions are climate-resilient. (Verification results and baseline: completion status of growth of low-carbon and green energy investments)</p>  |

## Key climate change metrics

When developing key climate risk management metrics, Cathay Life realizes that there are limitations in climate metrics and tools (e.g. coverage, data availability and time frame, and uncertainties in methodological development). However, we still believe that these metrics are valuable in supporting the relevant governance, policy and risk management. In terms of internal management, Cathay Life aims to achieve net-zero emissions by 2050. Based on data availability, it has developed internal carbon management tools to help monitor carbon emissions of investee companies. Meanwhile, it also uses total carbon emissions and emission intensity as key climate change indicators to formulate the appropriate frequency to monitor and measure the progress of climate strategy implementation.

In terms of business operations, key climate change metrics include the total power usage index, electricity and water use index. Please refer to [Green Operations and Impact Mitigation on P.96](#) for details. In terms of investment, key climate change metrics cover the "investment portfolio carbon emissions." In addition to data availability, internal carbon management tools also help the investment team monitor investee companies' carbon emissions, and oversee and measure the changes in investment portfolio carbon emissions. More descriptions are as follows:



### (1) Carbon footprint of investment portfolio - company operations (Scope 1 and Scope 2)

To fulfill the commitment of the Paris Agreement and meet stringent global carbon emission regulations with preparation in advance, in 2018, pursuant to the TCFD guidelines, Cathay Life became the first company to calculate the carbon footprint (Scope 1 and Scope 2) of listed equity assets and corporate bond based on the weighted average carbon intensity. The evaluation serves as one of the climate change risk management and assessment tools for its investment portfolio. Since 2020, Cathay Life voluntarily made the decision to comply with the guidelines of the Partnership for Carbon Accounting Financial (PCAF). Based on the methodology of the guidelines, the total carbon emissions of investment portfolios (Scope 1 and Scope 2) and in turn, the portfolio carbon intensity are calculated to measure carbon footprint of investment portfolios, all of which will serve as indicators for monitoring the performance of carbon reduction targets from different perspectives.

Regarding the inventory results in 2022, the total carbon emissions were 9,564,162 tCO<sub>2</sub>e, the portfolio carbon intensity was 71.35 tCO<sub>2</sub>e/US mn invested, and the weighted average carbon intensity was 235 tCO<sub>2</sub>e/US mn revenues, representing decreases of 11.4%, 7.3% and 7.5% respectively from 2021. The total carbon emissions of the top 50 listed companies accounted for 85.2% of the emissions, and the top 100 companies issuing corporate bonds accounted for 86.6%. Among the total emissions of industries with high climate change risks, the percentage of asset position of the integrated oil and gas industry accounted for only 4.9%, but its carbon emissions accounted for 19.4%. However, the overall asset position and carbon emissions of industries with high climate-related risks declined by 0.3% and 10.7% respectively compared with the previous year. The investments in the Americas accounted for 51%, and the carbon emissions accounted for 58% of total carbon emissions. In due course, we will continue to monitor changes in these metrics and engage in discussions with high carbon emission industries.

Table: Carbon footprints of various asset investment portfolios in 2021-2022

| Listed equity                            | Unit                               | 2022      | YOY    | 2021       |
|--|------------------------------------|-----------|--------|------------|
| <b>Total carbon emissions</b>            | t CO <sub>2</sub> e                | 540,112   | -46.0% | 999,435    |
| <b>Total carbon emissions</b>            | t CO <sub>2</sub> e/US mn invested | 33.04     | -19.7% | 41.14      |
| <b>Weighted average carbon emissions</b> | t CO <sub>2</sub> e/US mn revenues | 109       | -26.0% | 147        |
| <b>Carbon emissions coverage rate</b>    | %                                  | 100%      | 0.0%   | 100%       |
| <b>Data quality score</b>                |                                    | 2.47      | 55.2%  | 1.59       |
| Corporate bond                           |                                    |           |        |            |
| <b>Total carbon emissions</b>            | t CO <sub>2</sub> e                | 9,024,050 | -7.9%  | 9,800,240  |
| <b>Total carbon emissions</b>            | t CO <sub>2</sub> e/US mn invested | 76.67     | -9.3%  | 84.49      |
| <b>Weighted average carbon emissions</b> | t CO <sub>2</sub> e/US mn revenues | 252       | -8.6%  | 276        |
| <b>Carbon emissions coverage rate</b>    | %                                  | 100%      | 0.0%   | 100%       |
| <b>Data quality score</b>                |                                    | 2.49      | 38.6%  | 1.80       |
| Total                                    |                                    |           |        |            |
| <b>Total carbon emissions</b>            | t CO <sub>2</sub> e                | 9,564,162 | -11.4% | 10,799,675 |
| <b>Total carbon emissions</b>            | t CO <sub>2</sub> e/US mn invested | 71.35     | -7.3%  | 76.99      |
| <b>Weighted average carbon emissions</b> | t CO <sub>2</sub> e/US mn revenues | 235       | -7.5%  | 254        |
| <b>Carbon emissions coverage rate</b>    | %                                  | 100%      | 0.0%   | 100%       |
| <b>Data quality score</b>                |                                    | 2.49      | 41.2%  | 1.76       |

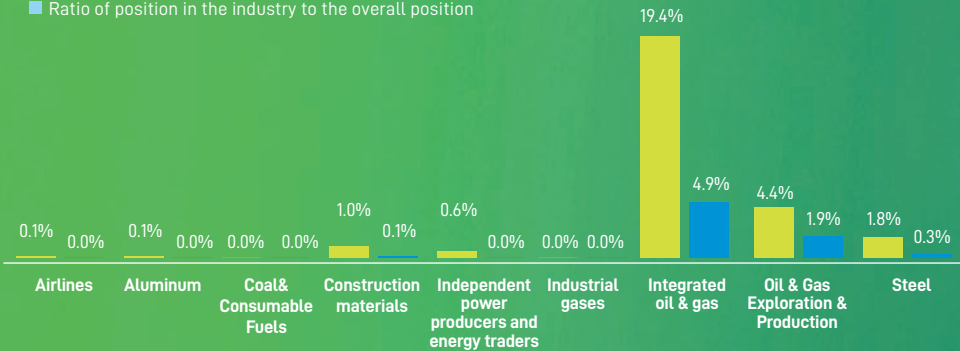
Note: Data quality score (one point stands for the best data quality, indicating that all carbon emissions data are verified by third-party organizations; five points stands for the worst data quality). In 2022, due to the adoption of the MSCI Total Portfolio Footprint methodology, the best data quality score was two points, which increased the data quality score from 1.76 points to 2.49 points.

Analysis of the total carbon emission concentrations of each asset in 2022

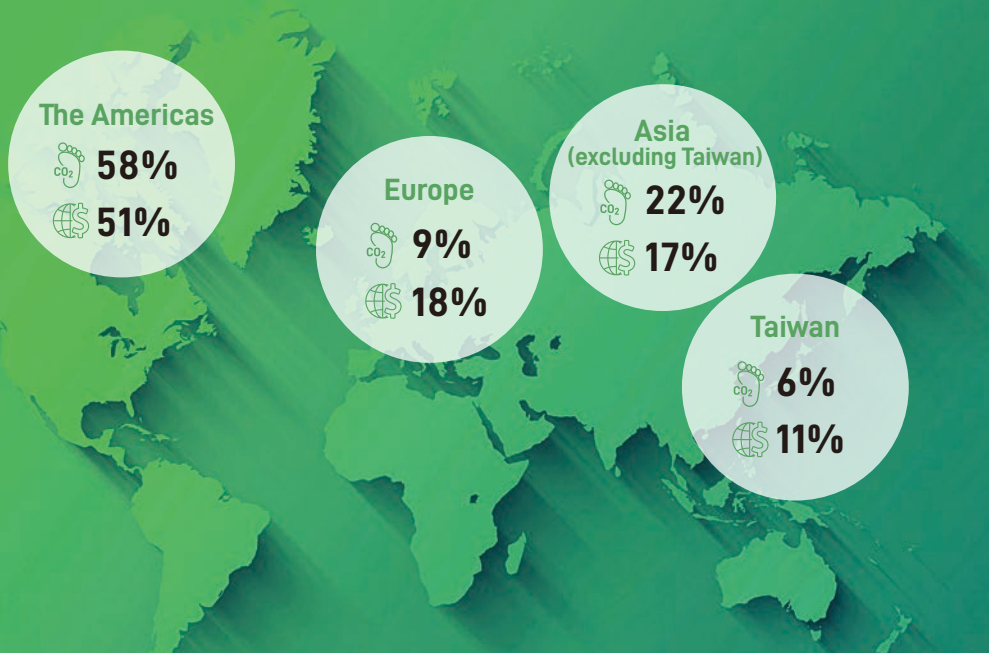


Distribution of carbon emissions in high climate-related risk industries in 2022

■ Ratio of carbon emissions in the industry to the total carbon emissions  
 ■ Ratio of position in the industry to the overall position



Distribution of carbon emissions by region in 2022



(2) Investment Portfolio Carbon Emissions - Company Operations and the Value Chain (Scopes 1, 2, and 3)

To have a more comprehensive understanding of the investment portfolio carbon emission, Cathay Life has expanded the scope of its investment portfolio since 2022. In addition to the investee companies' scope 1 and 2 emissions inventory, we also conducted investee companies' scope 3 emissions inventory to obtain a more comprehensive inventory scope. Considering poor disclosure quality and low completeness of the carbon information of companies in scope 3, Cathay Life adheres to the PCAF guidelines, and incorporated the industries in Scope 3 for calculating the total carbon emissions of "oil and gas industry, metal and mining industry, transportation industry, and construction materials industry" investment portfolio company operations (scope 1 and scope 2) and the value chain (scope 3), and continue to observe data changes. In the future, we will gradually conduct carbon emissions inventory of all industries in scope 3 depending on the coverage and carbon information disclosure quality.

| Industry                         | Total carbon emissions (tCO <sub>2</sub> e) | Carbon emissions coverage rate | Data quality score |
|----------------------------------|---|--------------------------------|--------------------|
| <b>Oil and natural gas</b>       |   |                                |                    |
| Scopes 1&2                       | 3,317,980                                   | 100%                           | 3.28               |
| Scope 3                          | 25,412,013                                  | 93%                            | 3.33               |
| <b>Metal Products and Mining</b> |   |                                |                    |
| Scopes 1&2                       | 482,321                                     | 100%                           | 2.81               |
| Scope 3                          | 2,541,410                                   | 100%                           | 3.00               |
| <b>Transportation</b>            |   |                                |                    |
| Scopes 1&2                       | 19,321                                      | 100%                           | 2.29               |
| Scope 3                          | 476,305                                     | 100%                           | 2.39               |
| <b>Construction materials</b>    |   |                                |                    |
| Scopes 1&2                       | 95,433                                      | 100%                           | 2.14               |
| Scope 3                          | 26,356                                      | 100%                           | 3.16               |

(3) Sovereign bond carbon emissions

The PCAF guidelines added the calculation of sovereign bond carbon emissions in 2022. Based on the PCAF guidelines, Cathay Life conducted Scope 1 carbon inventory and disclosed the total sovereign bond carbon emissions.

| Sovereign bond (Scope 1, excluding LULUCF)        | Unit                               | 2022      |
|---|------------------------------------|-----------|
| Total carbon emissions                            | t CO <sub>2</sub> e                | 5,205,315 |
| Portfolio carbon intensity                        | t CO <sub>2</sub> e/US mn invested | 323.5     |
| Carbon emissions coverage rate                    | %                                  | 100%      |
| Data quality score                                |                                    | 2         |
| <b>Sovereign bond (Scope 1, including LULUCF)</b> |                                    |           |
| Total carbon emissions                            | t CO <sub>2</sub> e                | 5,063,457 |
| Portfolio carbon intensity                        | t CO <sub>2</sub> e/US mn invested | 352.5     |
| Carbon emissions coverage rate                    | %                                  | 89%       |
| Data quality score                                |                                    | 1.84      |

Note: LULUCF refers to the change of carbon dioxide caused by human activities affecting the carbon cycle between the terrestrial biosphere and the atmosphere through land use, land-use change and forestry.

# Pioneering Sustainability and Leveraging the Power of Dialog

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

The engagement results for 2022 are summarized as follows:



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

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

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

### Ceres Valuing Water Finance Task Force

In recent years, climate change has indirectly changed the water cycle and precipitation. In addition, the World Economic Forum's Global Risks Report has listed water crisis as one of the top risks in terms of global impact for eight consecutive years. For these reasons, Cathay Life and Cathay FHC took timely actions by joining the Ceres Valuing Water Finance Task Force since September 2020, and cooperate with the international investment institutions to formulate action plans for water resource management companies. In mid-2022, we completed the preliminary research tasks, which will serve as the basis for subsequent engagement between institutional investors and enterprises.

Cathay FHC and Cathay Life are the only two financial institutions in Asia and Taiwan that have joined this organization. In addition to providing water resources ideas as professional institutional investors, Cathay Life has also kept track of forward-looking trends of global water resources and monitored risks and opportunities of water resources in various industries. By doing so, Cathay Life can prevent relevant risks and improve investment resilience when facing water resource challenges.



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

Cathay Life has participated in multiple international initiatives, including CDP's Non-Disclosure Campaign (CDP has yet to reply on the engagement initiative), Climate Action 100+, and AIGCC's Asian Utilities Engagement Program. We have also performed one-on-one engagement with our investee companies, and with enterprises collectively by organizing forums:

### Participating in international initiatives

#### CDP-Non-Disclosure Campaign

Cathay Life takes it upon itself to act as a leader in engagement. Through one-on-one communications, we have encouraged companies which have yet to respond CDP questionnaires, urging enterprises to disclose climate change measures and carbon emission data, understand the shortage of water resources, and consider the issue of sustainable forests, in order to formulate relevant response strategies and management approaches.

**Cathay Life has participated in the campaign since 2017 and is the only corporate participant from Taiwan.**

##### Key achievements:

- ✓ Success rate of engagement: Engaged a total of 41 companies with a success rate of 61% (25 companies), which is well above the global average.
- ✓ Progress rate: Cathay has successfully engaged 60 companies since 2017, of which 57% of the companies improved their CDP scores in the following year, demonstrating a long-term positive impact of successful engagement.

#### Climate Action 100+

Climate Action 100+ was launched in 2017, and is the world's largest investor climate initiative ever. It urges companies to take carbon reduction actions pursuant to the Paris Agreement. Of the 166 companies around the world on the watchlist, Cathay Life is actively engaging with all three Taiwanese enterprises on this list, in the hope that they will enhance disclosure of financial information related to climate change in accordance with the framework of Task Force on Climate-related Financial Disclosures (TCFD) and reduce carbon emissions in response to the Paris Agreement to achieve the goals and promises of transformation into a low-carbon energy and net-zero emissions.

**Cathay Life has participated in the campaign since 2017 and is the only insurer participant from Taiwan.**

##### Key achievements:

- ✓ All three Taiwanese companies have expressed their commitment to net-zero emissions or carbon neutrality by 2050, and set short- and mid-term carbon reduction targets. Furthermore, SBTs of one of the companies have even been approved by the Science Based Targets initiative (SBTi).
- ✓ Two of these companies were listed as carbon reduction and climate governance case studies in the annual reports of Climate Action 100+ and ACGA and CLSA, indicating that their active climate actions are well recognized by international organizations.

#### Asia Utilities Engagement Program

As the world seeks to achieve emission reduction targets and tackle climate change by "phasing out of coal," Cathay Life has adopted a more positive attitude by leveraging the power of dialog to influence enterprises' measures related to "phasing out of coal." In cooperation with global institutional investors, Cathay Life has "engaged" with seven large coal-fired power generation plants, in order to promote their low-carbon transitions and comply with the net-zero emissions scenario set out in the Paris Agreement.

**Cathay Life has participated in the campaign in 2021 and is the only corporate participant from Taiwan.**

##### Key achievements:

- ✓ SBTs of Firm C, whom Cathay Life has engaged, were approved by the Science Based Targets initiative (SBTi). It is committed to phasing out coal-fired power generations assets by the end of 2040, and replacing natural gas with hydrogen in power plants to help achieve net-zero emissions by 2050. It is also committed to Just Transition during the course of transitioning from coal to low-carbon energy, and mitigating the impact on employees and society.

#### Ceres Valuing Water Finance Initiative

■ The greenhouse effect and extreme climate conditions caused by carbon emissions have led to instability of water supply. In view of this, Ceres Valuing Water Finance Task Force completed a preliminary research in mid-2022, and established six major water resources management framework for companies with high water footprints. In the same year, it also launched the [Valuing Water Finance Initiative](#) for engaging with enterprises.

■ To contribute to sustainability, Cathay Life has become the only corporate participant in this initiative from Taiwan since 2022. It will officially initiate dialogues with companies in 2023, with the hope to promote their business operations and manage water footprint risks in the supply chain. The water risk will be assessed and mitigated as a financial risk, and actions will be taken to protect water resources.

■ Cathay Life has participated in the campaign since 2022 as the only corporate participant from Taiwan, with official dialogues starting from 2023.





## Participation of International Initiatives and Individual Engagement Cases

Firm C is one of the companies listed in the Asia Utilities Engagement Program. Considering its geographic and market familiarity, Cathay Life plays the role of supporting investors, and engaged with Firm C along with other foreign institutional investors.

During the engagement process, Firm C was highly responsive to issues regarding transition to low carbon. It had good communication and interaction with investors. Firm C's SBTs were approved by the Science Based Targets initiative (SBTi) in September 2021. It updated its climate action vision, proposed 2030 carbon emissions intensity target, and gave its commitment to phasing out coal-fired power generation assets by the end of 2040 (ten years earlier than its previous commitment) and replacing natural gas with hydrogen energy to achieve net-zero emissions by 2050.

In 2022, the engagement focused on the company's decarbonization strategy and capital expenditure planning for transitioning to low carbon. In the course of transitioning to low-carbon energy to achieve net-zero emissions, existing employees and society may be subject to negative influences, Cathay Life, as a supporting investor, suggested that leading investors should discuss and request the company to attach greater importance in Just Transition from coal to a low-carbon energy. At the follow-up meeting, investors officially recommended the formulation of a transition policy. Firm C stated that it would disclose actions related to the transition in the 2023 sustainability report by referring to the WBCSD report.

Firm C announced on its sustainability report and TCFD report in March 2023 that it would adopt a well-planned and orderly methodology to ensure a just transition process from fueled power generation assets to zero-carbon energy. Citing its coal-fired power station in Australia as an example, Firm C announced a schedule for decommissioning the power plant in advance, and arranged training for its employees. It would also engage in a partnership with local offshore wind farms, with a plan to transfer employees to the wind farms. This would allow Firm C to create employment opportunities, and play a better role in local economic development. In addition, Firm C also planned to provide renewable energy to help ensure local power supply, and reduce the impact of decommissioning coal-fueled power plants.

## Voluntarily engaging with enterprises

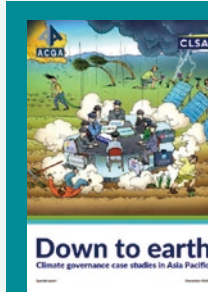
Learning from our experience participating in international initiatives, Cathay Life also started to engage with investee companies in Taiwan voluntarily, choosing "climate change" and "enterprise ESG rating/information disclosure" as the main topics. The contents include enhancing climate change-related disclosure and management in accordance with the TCFD framework, keeping track of enterprise carbon emissions, understanding enterprise carbon reduction and transition planning to low carbon, setting SBTs, and other climate change-related issues, so as to solve material ESG topics.





## Description of Individual Engagement with Enterprise H - Engagement of Response to Climate Change and Improvement of ESG Rating Performance

Enterprise H plays a crucial role in the global supply chain and low-carbon transformation. It was listed by Climate Action 100+ as an engagement target. As the overall ESG evaluation still had room for improvement, it was listed in Cathay's list. Since 2019, Cathay Life has performed in-depth engagement with Enterprise H, and developed mutual trust based on dialogue. In addition to understanding the company's climate change adaptation and improvement practices to tackle material ESG issues, we also discussed the company's carbon reduction plan, and provided recommendations on how to handle the challenges it faced during the transition to low carbon, and how to strengthen labor management and chemical safety. After gaining an in-depth understanding of the importance of ESG and climate change, Enterprise H continued to improve its internal ESG governance and systems, and provided more transparency in terms of ESG disclosure, and multiple stakeholder communication channels.

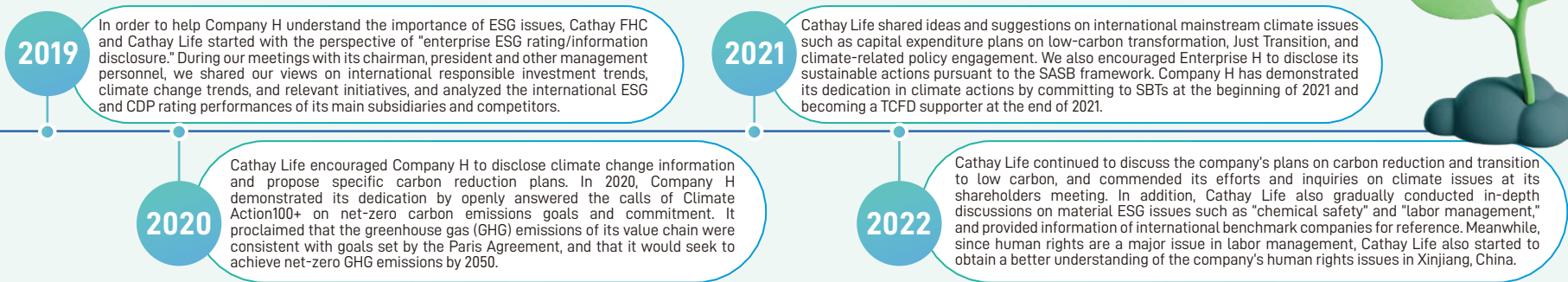


I would say [these engagements are] more like a partnership, especially with Cathay because it is also a listed company so on the one hand they are also monitored by their stakeholders so they also need to make progress. On the other hand, they invest in so many companies that they become like a mentor. They have experience from both sides. Sometimes this makes the conversation much more meaningful. Sometimes if you are not doing the ESG yourself, you have lots of expectations and that expectation is just too far away from the current situation. But because Cathay is already in that kind of situation themselves so they can share with you how to progress. I would say it's much more like partnership. It's not just someone sitting there monitoring you. -H company

Cathay Life was delighted to see that Enterprise H formulated six ESG strategies in 2022, with eight long-term goals for the environment (E), ten long-term goals for society (S), and 14 long-term goals for corporate governance (G). In 2022, Enterprise H was selected as one of case studies on climate governance in ["Down to earth: Climate governance case studies in Asia Pacific"](#)(p.31) issued by ACGA and CLSA. In Enterprise H's report, dialogues with Cathay were important as they provided partnership support rather than supervision. We hope to uphold the spirit of support and co-learning rather than supervision and questioning, so as to make progress along with enterprises in Taiwan.

### Engagement with Company H

From communication to "encourage companies to pay attention to ESG issues" before 2020, to engagement for "partnership with companies for precise implementation" after 2021



## Collective engagement – Sustainable Finance and Climate Change Summit

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

In 2022, the Group continued to uphold the concept of "Leading Taiwan to the World; Bringing the World to Taiwan," and invited top leaders in industry, the government and academia to share forward-looking perspectives related to global climate change and net-zero emission transformation, as well as Taiwan's sustainable development or carbon reduction policies. The measure is aimed to guide companies on corporate sustainability and net-zero carbon emission strategies.

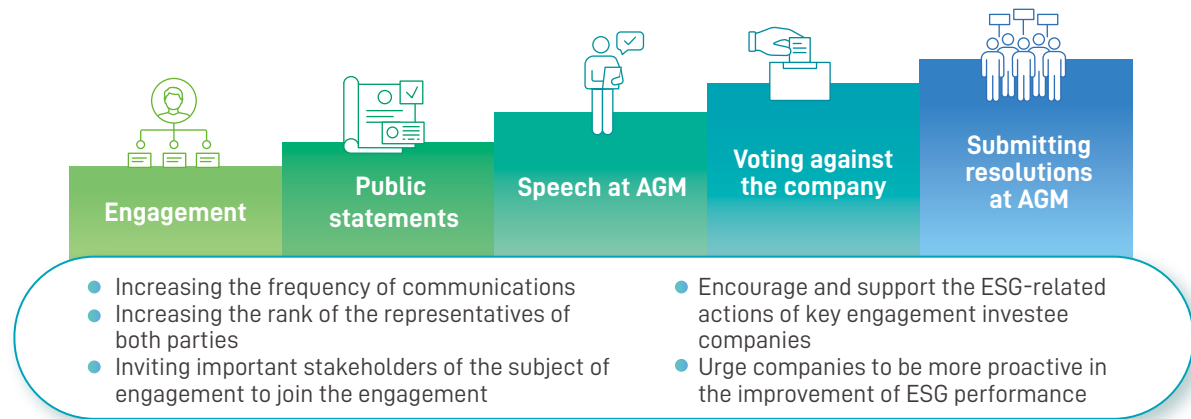
The number of applicants of the forums hit record high in 2022, with more than 2,300 people. Of which, over 80% were first-time participants. The listed companies which participated in the forum accounted for more than 70% of Taiwan market capitalization, while the carbon emissions of listed companies accounted for 46% of Taiwan's total carbon emissions.

The number of applicants of the forums hit record high in 2022, with more than **2,300** people.



## Adoption of Engagement Escalation Strategy

As the combination of capital markets and ESG quickly materialized, the customers are optimistic towards sustainability in the supply chain, and the competent authority's requirements for ESG information disclosure become more clear. Cathay Life not only assess the enterprises' ESG performances during the investment process, but also actively exercises shareholder activism, setting up a dedicated team for one-on-one communication with the investee company. As an active and responsible professional institutional investor, we also timely assess and adopt better and different engagement strategies, in order to encourage investee companies in ESG implementation, and urge companies to actively improve ESG performance. We believe that these strategies can effectively help achieve our ultimate engagement goal, and create long-term values for both parties.



## Engagement Escalation Case

Since 2019, Cathay Life has been communicating with Firm H and exchanging climate change and ESG-related issues. Firm H has been dedicating efforts in the past few years. Therefore, Cathay Life expressed its gratitude to Firm H for its plan for carbon reduction and ESG development by participating in Firm H's 2022 shareholder meeting. Given Firm H's efforts in low-carbon transition, Cathay Life has made a speech in Firm H's 2022 shareholder meeting, with the hope to encourage Firm H in improving information disclosure related to the following two issues, in order to enable domestic and international stakeholders to understand Firm H's hard work in areas related to climate actions, so that Firm H is highly recognized by investors. Meanwhile, Firm H stated that it will continue to optimize ESG-related information disclosure in the future:

-  Quantify the impact of climate change or conduct climate scenario analysis based on the TCFD framework
-  Does the Company's capital spending plan comply with its long-term GHG reduction goals, or goals of the Paris Agreement



 Video linkage (Time of speech: 1:12:47 1:19:08)



## Participate in Sustainable Finance Pioneer Alliance

To support the government's 2050 net-zero emissions policy, Cathay Life and its parent company jointly participated in the Sustainable Finance Pioneer Alliance, which is committed to goals such as low-carbon investment and financing, and climate engagement. It also cooperated with industry peers to help the competent authority in promoting sustainable finance development and low-carbon transition in the industry, supporting Taiwan companies in developing towards a green economy.

Based on its experience in responsible investment and response to climate change, Cathay Life provided opinions for various working groups under the net zero platform together with the parent company, and represented Cathay Financial Holdings and Life Insurance Association of the Republic of China in participating in the Research Team of the Rules and Guidelines Working Group.





# A

## ccountability

### 58 Responsible Investment and Paradigm Proposal

- 58 Sustainable Investment Mechanism
- 67 Sustainable Investment Actions

### 69 Diverse Coverage and Thoughtful Services

- 69 Establishing Protection Awareness
- 71 Providing Diverse Protection
- 73 Customer-Centric Approach
- 75 Developing Digital Services

### Core Philosophy

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

### Sustainability Highlights



The amount of sustainable investment is NT\$**1.3** trillion in 2022.



In 2022, FYP of insurance products amounted to NT\$**15.04** billion and FYP of spillover-feature insurance products amounted to NT\$**7.05** billion.



In 2022, the overall customer satisfaction reached **97.8%**, while the net promoter score (NPS) reached **29.2**.

SDG 1

SDG 3

SDG 4

SDG 8

SDG 10

SDG 13

SDG 17

## Management of material topics

|  |   |  |   |   |   |
|--|---|--|---|---|---|
| Sustainable<br>Financial<br>Investment | <b>Policy commitment</b>                                | Cathay Life Insurance has established a sustainable investment system, which takes into account ESG risks during the investment processes. Via concrete actions, Cathay Life Insurance supports sustainable investments by exercising the expertise and influence as an institutional investor to channel more capital toward these investments. |   |   |   |
|  | <b>Management and actions</b>                           | Complying with International Standards   | Establishment of accountable unit   | Stewardship measures  | Sustainable investment actions  |
|  | <b>Performance tracking/<br/>stakeholder engagement</b> | <ul style="list-style-type: none"> <li>Since 2015, we have voluntarily complied with the Principles for Responsible Investment (PRI).</li> </ul>   | <ul style="list-style-type: none"> <li>In 2016, we established a responsible investment working group.</li> <li>In 2022, we established a dedicated unit to take charge of overseeing and planning responsible investment matters.</li> </ul> | <ul style="list-style-type: none"> <li>Interact with investee companies through dialog, engagement, and exercise of voting rights.</li> </ul> | <ul style="list-style-type: none"> <li>The amount of sustainable-related investment amounted to NT\$1.3 trillion in 2022, which increased by 14% compared with that of 2021.</li> </ul> |

|                        |   |  |   |   |  |
|------------------------|---|--|---|---|--|
| FinTech<br>Application | <b>Policy commitment</b>                                | To improve service quality and efficiency, Cathay Life Insurance established new service models and operating procedures by effectively using digital and innovative technologies.   |   |   |  |
|                        | <b>Management and actions</b>                           | Online insurance enrollment  | Smart Digital Customer Services   | Innovative online services  | Mobile/Electronic Insurance  |
|                        | <b>Performance tracking/<br/>stakeholder engagement</b> | <ul style="list-style-type: none"> <li>The overall customer satisfaction with our digital services was 97% in 2022, and user satisfaction with our online insurance enrollment service has reached 97% for three consecutive years and even up to 99% for young people under the age of 30.</li> </ul> | <ul style="list-style-type: none"> <li>In 2022, smart digital customer service usage reached 2.955 million persons, while the monthly average services totaled 246 thousand persons; with problem solving rate of 97.5%, and customer satisfaction of 94.3%.</li> </ul> | <ul style="list-style-type: none"> <li>Proactively developed convenient one-stop online insurance services, which incorporate innovative components and platforms.</li> </ul> | <ul style="list-style-type: none"> <li>Promote mobile insurance, and integrated insurance application, claims, premiums, and policyholder services. In 2022, the use of mobile and electronic services has saved 81.78 million sheets of paper.</li> </ul> |

|   |   |  |  |   |  |
|---|---|--|--|---|--|
| Sustainable<br>products and<br>services | <b>Policy commitment</b>                                | In response to sustainability issues (social development trends, environmental changes, and corporate governance), Cathay Life Insurance designed insurance products and services, and dedicated efforts to provide the best products and services to satisfy people's insurance needs.  |  |   |  |
|   | <b>Management and actions</b>                           | Create a health ecosystem  |  | Improve products and services for the elderly   |  |
|   | <b>Performance tracking/<br/>stakeholder engagement</b> | <ul style="list-style-type: none"> <li>Since 2018, we have proactively created and optimized the health-promoting ecosystem by providing innovative health-promotion incentives and launching different spillover-feature insurance products.</li> <li>The "FitBack" platform accumulated a total of 806 thousand members.</li> <li>16 new spillover-feature insurance products were launched in 2022 (50 in total for the current year).</li> </ul> |  | <ul style="list-style-type: none"> <li>Different elderly protection products covering physiological, psychological, and financial aspects are offered to provide comprehensive protection for elderly people.</li> <li>Develop caring services for the elderly, and provide elderly-friendly marketing materials, establish "Splendid Life" website, elderly service hotline, and post-youth care.</li> </ul> |  |

|   |   |   |   |   |  |
|---|---|---|---|---|--|
| Customer Rights<br>Protection and Service<br>Quality services | <b>Policy commitment</b>                                | By upholding a customer-centered service philosophy, Cathay Life Insurance works to ensure customers fully comprehending its products, services, and their interests and rights. On a regular basis, the Company pays attention to its customers' conditions, provides various communication channels to respond to customer feedback so as to enhance service quality and protect customer interests and rights.                         |   |   |  |
|   | <b>Management and actions</b>                           | Principles of treating customers fairly   | Better management of customer satisfaction  | Provide convenient services   |  |
|   | <b>Performance tracking/<br/>stakeholder engagement</b> | <ul style="list-style-type: none"> <li>We became the first in the industry to establish the Treating Customers Fairly Committee, which is actively partaken and promoted by the Board of Directors to protect the interests and rights of customers. Cathay Life Insurance has been rated excellent (ranked top 25% among insurance companies) in the fair customer treatment conducted by the FSC for four consecutive years.</li> </ul> | <ul style="list-style-type: none"> <li>We continue to develop the "customer experience management system" to improve customer experiences. In 2022, the overall customer satisfaction reached 97.8%; net promoter score (NPS) reached 29.2 points.</li> </ul> | <ul style="list-style-type: none"> <li>We use digital technologies at service nodes to improve the convenience of financial services and overcome geographical, temporal, and physical limitations, thus providing customers with a better service experience.</li> </ul> |  |



# Responsible Investment and Paradigm Proposal

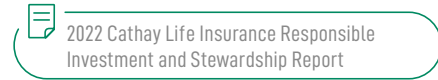
Cathay Life Insurance's total assets exceed NT\$8 trillion (NT\$7.3 trillion of which are investment assets), accounting for about 1/4 of Taiwan's overall life insurance industry, making us one of the largest institutional investors in Taiwan. Through Cathay Life Insurance's core competency of investment, we can properly utilize the funds of shareholders and policyholders to establish a sustainable investment mechanism and take concrete actions to support investment targets that focus on sustainable development. We exercise our expertise and influence as an institutional investor to encourage more companies to work and create a sustainable future together.

## Sustainable Investment Mechanism

Principle 1 Principle 3

From 2015 onwards, Cathay life has been adopting the Principles for Responsible Investment (PRI) on its own initiative, and became the first signatory as an insurance service provider to the Taiwan Stewardship Principles for Institutional Investors issued by TWSE in 2016. Since 2018, we have published a Stewardship Report on a yearly basis; in 2020, we added details regarding our responsible investments in the report. These efforts demonstrate our determination as an institutional investor to fulfill the requirements of stewardship and responsible investment, and make us the first insurance company in Taiwan to fully disclose relevant measures. We were also the only insurance company in Taiwan to be included consistently<sup>(Note)</sup> in Taiwan Stock Exchange's List of Companies with Better Institutional Investor Stewardship Disclosure.

Note: Evaluation of TWSE's List of Companies with Better Institutional Investor Stewardship Disclosure was only conducted in 2019, 2021 and 2022.



### ( I ) Establishing the Responsible Investment Working Group

Cathay Life is the first insurance company in Taiwan to establish a responsible investment working group. At the end of 2016, the front, middle and back offices of Cathay Life's investment teams jointly established the Responsible Investment Working Group to set up goals as well as yearly implementation plans in order to advance and perfect our sustainable investment project. As of 2022, Cathay Life had approximately 45 members in its working group, three of whom are dedicated responsible investment officers, and 2 of them already hold the CFA ESG Investing certificate. The working group is under a dedicated unit that was established in 2022 to take charge of overseeing and planning responsible investment matters.



#### Cathay Life Insurance Responsible Investment Working Group



**45+**  
team members



**3**  
dedicated staff

- In 2016, we became the first insurance company in Taiwan to establish a responsible investment working group.
- In 2022, we established a dedicated unit to take charge of overseeing and planning responsible investment matters.
- 2 responsible investment personnel hold the CFA Institute Certificate in ESG Investing.
- In 2022, the ESG database and analysis tools were introduced on the investment information platform



**Selected**  
The only insurance company selected three times

TWSE's List of Companies with Better Institutional Investor Stewardship Disclosure

**Paradigm**  
2022 Taiwan SIA

Taiwan Sustainable Investment Award, Influential Institution Division - Life Insurance Group

Provided to senior executives and investment teams, a total of **310** people, each with a total learning time of about **360** minutes per year

- International Climate Initiatives
- ESG policies and guidelines
- Industry's carbon reduction trends
- Responsible investment news

■ Issuance of CLIMATE PLUS, a monthly e-newsletter on responsible investment.

■ Organize internal education and training courses and participate in external conferences on a regular basis.

■ In 2022, a total of **383** Cathay employees participated in our training courses and external conferences; the average training hours stood at **91** minutes per person.

Third-Party Database Usage and Subscription



Education and Training

The Responsible Investment Working Group continues to exchange with and learn from international benchmark enterprises and study their responsible investment measures and climate change practices. The Group periodically organizes training courses, participates in external conferences, and publishes CLIMATE PLUS, a monthly e-newsletter on responsible investment, to help investment teams better understand responsible investment, climate change, and international trends. In addition, corporate sustainability and responsible investment have also been included as part of the compulsory training courses for new employees in investment teams.

In 2022, a total of 383 Cathay Life employees participated in the internal ESG training courses and external conferences, with average training hours of 91 minutes per person. Of which, a total of 333 employees participated in the education and training courses organized by Cathay Life, and the average training hours stood at 75 minutes per person.

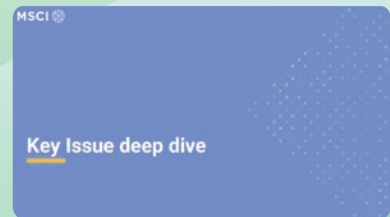


**External professional lecturers appointed for ESG education and training**

- Introduce international ESG, responsible investment, and climate change trends and share the latest domestic and international initiatives and actions.
- The professional lecturers provide indepth description of ESG database methodology to assist the investment teams in incorporating ESG data into the investment decision-making process.

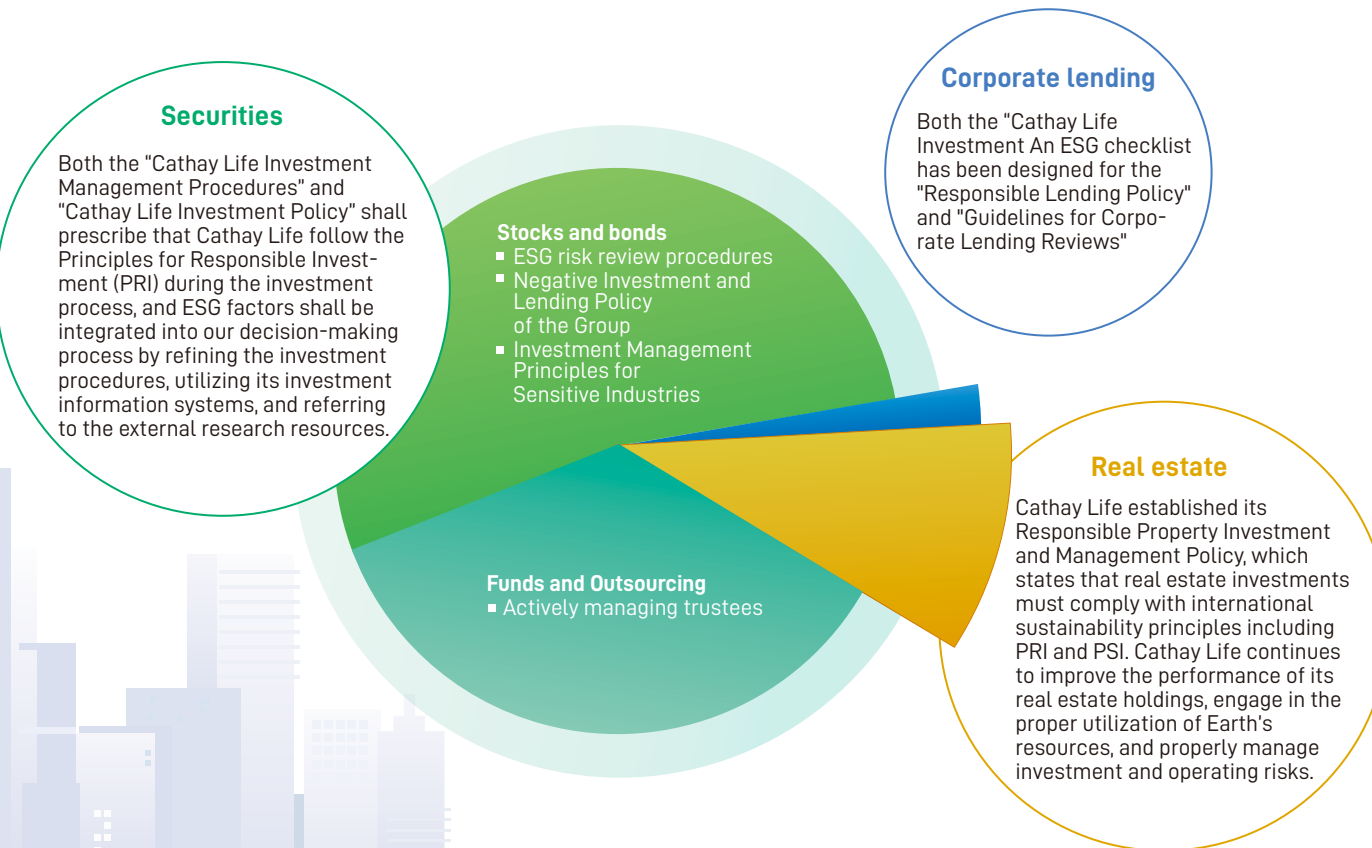
**Internal lecturers for responsible investment education and training courses**

- The responsible investment courses are included in the compulsory courses for new employees' training, which introduce the internal responsible investment mechanism, thereby allowing ESG principles to take root in our investment teams.
- Organize education and training courses to improve the investment teams' knowledge of responsible investment, and cultivate ESG investment talents.



## ( II ) Establishing ESG directions and policies

We not only comply with the Responsible Investment and Lending Policy established by Cathay FHC, but also establish relevant ESG directions and policies tailored to individual investments in businesses of different natures. In addition, we report the implementation results of responsible investment to the Board of Directors every year. Excluding assets that fall outside the scope of responsible investment operations (e.g., cash, foreign exchange hedging, and foreign currency policy reserve debt), we adopted 100% responsible investment measures. The total responsible investment assets amounted to NT\$6.4 trillion.



## ( III ) Complying with International Standards

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

### Integrating ESG factors into investment decision-making

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

## ESG Risk Review Procedure

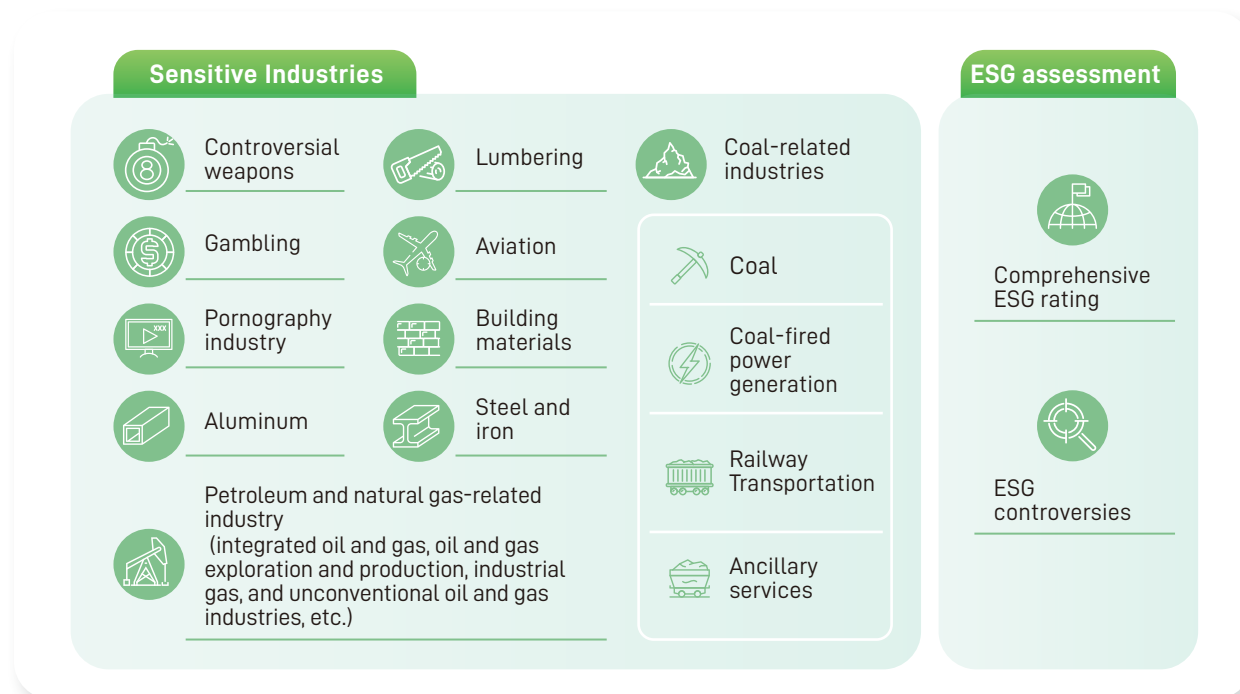


### (1) Eliminating controversial investment targets

We comply with Cathay FHC's Negative Investment and Lending Policy and Cathay Life's Investment Management Principles for Sensitive Industries, and place controversial industries that systematically violate international human rights or involve countries with major disputes, and that involve high environmental, social and, moral risks that lead to negative social impacts on the "investment and lending exclusion list."

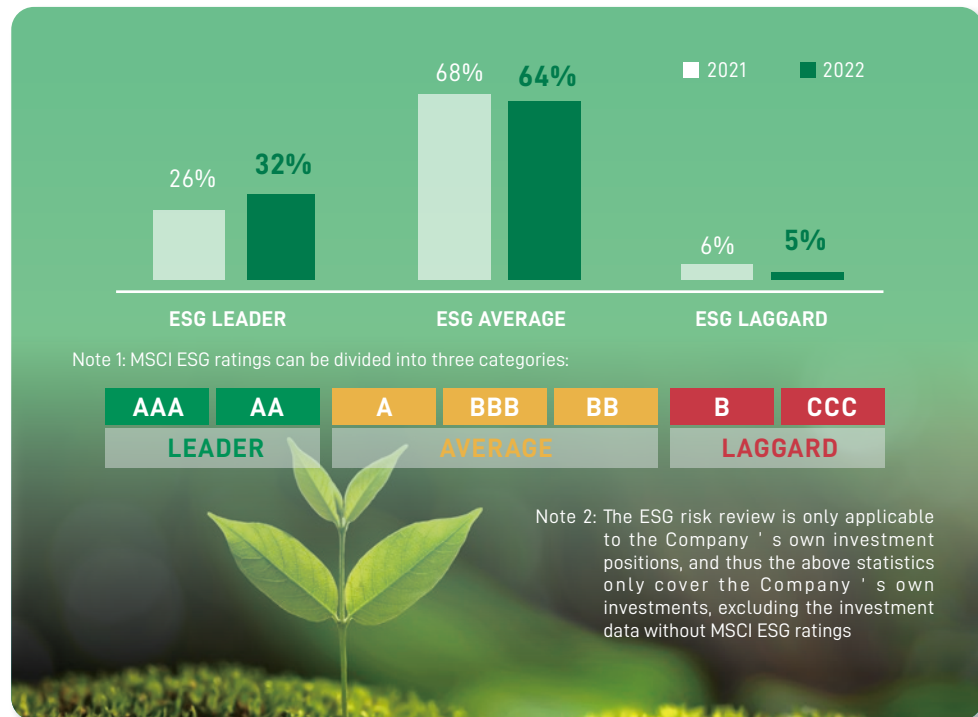
### (2) Carefully considering the ESG performance of investment targets

We established a watchlist of investment targets with potential ESG risks (e.g., investment targets with poor ESG performance or controversial ESG events and sensitive industries) When establishing a list of investees, Cathay life starts by conducting ESG risk reviews and monitors the changes in the ESG performance of existing investment targets (including listed equities, corporate bonds, financial bonds and government bonds). When an investment target's ESG performance declines and is placed on the watchlist, investment teams must immediately provide an evaluation report and take appropriate risk management measures (e.g., continuing to observe and follow up on developments, reducing position size, or holding current position). Meanwhile, a comprehensive ESG review is conducted on existing investment targets every September.



In 2022, we completed a full review of our listed equities, corporate bonds, financial bonds and government bonds with potential ESG risks, totaling 264 cases. In addition, we removed three investment targets from the list of potential investee companies after considering basic aspects and ESG performance. Employees of investment teams have covered ESG assessments for the research reports of individual stocks. There was a total of 1,220 research reports in 2022.

In addition, after reviewing the distribution of ESG ratings in listed equities, corporate bonds, financial bonds and government bonds in 2022, the Company is proactively negotiating with investee companies to help strengthen their ESG ratings and select investment targets with better ESG performance for the investment portfolio. Therefore, the Company's investment percentage in ESG leaders has increased, while the investment percentage in ESG laggards has decreased.



### (3)Evaluating counterparty ESC

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

### Taiwan Stewardship Principles for Institutional Investors

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

#### (1)Dialogue

Cathay Life communicates with senior management, investor relations departments, or CSR units of investee companies via telephone conferences, forums, investor seminars, or attendance to shareholders' meetings. Among the methods of investee evaluation we adopt, we deem company visits the most straight-forward and efficient. Through face-to-face dialogue, we are able to improve our understanding of information on investee companies, discern the gap between disclosed information and actual situation, timely keep track of key risks and opportunities, and refine the soundness of our investment analysis.

A total of **3,490** participants took part in 2022 and a total of **2,795** visits to **739** companies were made, averaging **3.8** visits per company.

## (2)Engagement

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

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

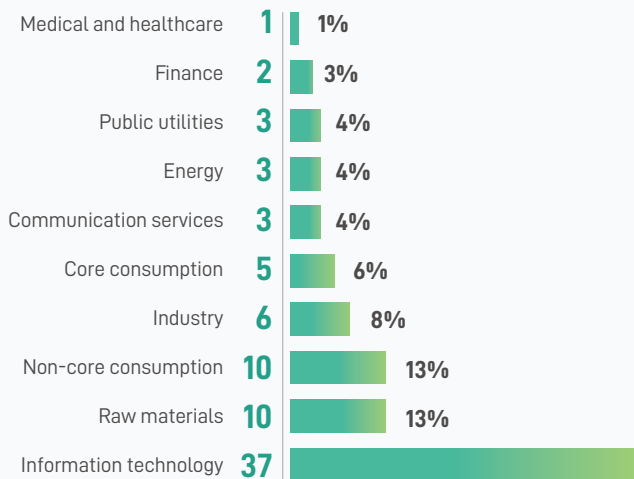
Please refer to p. 50 for Participation in International Initiatives and Engagements.

Please refer to p. 54 for Organization of Sustainable Finance and Climate Change Forum.

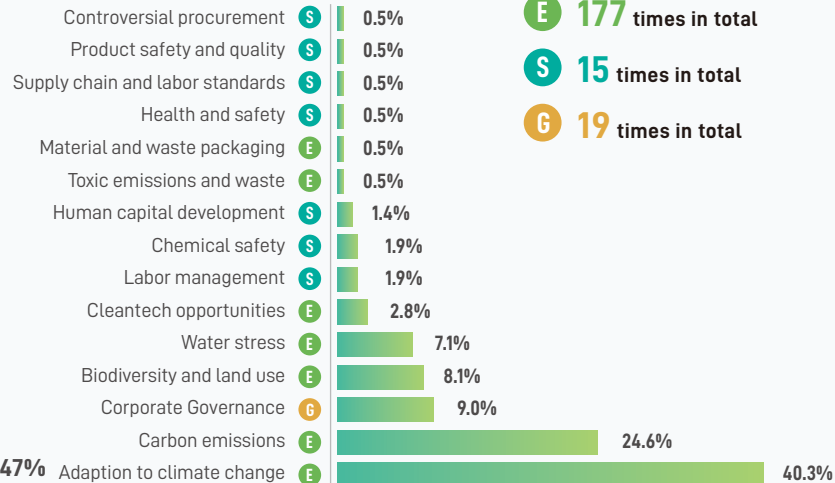
Recognizing the impact of extreme weather and climates brought by climate change on companies, as well as the importance of ESG issues, we choose "climate change" and "enterprise ESG information disclosure and ESG rating improvement" to be our main engagement themes.

In 2022, through one-on-one engagements, Cathay Life communicated with 80 enterprises on 15 material ESG issues for a total of 211 times. The main engagement targets were enterprises from industries of "information technologies" and "raw materials"; the main issues for communications were "adapting to climate change" and "carbon emissions." The exercise could help us understand the company's actions in adapting to climate change, as well as discussing the company's carbon reduction plan, and response measures for low-carbon transition. This allows us to learn about the limitations and difficulties in the company's adaption to climate change or during the carbon reduction process, and provide suggestions.

### Engagement industries



### Engagement issues



**E** 177 times in total  
**S** 15 times in total  
**G** 19 times in total

### Engagement progress





**(3)Voting**

We have established the Implementation Rules for Exercising Voting Rights on Proposals in Shareholders' Meetings of Investee Companies, under the guidance of which we attend shareholders' meetings via delegates or mandates to exercise our voting right as a shareholder and express our opinions on proposals in shareholders' meetings of investee companies. Cathay Life supports climate proposals that are in line with the emissions target of the Paris Agreement. Through these, we hope to inspire more specific climate actions among enterprises. We also pay attention to proposals involving labor disputes, human rights and ethics, and cybersecurity, which may exert significant impact on society, while proposals that obstruct the sustainable development of investee companies will not, in principle, win our support.



**Environmental Litigation - Case Study**

**2022 Proposals in Firm C's General Shareholders Meeting:**

Proposal requiring companies to set GHG reduction targets (including the entire value chain emissions)

**Current status**

Firm C's GHG emission reduction targets falls behind other major counterparts in the industry. It is also one of the three top-50 S&P 500 companies that have not made commitments for credible climate actions. Furthermore, Firm C's current climate action plan has no clear statement of the short, medium and long-term goals.

**Description**

Firm C lacked scientifically based emission reduction targets, and did not take into account emissions related to agriculture, land use, and deforestation in its supply chain. Disclosure of more information about Firm C's GHG reduction efforts would enable investors to better understand its low-carbon transition and how it would tackle climate change risks. Therefore, Cathay life voted in favor of the proposal.

**Voting results**

70% voted in favor of the proposal, indicating that shareholders hoped that Firm C would reduce the impacts of supply chain on climate change, and raise the emission reduction targets. Firm C also set scope 1 and 2 emission reduction targets in July, and indicated that it would set scope 3 carbon reduction targets in 2023.



**Society-Related Proposals - Case Study**

**Firm A's Proposals in the 2022 Shareholders' Meeting:**

Request companies to report warehouse environment-related proposals.

**Current status**

Firm A continued to face accusations regarding poor working conditions and related labor disputes.

**Description**

There had been much coverage on Firm A's unsafe working conditions, slow response to the pandemic, and dismissal of workers who publicly raised concerns on the pandemic. This resulted in a substantially higher employee turnover compared to its industry peers. In order to understand the company's risk mitigation strategies related to human capital management, legal compliance and monitoring, and enable shareholders to comprehensively assess employee health and safety, and thereby avoid related disputes, Cathay life supported the request on the company to commission a third-party to conduct an evaluation on the warehouse work environment.

**Voting results**

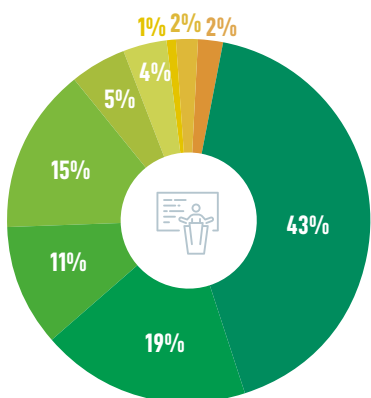
The proposal did not fall through in 2022, but 43.74% voted in favor of the proposal, which was a significant improvement compared with socially relevant proposals in previous years. This indicated that shareholders had become more aware of these proposals. The ample support for the proposals also sent a strong signal to Company A, demonstrating the importance of substantive actions on these issues.

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

For individual cases of communication, please refer to the 2022 Cathay Life Insurance Responsible Investment and Stewardship Report.

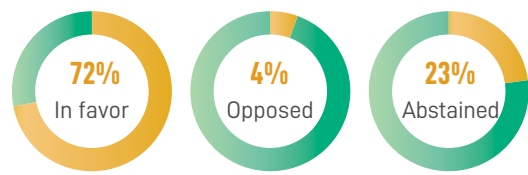
In 2022, Cathay Life has attended 218 shareholders' meetings and voted on a total of 2,132 proposals. Of which, we voted in favor of all environment-related proposals. The voting results are as follows:

Type of Proposal

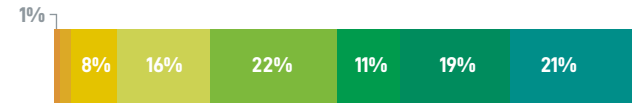


- Directors/Supervisors: Election/Appointment-related
- Operational management
- Financial report-related
- Capital-related
- Directors/Supervisors: Election/Appointment-unrelated
- Remuneration
- Mergers/Corporate restructuring
- Sustainability-related
- Others

Voting results

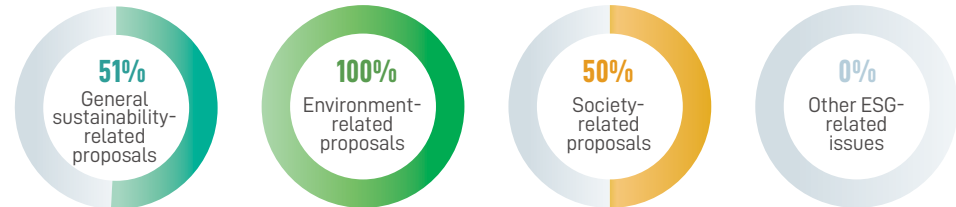


Type of Proposals Opposed



- Directors/Supervisors: Election/Appointment-unrelated
- Financial report-related
- Operational management
- Sustainability-related
- Directors/Supervisors: Election/Appointment-related
- Capital-related
- Remuneration

% of Votes Cast in Favor of Sustainability-related Proposals



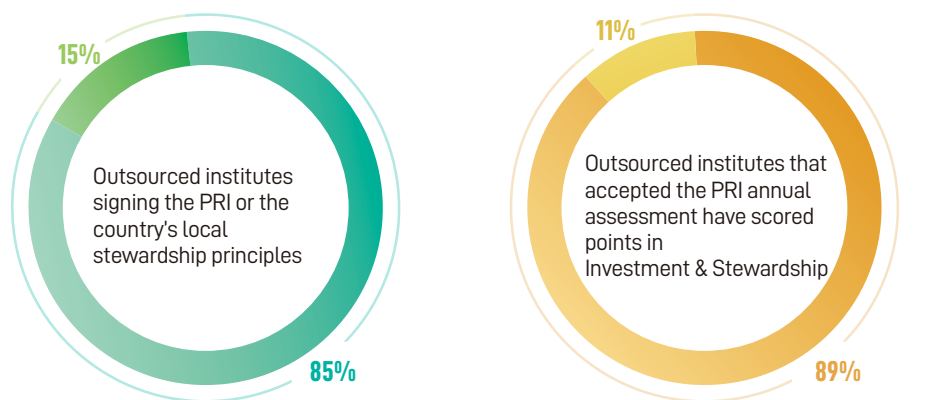
Note1: According to Articles 146-1 of the Insurance Act, insurance companies may not vote in director and supervisor elections of domestic companies they have invested in, hence the abstention votes for all proposals related to the appointment of directors and supervisors.

Note2: Figures in charts are rounded to integers.

## Outsourcing management

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

Of the asset management companies providing discretionary investment services to Cathay life in 2022, 100% of them were signatories to the PRI or local stewardship principles. In addition, about 90% of Cathay's outsourced institutes that accepted the PRI annual assessment had received five stars (5/5) for Investment & Stewardship<sup>(note)</sup>, and 10% of the outsourced units received four points. The full score for this item was 100 points, and Cathay life's outsourced units received an average score of 87 points, as opposed to the median score of all signatories to the PRI for this item of 60 points.



■ Signatory of PRI ■ Signatory of Stewardship Principles ■ 5 Stars(90-100 points) ■ 4 Stars(70-90 points)

Note 1: Investment & Stewardship Policy mainly assess the signatory 's overall approach to responsible investment (including policies related to ESG integration, opportunities and ownership), as well as the appropriateness of these policies and their percentage in the actively or passively managed assets.

Note 2: The statistics on the right are applicable to outsourced institutions that participated in PRI annual assessment (carving up 85% of outsourced assets). Institutions that did not participate in the assessment include new signatories to the PRI and institutions that have signed the Stewardship Principles.

Cathay Life's annual review results show that the investment teams of outsourced units have responsible investment units or other dedicated units. In addition to following the Group's Negative Investment and Lending Policy, and the Company's Investment Management Principles for Sensitive Industries, international ESG rating agencies or internal databases are also used for ESG performance review, indicating that all of Cathay Life's assets are managed by units that attach greater importance to ESG risks and opportunities.

## Promotion of Responsible Investment

### Promote responsible investment and expect to become the leader of responsible investment in Taiwan

Cathay Life promotes the importance of ESG and climate change to stakeholders. By communicating ESG concepts with companies, Cathay life ensures that they are informed of ESG impact on corporate operations, and understand the importance of ESG.

Cathay Life also shares practical experiences of responsible investment with industry peers, so as to promote the implementation of responsible investment and create a positive cycle within the investment industry.



## Sustainable Investment Actions

Principle 1 Principle 3

In addition to constructing a comprehensive system and procedures for responsible investment, Cathay Life also takes proactive actions when making investments. Apart from investing in low-carbon investment projects, which is one of the climate strategies, Cathay Life often invests in projects related to environmental sustainability and improvement of social development. We hope to that the growth from the financial industry would lead to a win-win situation in social sustainability and business operations. In 2022, sustainability-related investment amounted to NT\$1.3 trillion, which increased by 14% compared with 2021.

### ( I ) Low-carbon and green energy industry

To respond to climate risks and strengthen the investment portfolio climate resilience, Cathay life adopts a low-carbon transition strategy for its investment portfolio. Furthermore, to answer the call of the Taiwanese government's 5+2 Industrial Innovation Plan, we proactively invest in the low-carbon green energy industry. As of the end of 2022, our total investment in low-carbon and green energy reached NT\$222.2 billion, representing our contribution to earth.



#### Solar power

Cathay Life focuses on solar energy as the core aspect in green power development, and continues to accumulate power generation assets via investments, joint ventures, as well as establishing a solar power plant subsidiary. In 2022, as we were optimistic towards the growth of green power generation, we expanded investment in this area. By participating in capital increase of the Cathay Power Inc. merger, we increased our shareholding in Cathay Power Inc. to 70%. As of 2022, the actual investment amount totaled NT\$4.07 billion, with installed capacity with grid connection of 329.7MW. We became the first domestic life insurance company to establish a solar power plant subsidiary. We hope to play a key role in narrowing the gap between renewable energy supply and demand, while answering the call of the government's energy transformation policy, and supporting more Taiwanese companies in obtaining green electricity.



#### Green buildings

Cathay life's Responsible Property Investment and Management Policy prescribed that real estate investments must engage in proper utilization of earth's resources to improve the performance of its real estate holdings, and properly manage investment and operating risks.

Since 2016, Cathay has ensured that all architectural designs commissioned for development-related investments conform to green building design principles. All real estates have reached a certain standard for energy use, greening, and waste indicators, and all new buildings have obtained the green building certification or LEED certification since 2023. As of 2022, we had constructed 14 green buildings, obtained green building certificates for 17 construction projects, and invested NT\$68.2 billion in green building financial development.

| Certification  | Grade     | Certification gained (no.) | Certification pending (no.) |
|--|-----------|----------------------------|-----------------------------|
| LEED-NC<br>(Leadership in Energy and Environmental Design) | Platinum  | 2                          | -                           |
|  | Gold      | 5                          | -                           |
| LEED-EBOM<br>(Category: existing buildings)                | Silver    | -                          | -                           |
|  | B         | 1                          | -                           |
| EPC<br>(Energy Performance Certificates)                   | C         | 1                          | -                           |
|  | Diamond   | 1                          | -                           |
| The green building certification of Taiwan                 | Gold      | -                          | 1                           |
|  | Silver    | 4                          | 2                           |
|  | Bronze    | 1                          | -                           |
|  | Certified | 2                          | -                           |

Note 1: The LEED rating system includes four levels: Platinum, Gold, Silver, and Certified.

Note 2: The EPC rating is based on a scale from A (Very efficient) to G (Inefficient).

Note 3: Taiwan's green building certificates include Diamond, Gold, Silver, Bronze, and Certified.

## ( II ) Water resources

Cathay Life pays attention to sustainable development of the environment consistently. In addition to the risk of climate change, the shortage of water resources, the dramatic increase of urban population, and the violent changes in climate have rendered the effective use and treatment of water resource a major concern of the present era. Cathay Life is also the first insurance company to set up joint ventures with water resource suppliers. We hope that our investments in household wastewater treatment and water resource development can complement local sewage systems in ways that improve the living environment. As of the end of 2022, our total investment in water resource amounted to NT\$6.1 billion.

## ( III ) Infrastructure

As infrastructure satisfies people's basic needs and serves as a key category in the foundations of national development, improvement of infrastructure, which aims to maintain economic and social growth, annihilate poverty, and help adapt to the impact brought by climate change, is therefore a key to perpetuate sustainability. Cathay Life has been investing in industries related to developments of infrastructure to contribute to the funds necessary for the sustainable development of cities and the changes to people's lifestyles. As of the end of 2022, our total investment in infrastructure reached NT\$760 billion.

## ( IV ) Health industries

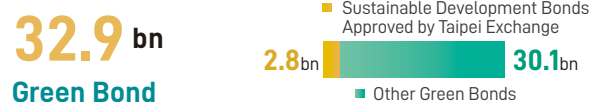
Cathay Life not only pays attention to public health through products and events, but also uses the power of investment to proactively invest in health-related industries, including drug developments and biotechnologies. As of the end of 2022, our total investment in health industries reached NT\$397.8 billion.

## ( V ) Financial inclusion

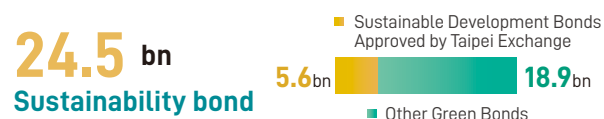
Upholding our philosophy of being "people-oriented," which is incorporated into our core competencies of investment, Cathay Life invests in industries related to education and microfinance, hoping in doing so to contribute to the realization of inclusive finance. As of the end of 2022, our total investment in financial inclusion reached NT\$2.8 billion.

## ( VI ) Impact investing

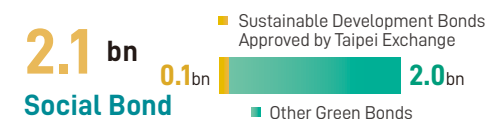
With net zero policy and ESG development picking up momentum around the world, companies are seeking financing for green and sustainable plans, and projects of social benefit. As such, Cathay life has engaged in impact investing via diversified investment products. As of 2022, the accumulated impact investing amounted to NT\$60.4 billion.



- Currently, the green bond development project covers investments in renewable energy, energy efficiency, clean transportation, green buildings, and wastewater management.
- In support of the first round of green bond issuance in Taiwan, Cathay Life purchased US\$30 million in green bonds (approximately 17% of the total amount issued in the first round).



In addition to direct investment of green bonds and social bonds, Cathay Life also invests in sustainability bonds related to green investment and social impact investment plans, and encourages enterprises to make substantial investments in social and environmental improvement issues.



By investing in social bonds for the development plans of basic services, needs and affordable housing, Cathay Life helps companies produce a positive influence on society.



Cathay Life seeks to exert a positive influence by investing in shares of companies with products or plans that have a positive impact on society and the environment.

Note: Figures in charts are rounded to integers, so the total investment amount is not the sum of all the amounts.

## ( VII ) Sustainability-Linked Bond (SLB)

In addition to impact investing, Cathay Life also invests in sustainable-linked bonds (SLBs) that have been developing rapidly in the past two years. The SLBs are designed to link bond interest and principal payment terms to the issuer's sustainable development performance, so as to ensure that the issuer will implement sustainable development business decisions and sustainable business models. The SLBs invested by Cathay Life come with a sustainability target of achieving 100% greenhouse gas reduction. They support companies in implementing carbon reduction in business operations. As of 2022, the investment amount totaled NT\$5.2 billion.



## Diverse Coverage and Thoughtful Service

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



## Establishing Protection Awareness

Principle 1 Principle 2

Through various activities such as releasing promotional videos, advertising health promotion events, and launching a diverse range of spillover-feature insurance products, Cathay Life urges citizens to implement health management and continues to support governmental policies by actively introducing protection products. In 2022, our protection products and spillover-feature insurance products reached FYP (First Year Premium) of NT\$15.04 billion and NT\$7.05 billion, respectively, showing our commitment to creating a wider and deeper safety net for the society.

## ( I ) Raising the general public's risk awareness

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

To help people understand the importance of being protected by insurance and in turn examine and fill in any gaps in personal protection, we produced a simple, easy-to-understand graphic material based on the 28,000-day theory in 2019, which was proposed by Dr. Sanjay R. Tolani, a Dubai expert in insurance brokerage. The material was aimed to promote the public's understanding of key goals, needs and risks in each stage of their career. In addition, we set up the "Happiness Protection Website" and launched an animation series called "Insurance Novice Village," providing relevant information for people to browse themselves, all of which are to strengthen the public's knowledge on insurance protection, and deepen their concept on insurance planning.

### Happiness Protection Website

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

As of 2022, the website recorded nearly 1.75 million page views and nearly one thousand visitors daily on average.



Happiness Protection Website

nearly **1.75 million** page views

### Insurance Novice Village

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

As of 2022, 45 animated shorts have been launched, attracting a total of 1.459 million views.



Insurance Novice Village

**45** animated shorts have been launched

**1.459 million** views

## ( II ) Health promotion

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

### Spillover-feature Insurance Products

In 2022, Cathay Life was the first in the industry to launch the second-generation spillover-feature insurance products. From the customers' perspective, the health care ecosystem platform FitBack enables policyholders to flexibly select health-promoting tasks, and use the AI Health Care Engine - Life Score to readily keep track of their health condition, so as to enable insurance protection and promote health. Furthermore, it also provides premium discounts.

16 new spillover-feature insurance products were launched in 2022 (cumulatively up to 50 in total in the current year). We provide different insurance products (e.g., long-term care, hospitalization, surgery, cancer, dementia, major illness, and life insurance, etc.) to satisfy people's insurance needs. In 2022, we sold 431 thousand spillover-feature insurance products with first year premium (FYP) of NT\$7.05 billion, maintaining a leading position in the insurance industry.

### Subhealth

To care for the health of policyholders and implement community care, Cathay Life has cooperated with outstanding local clinics to conduct trial services of I-Li-Ho Healthcare Service in Taoyuan City in August 2022. As of 2022, services were provided over 1,600 times with a satisfaction rate of 97%.



I-Li-Ho Healthcare Service

### Cathay Health Care Professional Training Program

In 2022, we launched the Cathay Health Care Professional Training Program in cooperation with Taipei Medical University, where we organized health care certification courses for qualified business colleagues who met specific conditions, so as to deepen their professional health care knowledges, including elderly health service, precision medicine, and disease management. As of 2022, a total of 626 sales personnel received training.

### Health-promoting Ecosystem (FitBack)

In 2018, we were the first in the industry to launch a large-scale health-promoting program, Cathay Walker. It increases participants' motivation to exercise through gamification of achievement and incentive mechanisms. In 2020, the program was upgraded to "Cathay Walker Plus," which featured walking and many new tasks (e.g., going to the gym, sleeping, and heart rate, etc.), as well as cross-industry collaboration. Citizens are invited to participate and further expand the health-promoting ecosystem. In

2022, the long-term health promotion platform was upgraded to FitBack, which not only was strongly linked to spillover-feature insurance products, but also launched the Every Step Counts event.

As of 2022, a total of 806 thousand individuals participated in FitBack and garnered approximately 849 billion steps, equivalent to walking to the moon and back 662 times.

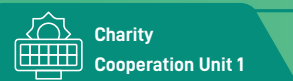
### Every Step Counts

In 2022, we launched the Every Step Counts event. Once the accumulated number of steps reached 20 billion steps during the event period, Cathay Life would donate NT\$6 million to public welfare funds, so as to promote health walks, support sustainability, and bring about a better environmental and social life cycle at the same time.

More than 160 thousand participants took part in 2022, and garnered approximately 38.4 billion steps.



Every Step Counts Film



#### Hua-Yu Elementary School, PengHu County

We have supported Hua-Yu Elementary School to build solar modules at the roof, so that the school can collect solar energy from the sunlight. As a result, Hua-Yu Elementary School not only generates sufficient electricity, but has also become the first Nearly Zero-Energy elementary school located on an offshore island of Taiwan.



#### Green Hope Spring Ltd., Inc.

In cooperation with a social enterprise, Green Hope Spring Ltd., Inc., we aimed to plant more than 2,800 camphor trees within a year according to the Tree-Planting to Save the Earth program, so as to achieve carbon reduction, afforestation and restoration. The program not only assists schools in undertaking water and soil conservation, but also promotes sustainable use of terrestrial ecosystems and curb biodiversity loss.

## Providing Diverse Protection Principle 1 Principle 3

### ( I )Elderly care

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

#### Thoughtful services for the elderly

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



#### Elderly-friendly marketing materials

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

#### "Splendid Life" website

We developed the first elderly platform integrating resources for elderly people, including a library, convenience store, and health check station, to provide a variety of information on elderly care and elderly services, as well as games on dementia prevention and questionnaires to improve knowledge accessibility for the public and to meet the elderly care needs of society.



▶ "Splendid Life" website

As of 2022, the website registered approximately 1,220,000 page views, 750,000 of which included clicks to play the dementia prevention games. Through this website, citizens are encouraged to keep in mind the importance of dementia prevention.

#### Elderly service hotline

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

#### Safeguard Wellbeing for the Elderly




To protect the health of the elderly and help family members of elderly patients in times of distress during caretaking, Cathay Life focuses on the four common age-related diseases including fractures, dementia, disability and cancer. We use vivid pictures to explain the practical health education information such as "causes of diseases," "prevention and aftercare services," and provide health care resources. Meanwhile, we also cooperate with partners from different industries to provide exclusive health care services for policyholders, including assistive devices, health consultation and home care.

As of 2022, there were a total of 2,880 participants in Safeguard Wellbeing for the Elderly.



## Elderly protection products

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

| Aspect  | Project name                    | Content   |
|---|---------------------------------|---|
|  <p>Physiological</p>  | <b>Elderly protection</b>       | For older citizens who cannot purchase insurance because they are too old or in poor physical condition, Cathay Life has launched a series of products (e.g., petty amount whole life insurance product) to meet the healthcare needs of older people or protect them against specific diseases (e.g., dementia or cancer) and accidental injuries. For older policyholders who have purchased life insurance products, they can use our policy activation service to switch their life insurance product to one that meets their current needs (e.g., long-term care, healthcare, or annuity), thus enabling them to flexibly adjust their insurance plans.  |
|   | <b>In-kind payment policies</b> | We formed an alliance with external quality cross-industrial service providers, leading the industry to launch in-kind payment-based products that provide two options, i.e., in-kind services or insurance premiums. These products offer diversified protections for cancer, long-term care, major injury/illness, specific injury/illness, and dementia, and ensures that policyholders receive appropriate service when they need long-term care. If policyholders are unfortunately diagnosed with cancer, we also provide genetic testing services so as to improve treatment effectiveness. A total of five new insurance products with in-kind benefits were offered in 2022. Meanwhile, Cathay Life will continue to collaborate with domestic long-term care and precision medicine industries to create a blue ocean where policy holders, the insurance company, and society all win. |
|  <p>Psychological</p> | <b>Dementia care</b>            | The Taiwan Alzheimer Disease Association (TADA) estimated that more than 300,000 people in Taiwan have dementia, and that about 1 in every 77 persons is diagnosed with dementia. In response to this continuously increasing trend, Cathay Life leads the industry by launching two insurance products for cognitive impairment. Coupled with a health management mechanism, these products encourage policyholders to exercise to combat dementia. However, if policyholders become dementia patients, we offer timely support to help them receive proper treatment as well as personalized follow-up care services to slow down the development of dementia and offer our utmost support for both patients and their families living with this condition.   |
|  <p>Finance</p>      | <b>Retirement finances</b>      | People must stay healthy, both physically and mentally, and ensure their financial stability in order to maintain a decent quality of life during old age. Therefore, Cathay Life offers a wide range of insurance products, including investment-linked products, annuities, and products with regular payment of policy proceeds in installments, to satisfy needs for insurance planning and asset allocation. We continue to encourage citizens to start insurance planning as early as possible so as to secure a stable source of income after retirement, support the increased cost of living due to prolonged average life expectancy, and ensure that they have enough pension savings to fund their retirement lifestyle.  |



## ( II ) Financial Inclusion

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

**In 2022, we won the first place and Excellent Performance Award in the Micro Insurance Contest held by the Insurance Bureau, Financial Supervisory Commission (FSC).**

## Customer-centric approach

FS15 Principle 1

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

## ( I ) Principles of treating customers fairly

Cathay Life is committed to internalizing the spirit of " treating customers fairly " in its employees. In 2018, we became the first in the industry to establish the Treating Customers Fairly Committee, which is actively partaken and promoted by the Board of Directors to protect the interest and rights of customers. In 2020, the KPIs for the principles of treating customers fairly will be established based on three major aspects, including service, equity rights and professional skills, so as to measure the achievement rate of execution strategies for each principle. To treat customers fairly during the sales process, the president gave special instructions to set nine key before-, during-, and after-sales indicators in 2021, and develop a dashboard to monitor the implementation of the principles of treating customers fairly. In 2022, Cathay Life ' s business personnel visited five million customers in large and small towns in Taiwan, and complete 20 million policy health check-ups. In addition, the game interactions will raise customer awareness of insurance, and raise the insurance limit of 600 thousand people. Cathay Life provided customers experience on the concept of " Walk with You, " and has been rated excellent (ranked top 25% among insurance companies) in the fair customer treatment assessment conducted by the FSC for four consecutive years.

### Micro-insurance

In 2009, we became the first in the industry to launch micro-insurance services, for which we have proactively worked with county and city governments, as well as with charity organizations to provide micro-insurance with basic protections to those people in need.

As of 2022, we have provided this type of insurance to nearly 227,000 individuals reaching a total of NT\$80.2 billion. Among them, more than 1,100 families received the timeliest financial support through micro-insurance.

### Petty amount whole life insurance

In 2017, we launched the industry's first petty amount whole life insurance, a policy that offers the largest coverage and can be purchased by almost anyone. This product allows citizens who cannot purchase insurance because they are too old or in poor physical condition to also enjoy basic insurance coverage by purchasing the petty amount whole life insurance that has low enrollment requirements and low premiums.

As of 2022, we underwrote approximately 258,000 effective contracts, providing an insurance coverage of approximately NT\$82.8 billion against personal risks. These results were the best in the industry.

### Elderly-friendly products

Cancer has been one of the ten most common causes of death for 40 consecutive years, and the elderly are often unable to successfully purchase insurance by themselves due to their physical conditions. In view of this, Cathay Life was the first to launch the exclusive cancer insurance products for the elderly in 2022, which cover elderly patients for up to 80 years old, with physical conditions that are not covered by the general cancer insurance without the need for additional premiums. This truly solves the pain points of insurance for the elderly, and achieve inclusive finance. From its initial launch in June 2022 until the end of the year, we sold 65 thousand policies with FYP of approximately NT\$700 million.

### Student group insurance

Since 2017, we have offered student group insurance, which has provided personal safety protection to 2.93 million children with a total insured amount of approximately NT\$3 trillion. In addition, we collaborated the implementation of the Sustainable Campus Project with the K-12 Education Administration.

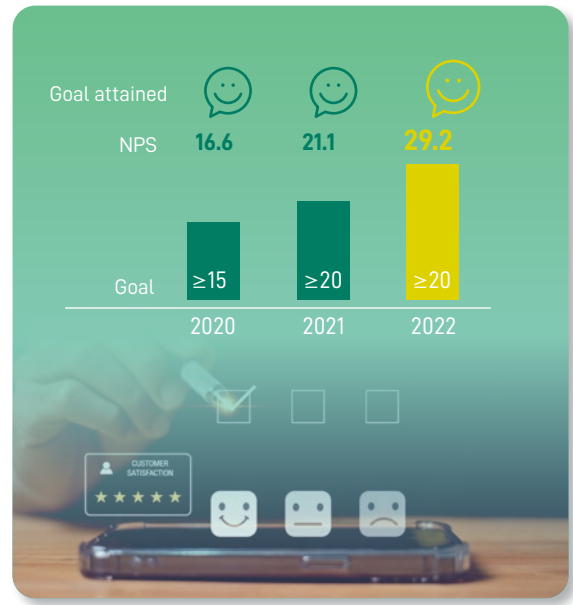


Please refer to Social Care and Value Creation on P.93

## ( II ) Better management of customer satisfaction

Cathay Life commissions a market survey company to conduct policyholder net promoter score (NPS) and customer satisfaction survey each year. In addition to continuously developing the " customer experience management mechanism " for refinement and optimization of customer experience, we also continued to deepen the company ' s advantages (such as the degree of digitalization, and better interactions between salespersons and customers) in 2022, improving key service journeys that may affect customer satisfaction and NPS.

In 2022, the overall customer satisfaction reached 97.8%; and net promoter score (NPS) reached 29.2, better than 21.1 in 2021.



## ( III ) Convenient services

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

| Customer service center            |  |
|------------------------------------|--|
| <b>Virtual queuing</b>             | We implemented the virtual queuing mechanism which allows policyholders to check their waiting time after calling the customer service center and choose to either wait online or make a reservation for customer services to call back, so that they can manage their time more flexibly.   |
| <b>Internet phone call service</b> | Those who have an internet connection can make internet phone calls via Cathay Life ' s website or app to contact our customer service center. Customers abroad can thus save international roaming call charges and easily complete service processes, such as extension of travel insurance and insurance policy inquiries, etc. When policyholders experience physical discomfort while traveling, they can call the " Overseas Emergency Assistance Hotline " via internet phone to use our emergency medical consultation service online.   |
| <b>Complaint hotline</b>           | We formed a team of senior customer services to provide professional services, assess a problem promptly, and discuss solutions with related departments to reduce the likelihood of customer complaints, quickly solve a customer ' s problem, and reduce negative media coverage.  |
| <b>Easy-Call Travel Insurance</b>  | Cathay Life was the first to introduce easy-call travel insurance. Policyholders can speak with robots instead of waiting for a real customer service officer, and make a successful travel insurance application in three minutes. The insurance application process is as simple as chatting with the Siri voice assistant. In addition, customer service personnel can seamlessly take over to offer assistance if policyholders have specific needs.<br>Smart KYC (Know Your Customer) was launched in November 2022, where a robot undertakes simple communication on ID verification and customer service personnel can seamlessly take over for follow-up services. The program allows the personnel to quickly and accurately meet customer needs. |
| Counter service center             |  |
| <b>Drive-thru service</b>          | To provide friendly and thoughtful services for older people or people with disabilities, our service locations allow customers to make an appointment for a service in advance by phone, and professional personnel will provide assistance.  |
| <b>Friendly Services Measures</b>  | We set up wheelchair ramps, service bells, video magnifiers and personal sound amplification products at service locations to provide elderly-friendly services and barrier-free communication.  |

Principle 1 Principle 2

## Developing Digital Services

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

### ( I ) Online insurance enrollment

In order to provide convenient online insurance enrollment services, we began to offer insurance products that accept online enrollment at the end of 2014, so that customers can complete the enrollment process without dealing with sales personnel or uploading or downloading any documents. In 2022, our product portfolio includes a total of 16 online enrollment products for policyholders to choose from, including travel insurance, life insurance, annuity, health insurance, and accident insurance. The overall customer satisfaction with our digital services was 97% in 2022, and user satisfaction with our online insurance enrollment service has reached 97% for three consecutive years and even up to 99% for young people under the age of 30.

### ( II ) Innovative online services

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

Self-Assembled Insurance

Targeting the highly autonomous insurance needs of digital natives, Cathay Life freed itself from the traditional framework and launched a personal insurance digital platform, called " Self-Assembled Insurance," developing the first " component-linked insurance product " that allows customers to pick and mix different types of insurance products. This product is easy to understand and relatively affordable, making it convenient for policyholders to freely choose a plan that meets both their budget and needs.

In 2022, the Free-choice Coverage website has been visited by approximately 490 thousand visitors and processed nearly 33 thousand applications. Among these, young customers (age 20 to 39) accounted for 63% of all visitors, which was significantly higher than the 44% in traditional channels.

Cathay groupins+

Recognizing the group insurance needs of corporate customers, we used insurance technology to optimize our service experiences, developing the Cathay groupins+ platform, which offers one-stop digital services for group insurance. Corporate customers can pick, select, and mix whichever products they need and promptly receive premium estimates. This platform makes it easier for corporate customers to complete group insurance planning; it significantly improves the efficiency of group insurance enrollment and provides an all-inclusive group insurance digital service for corporate customers, enabling them to purchase group insurance products quickly, transparently, and remotely during the pandemic.

As of 2022, Cathay groupins+ platform recorded nearly 331 thousand page views.

Cathay Vision Experience

In 2021, when the country was under the Level 3 COVID-19 alert, we launched the Cathay Vision Experience, known as CVX, the first remote insurance service platform approved in Taiwan, providing one-stop online insurance services, including insurance enrollment, insurance policy changes, premiums, and claim applications, etc. Through this platform, we can ensure the uninterrupted provision of insurance services, creating better digital experiences for our customers.

A total of 87 thousand cases have been processed as of 2022.

Sure n' Safe

Cathay Life cooperated with Cathay United Bank in developing a one-stop service for time deposit applications and an innovative business model Sure n' Safe, so as to realize the innovation and transformation of digital insurance services, and become free from the restriction of customers' insurance awareness and insurance decision-making ability. Instead, it provides a safety net according to saving preferences of the digital natives. The measure is the first innovative business model in the industry and won Cathay Life an invention patent in Taiwan in 2022.

From the launch of the product until 2022, the website recorded over 3.7 million page views, and up to 86 thousand clicks for Sure n' Safe services. The overall services and processes were well recognized by customers, and the net promoter score (NPS) reached 72.6 points.

iSmart Variable Life Insurance

At the end of 2022, Cathay Life launched a new investment portfolio iSmart Variable Life Insurance in cooperation with Cathay United Bank. The portfolio combines smart investment services and life insurance, which provides customers with smart investment and life insurance protection, and brings more peace of mind to the customers and their families. This is suitable for the " Sandwich Generation " in which people are encumbered by a family, as well as retirees. Through a rebalancing mechanism, timely adjustment proposals were submitted to avoid emotional biases in investments during market fluctuations, so as to improve the transparency of investment proposals. Customers have the right for making the final investment decision.

### ( III ) Smart Digital Customer Services

Since 2018, Cathay life has launched the chatbot "Alpha," which is available on Cathay Life's website, app, Line account, EDM and short messages to help customers quickly solve all kinds of insurance issues, including insurance details inquiry and policy loans, etc. In 2022, the number of smart digital customer service users was around 2.955 million, and the average number of services reached 246 thousand per month. Among them, the problem-solving rate<sup>Note 1</sup> was 97.5%, and satisfaction rate<sup>Note 2</sup> was 94.3%, which accounted for 74% of the total customer service calls, effectively reducing customers' waiting time during phone calls or counter visits. This shows that Alpha has become a smart assistant well received by customers.

Note 1: The rate of customers not seeking manned service channels such as calling, writing an e-mail to customer services, or others within one hour after using smart digital customer services.

Note 2: The customer satisfaction percentage of a four-point score or above after using chatbot Alpha.

### ( IV ) Mobile/Electronic Insurance

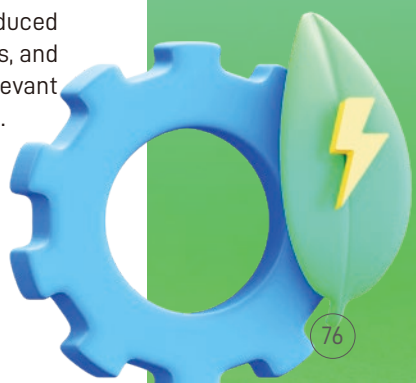
Cathay Life began providing mobile insurance services in 2012, which integrate insurance enrollment, claims, premiums, and policy changes. Customers can complete various insurance service processes using tablet PCs, thus saving the trouble of sending documents back and forth. In conjunction with smart underwriting technology and claims risk rating system, this system significantly shortens the time for follow-up processing, thus providing immediate insurance services. In addition, we introduced many electronic documents such as e-statements, e-policies, and payment details, etc., thus reducing the use of paper for relevant documents and creating tremendous environmental benefits.

Please refer to Green Operations and Impact Mitigation on P.97

No. of paper sheets saved  
**81.78**  
million sheets

| Mobile/Electronic Insurance  | No. of Cases in the Current Year (in ten thousand) | Usage Rate in the Current Year (%) |
|------------------------------|--|------------------------------------|
| Mobile Insurance Enrollment  | 77.31  | 99.28%                             |
| Mobile Policyholder Services | 87.52  | 86.60%                             |
| Mobile Claims                | 72.03  | 92.60%                             |
| Mobile Premium Payment       | 66.00  | 78.90%                             |
| E-policies <sup>(Note)</sup> | 63.12  | 81.83%                             |
| E-statements                 | 272.25   | 47.94%                             |

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



# R

## ichness

### 79 Healthy Lifestyle and Work-Life Balance

- 80 Talent Attraction
- 81 Talent Development and Cultivation
- 83 Employee Care

### 86 Social Care and Value Creation

- 87 Foreseeing a new force
- 88 Revolutionizing education
- 89 Dreaming forward
- 90 Contributing to the community
- 93 Sustainable Campus Project



#### Core Philosophy

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

#### Sustainability Highlights



In 2022, the total learning hours on the Hahow self-learning platform reached **38,406** hours.



In 2022, the total corporate sustainability training hours reached **10,598** hours.



In 2022, a total of **8,289** people participated in volunteer activities with a total of **62,315** hours

SDG 3

SDG 4

SDG 5

SDG 8

## Management of material topics

Employee Welfare and Rights

### Policy commitment

### Management and actions

### Performance tracking/ stakeholder engagement

Through a healthy talent cultivation system, a variety of developmental and comprehensive benefit policies, Cathay Life Insurance has created a healthy workplace for our employees to find the most suitable positions for their careers and achieve excellence.

| Establish a comprehensive training system   | Provide comprehensive welfare policies  | Establish a friendly work environment  |
|---|---|--|
| <ul style="list-style-type: none"> <li>• Offer courses related to professional competencies, and utilize digital resources to allow employees to self-learn according to their individual planning.</li> <li>• In 2022, the total learning hours on the Hahow self-learning platform reached 38,406 hours; applicants for learning leaves reached 1,653.</li> </ul> | <ul style="list-style-type: none"> <li>• Provide a wide range of benefit policies related to protective, developmental, recreational, financial and service.</li> </ul> | <ul style="list-style-type: none"> <li>• Appointed five occupational safety and health management administrators, who regularly implement workplace safety inspections, as required by law.</li> <li>• Appointed 13 occupational healthcare personnel (nurses) at our offices around Taiwan, who are responsible for organizing health-related activities, education and training.</li> <li>• Promoted business operation streamlining, through which business operations of each department are sorted and existing processes are digitized. In addition, agile tools are phased in on an annual basis to improve the efficiency and information security of internal information exchanges.</li> </ul> |

# Healthy Lifestyle and Work-Life Balance

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

Please refer to the appendix for employee structure on P.115

### Engagement score (5-point scale):

Engagement score (5-point scale): Cathay Life conducts an annual Employee Engagement Survey to understand employees' dedication to work and discover their frustrations and expectations for the company, based on which we continually optimize employee development and care.

4.14  
2020

4.05  
2021

4.04  
2022

Cathay Life has received the Talent Training Award in the Taiwan Insurance Excellence Award for 9 consecutive years, and is a 4-time winner of the BEST Award presented by the U.S. Association for Talent Development (ATD), ranking fourth in the world in 2020.







# Talent Attraction

In response to the digital development and sustainability trends, Cathay Life is proactively building a diversified talent pool. In response to the changes in the habits of job seekers, we are also operating digital recruitment channels to attract talents through diversified channels and help them find their most suitable jobs.



CathayMaker Facebook page



Workplace Sociology Instagram account

## ( I ) Establishment of Office Talent Pool

### Cathay Internship Program (CIP)

Since 2005, we have implemented the Cathay Internship Program (CIP) to recruit quality talents ahead of time and improve Cathay Life ' s corporate image and their identification with Cathay Life. This program provides students with internship opportunities at enterprises during summer vacations to establish connections ahead of time.

Since 2021, the internship program has adopted hybrid working, and helped CIP interns better understand their career directions through various online courses and unit resources. As of 2022, 20.58% of CIP interns who completed the internship have become our employees.

### Cathay Investment Manager (CIM)

Since 2016, Cathay Life has launched the Cathay Investment Manager (CIM) Project to cultivate well-rounded investment planning talent highly sensitive to investment opportunities. It develops professional knowledge of the stock market, foreign exchange, bonds, risk management and financial accounting through a year of rotational appointments among investment, transaction and planning departments.

A total of 442 applications were received and eight applicants were accepted into this project in 2022. Of which, one candidate was deferred until 2023 due to military service, while the other seven CIM interns were promoted to assistant manager, with five of them passing the assistant manager competency assessment in the first half of the year.

### Cathay Agile Program (CAP)

Since 2018, Cathay Life has initiated the Cathay Agile Program (CAP) to cultivate students into digital technology talents. Centered on the agile project, students and our office staff conduct agile collaborations to spark more creative ideas.

In 2022, 33 interns participated in the program and produced 21 project ideas for the company to put into practice. As of 2022, a total of 21, or 14.48%, of former interns have become employees of Cathay Life.

### Career Diary

To familiarize more students with the workplace, Cathay Life and City Wanderer have been continually organizing the Career Diary Challenge since 2017. Through interviews, experience sessions, and various other missions, participants can quickly improve their understanding of job careers.

In 2022, we created a 17-day camp integrating physical and virtual participation methods. A total of 54 students participated in the fifth Career Diary event with an average satisfaction score of 4.8 (out of 5) and an average recommendation score of 4.7 (out of 5), and reached 1,018 thousand individuals via social media, successfully engaging students online.

### "IT's Time" recruitment project

Financial innovation and practice rely on quality IT talents. Cathay Group has established the "IT's Time" recruitment project since 2017. By organizing recruitment events targeting IT talents, we implement the project via speedy document reviews, one-day interviews, and quick job-vacancy matching, while providing open and transparent recruitment information to recruit talents.

In 2022, we received 454 resumes, interviewed 85 applicants, and accepted 34 candidates. In other words, 18.7% of applicants received interviews and 7.4% were accepted.



### Response from students

It made me better understand my career goals, as well as my strengths and weaknesses. It also made me want more changes in my future career. Thank you Career Diary!

I hope I can be part of the team of Career Diary one day so that I can help more people to become fearless and discover themselves!



Career Diary Medium

## ( II ) Agent recruitment

### Golden Plan

In response to generational changes, newcomers to the workplace are concerned with not only salary and benefits offered by their companies but also future career developments. Since 2018, Cathay Life has launched the "Young Golden Plan" in response to generational changes to help young people with an ambition to become business managers and elite sales agents to attain their ultimate career paths and million-dollar annual salaries. Following the "slash" career trend, Cathay Life took a step further to launch the "Golden Plan" in 2019, encouraging "slashies" to join our sales teams and become a "slashie agent" through our unique "Golden Academy" classroom-based courses and one-to-one mentoring mechanism.

As of 2022, we had garnered 1,611 participants with a retention rate of close to 80%.



▶ Young Golden Plan website

### Industry-academia cooperation

To attract more young people to join the ranks of life insurance consultants, Cathay Life engages young people by interacting with students on campus and holding dialogs via cross-field cooperations, so as to foster their understanding of life insurance. This will also help Cathay Life better connect with younger generations.

#### Business Elite Internship Program

Every year, we offer university and college students "workplace internship" opportunities to work in our business units. In the last 4 years, there has been a considerable increase in the number of interns. To date, the number of interns has amounted to 2,510, of which 51.3% have become part-time personnel, and 5.6% have become full-time employees.

#### "Big Dreams Market" camps on campus

Since 2017, we have been organizing the "Big Dreams Market" short-term camps for students. Participating students can find out more about Cathay Life and learn basic financial and insurance concepts through a wide variety of camp-based courses. The camps also provide various incentives to encourage participating students to obtain life insurance certificates and sign up as part-time employees.

In 2022, we held a total of 19 sessions of Big Dreams Market; 405 of the 502 participating students completed training. As of 2022, 20% of the trainees have registered with Cathay Life with a retention rate of close to 80%.



▶ Tree Campus website

401-1 404-1 404-2 Principle 1

## Talent Development and Cultivation

A healthy talent development system is the key to the sustainable development of an organization. Cathay Life has developed training frameworks and established a comprehensive training system according to each employee's individual career needs and talent levels, thereby enriching talent pools at all levels as well as elite insurance sales agents and digital technology talents at home and abroad.

In 2022, the turnover rate of head office staff was 6.35%, which lay within a 2 standard deviation in the past three years. The retention rate of sales personnel was 66.8%.

### ( I ) Diversified job rotation system

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

#### Cross-series job rotation

To encourage office staff to continually explore their diverse competencies, we introduced systematic operations since 2020 to allow departments recruiting new employees to offer job vacancies online and provide advice via different channels to lower employees' sense of uncertainty during transitions.

The job rotation percentages in 2022 amounted to 16.1% for specialized staff and 13.6% for administrative staff.

In addition, we arranged transfers of professional office staff to sales or policyholder services departments to further familiarize office staff with life insurance operations.

No. of office-to-field transfers in 2022: 19 (8.9% of total employees qualified for field transfer).

#### War Room

In response to the trend of digital transformation, we introduced agile thinking and established the "Situation Room." Operated by heterogeneous teams, it encourages employees to step out of their domains and create new ideas through cross-domain cooperation.

As of 2022, 20.1% of all personnel have contributed to this transformation process, which reached 33 departments.

## ( II ) Cultivating diversified competencies

"The power of technology is important, but human beings are even more important than technology." In response to the fierce global competition and digitizing trend, expanding the scope of employees' personal skills, cultivating their digital literacy, and improving their foreign language skills are key to improving a company's competitiveness.

### Individual Development Plan (IDP)

To assist employees in continuously expanding or polishing key individual skills, we collaborate with human resources experts in implementing the Individual Development Plan (IDP) to provide departmental supervisors with customized guidance and create scenarios of dialogs between supervisors and their staff on skills development, thereby helping supervisors and their staff work together to formulate a personal capability development project.

In 2022, we provided guidances to 86 managerial officers from 49 departments.

75% of the managers found IDP helpful in developing capabilities of their staff. 72% of the employees also approved of the program.

### Fostering the seed of agility

In order to promote agile thinking and methods within our organization, we not only organize courses and workshops, but also encourage employees to obtain international certifications.

As of 2022, a total of 101 employees obtained agile certifications, such as the PMI Agile Certified Practitioner (PMI-ACP) or Professional Scrum Master (PSM), while internal agility seed coaches amounted to over 70, driving the development of agile thinking in our organization.

### Robotic Process Automation (RPA)

We are proactively introducing the Robotic Process Automation (RPA) tool to replace repetitive processing tasks, helping employees improve work efficiency. We also implement programs to transform administrative staff into computing programming personnel to work on RPA development at our IT department.

In 2022, a total of 13 staff members were successfully transformed and will act as internal professional lecturers in the future to assist other employees in using RPA resources. We have trained 690 people to use the RPA software, and cumulatively replaced working hours by approximately 49 thousand hours per year <sup>(note)</sup>, thus considerably reducing working hours for process operations and effectively improving production capacity.

Note: Hours saved per year = Monthly average of cases handled x Time consumed per case x 12 (months).

### Data-oriented talent development programs

To accelerate the development of data analysis skills of employees at relevant departments, and accelerate our digital transformation, we systematically develop data analysis talents through training courses such as programming languages and data science.

In 2022, a total of 84 participants from 32 departments/offices received 73 hours of training.

### Corporate Sustainability Education And Training

In addition to improving hard skills, cultivating the concept of corporate sustainability is also a crucial soft skill for employees. Since 2018, "Corporate Sustainability Education And Training" has been included in the required courses by Cathay Life in order to make employees put ESG ideas into practice. In 2022, the total training hours reached

**10,598** hours.



## ( III ) Promoting self-learning

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

### The self-learning platform—Hahow

In 2020, we collaborated with Hahow for Business on an online self-learning project, which encourages employees to use their spare time to continually improve their knowledge. Cathay Life also offers one-day learning leave to those who reached certain learning hour targets. In addition, we also organized events such as "Challenge Your Competency Limit" and "Conquer the Apex of Cathay" in 2022, encouraging employee to learn online through networked activities and customized web-pushed courses.

In 2022, 1,653 people applied for learning leaves, and learning hours on Hahow amounted to 38,406 hours.

### JoSeal co-learning platform

In order to promote community learning, Cathay Life has introduced JoSeal, a highly interactive, practical knowledge-centered learning platform, and established a model for social network co-learning through the "RSC" (Reading, Sharing, Creating) model.

As of 2022, courses on JoSeal have been viewed over 5.2 million times. The number of interactions (including posts/comments, likes, and notes) has amounted to over 600 thousand times. More than 1,500 exclusive micro-course videos have been produced. All of which, the average satisfaction reached 94.5%.

### MDRT Ambassadors sharing network

In 2022, approximately 72 employees with excellent performance records were selected to become Million Dollar Round Table (MDRT) Ambassadors and completed lecturer training. Subsequently, these ambassadors have shared successful cases of business marketing at 604 internal MDRT sessions via physical or online meeting.

In addition, we also created the MDRT CARE team, which shares on professional topics of tax, finance, and insurance gratuitously with external organizations and campuses. A total of four sessions have been held.

### Witkey Lectures

Since 2021, we have been holding the Witkey Lectures live-streaming sharing events, which seek to understand employees' learning needs through the recruitment mechanism. We also offer courses on diverse themes, including insurance, sales and marketing, organizational management, workplace skills, and diverse living. In 2022, we added themes including healthcare and professional knowledge of tax and finance. We also utilized training course resources from Cathay subsidiaries such as Cathay SITE, Cathay General Hospital, and Cathay Real Estate and offered a total of 118 course sessions, attracting a total of 119,575 people via live streaming. Each course has been viewed by more than 1,000 people on average.

## Employee Care

401-2 Principle 1

In addition to pursuing an all-around career development, Cathay Life hopes that our employees can also push themselves to "make progress for both their dreams and their work." Through various welfare systems, employee care and healthcare, we allow our employees to be passionately committed to their careers under Cathay Life's shelter and live worry-free.

## ( I ) A friendly work environment

### Workplace safety and health management

To maintain a safe workplace, Cathay Life appoints five occupational safety and health management administrators, who regularly implement workplace safety inspections, as required by law. Furthermore, we have also deployed 13 occupational healthcare personnel (nurses) at our offices throughout Taiwan, and organized health-promoting activities and relevant training. Full-year workplace inspections have reached 667. In addition, during the COVID-19 pandemic, Cathay Life established its COVID-19 prevention task force. This task force kept track of the development of the pandemic, scheduled work shifts and separated office areas for internal operations, helped employees receive PCR tests when necessary, and offered COVID-19 care leave for employees in need.

| Year                                   | 2020      | 2021      | 2022      |
|--|-----------|-----------|-----------|
| <b>Office staff/Field personnel</b>    |           |           |           |
| <b>Occupational injuries</b>           | 2/4       | 1/4       | 4/16      |
| <b>Occupational deaths</b>             | 0/0       | 0/0       | 0/0       |
| <b>Disabling injury frequency rate</b> | 0.20/0.07 | 0.10/0.07 | 0.06/0.25 |
| <b>Disabling injury severity rate</b>  | 19/5      | 9/1       | 3/16      |



## Shaping a hybrid workplace culture

To adapt to the trend of digital transformation and develop next-generation talents, we work to not only cultivate employees' agile thinking, but also promote business operation simplification programs since 2020, through which business operations of each department are sorted and existing processes are digitized. In addition, agile tools are phased in on an annual basis to improve the efficiency and information security of internal information exchanges. Furthermore, in terms of organizational culture, we also endeavor to create an open culture for dialog to revolutionize our workplace and working patterns, thereby shaping a flexible and highly efficient workplace culture for the new generation.

### Agile tools

#### C\_Team+ (social media platform)

To date, we have established 20 service channels for operations, so that messages within Cathay Group can be rapidly disseminated to solve problems quickly.

Other individuals, associations or groups can establish teams according to their contact needs. Cathay Group has established more than 3,300 teams in total.

#### C\_Drive (cloud file exchange platform)

Since its trial run in January 2021, a total of 1,396 employees have successfully applied for an account to enjoy the real-time file exchange cloud service.

#### C\_Booking (conference booking platform)

The platform integrates calendars and virtual and physical meeting room borrowing, so that people attending a meeting can have their personal schedules matched quickly, in addition to venue booking and notification performed on a single platform.

### New type of workplace

#### Convenient work models

- The models allow 30% of office tasks to be performed via telecommuting to improve self-management of unit supervisors and partners, and establish a team of mutual trust.
- Cathay Group's human resources system has added a work-from-home option to facilitate unit supervisors' management and unit staff's work scheduling.
- Promote VDI OA<sup>note</sup> project and utilize low-wattage equipment, so as to achieve benefits such as energy conservation and carbon reduction, no personal download of online data, and flexible office hours.

Note: Virtual Desktop Infrastructure Office Automation (VDI OA) is a system that sets up a computer desktop environment on a remote server and data storage, where individual access is not subject to temporal, locational, and equipment limitations.

#### Renovating the workplace

Please refer to Green Operations and Impact Mitigation on P.98

#### Updating to Energy-efficient Equipment

Please refer to Green Operations and Impact Mitigation on P.98

## ( II ) Promoting mind-body balance

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

### Welfare framework

#### Protective

Parental leave, National Health Insurance, Labor Insurance, pension, employee welfare committee, employee health exam.



#### Developmental

Foreign language learning subsidies, professional examination incentives and subsidies, and overseas training opportunities.



#### Recreational

Travel allowance, year-end party subsidies, family activities, mountain-climbing exercise events, club subsidies.



#### Financial

Bonuses for three major holidays (Chinese New Year, Dragon Boat Festival, and Mid-Autumn Festival), birthday gifts, wedding/funeral subsidies, children education subsidy, mortgage interest rate discount, etc.



#### Service

Senior employee rewards, resource sharing with affiliated companies, and designated shop offers.





### Employee mutual aid insurance

This is an innovative program in the industry. With just a modest daily contribution to the premium, Cathay Group employees can enjoy insurance for specific types of cancer worth NT\$300 thousand. The policy also combines methods from charitable donations, so that every dollar of insurance premium is spent on those in need. Since its launch in August 2020, 3,462 of such insurance policies have been underwritten.

That every dollar of insurance premium is spent on those in need.



**Self Protection**

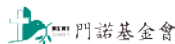
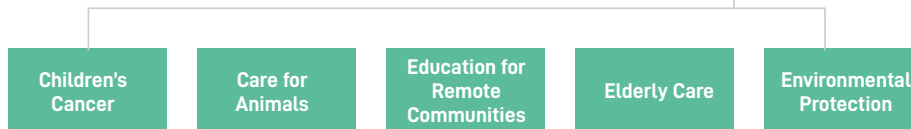
20% of the premiums are allocated for operating expenses

**Helping Colleagues**

Remanding premiums will be reserved for insurance claims for employees in need

**Contributing to public welfare**

Any remaining amount will be donated to the designated charity organizations



### Employee Assistance Program (EAP)

In 2018, we introduced the Employee Assistance Program (EAP), through which a 24-hour helpline is offered. Three free external professional consultations focusing on one particular issue are available for each employee every year. In 2022, a total of 159 employees used the consultancy service; 99.3% of the users found it helpful for solving problems.

### Cathay Pregnancy Club

Creating a considerate work environment, Cathay Life promotes the Cathay Pregnancy Club under our Maternity Healthcare Protection Program. We not only seek to understand the requirements of workplace protection from pregnant employees through questionnaires or interviews, but also prepare prenatal and postpartum gift (e.g., baby care products) for new parents to allow them to take care of their babies with peace of mind. In 2022, we gave a total of 974 gifts.

### Rich and Skinny Weight-Loss Competition

Since 2016, we have organized the Rich and Skinny Weight-Loss Competition, which sets various weight loss targets with corresponding incentives, to encourage employees to set weight loss targets accordingly. In addition, we would link this competition to charity by donating NT\$100 for each 1kg lost to Dingshan Elementary School in Tainan for the installment of solar energy panels on the rooftops of its buildings. All earnings from green energy have helped fund activities for the local elderly. In 2022, all 5,611 participants lost a total of 13,978 kg.



Principle 3

# Social Care and Value Creation

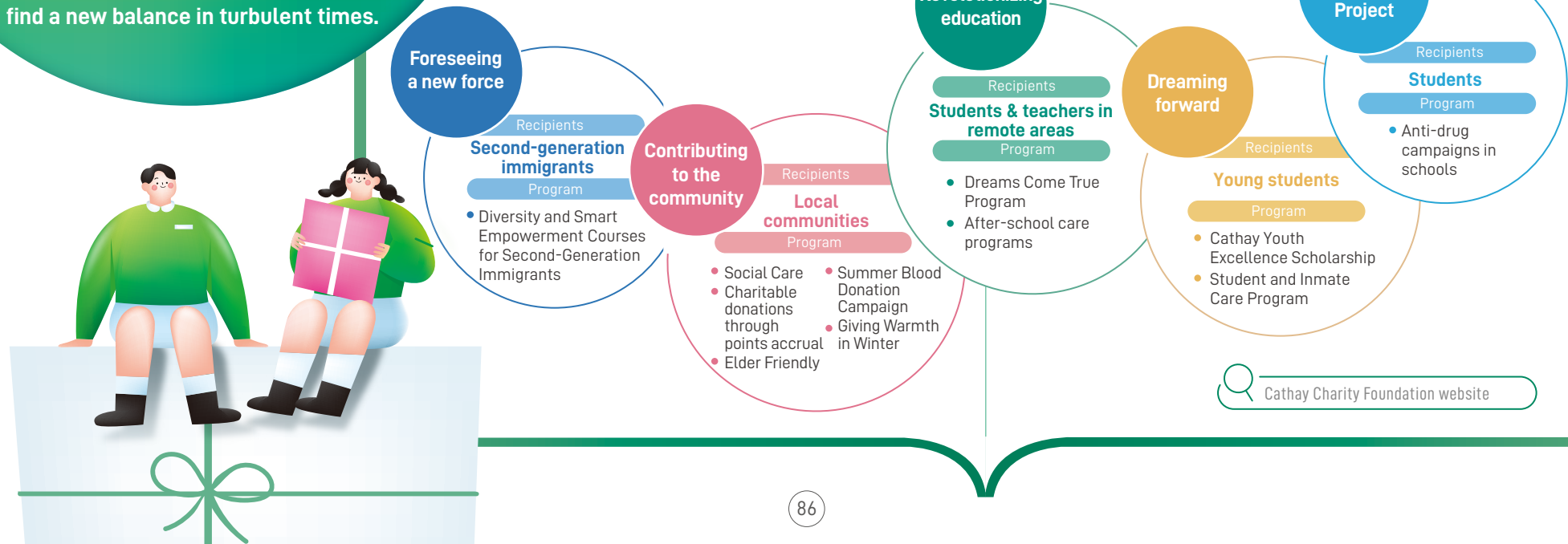
Upholding the belief that "happiness is bringing happiness to others," Cathay Life has continuously utilized its core insurance competencies in conjunction with corporate volunteering and many other resources to create a stabilizing force in society. We offer support and care to people so that, together, we can find a new balance in turbulent times.

## Public welfare expenditure

|                     |                        |
|---------------------|------------------------|
| Cash donation       | 28,387,044             |
| Time contributed    | 33,338,525             |
| Management expenses | 702,618                |
| <b>Total</b>        | <b>NT\$ 62,428,187</b> |

## Volunteer involvement

| Year | Total number of volunteers | Volunteer hours |
|------|----------------------------|-----------------|
| 2020 | 16,507 people              | 85,347 hours    |
| 2021 | 7,664 people               | 48,331 hours    |
| 2022 | 8,289 people               | 62,315 hours    |



## Foreseeing a new force

“

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

”

### Diversity and Smart Empowerment Courses for Second-Generation Immigrants

For 13 years, Cathay Life has conducted various professional theme-based empowerment courses, service-learning practice sessions, and teamwork workshops to help second-generation immigrants discover their strengths and potential, and improve their skills.

Wanhua District, home to many second-generation immigrants, was locked down due to the pandemic. This posed significant impact on the immigrants. After the pandemic eased, the immigrants received training and took relevant courses on issues related to community rebuilding, and sustainable development.



In 2022, a total of **946** participants received training.







## Revolutionizing education



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



### Dreams Come True Program

Since 2013, Cathay Life has used funds of this program to support schools in rural areas, cultivating students' courage to pursue their dreams and take on challenges. It also extended the program to community development to foster co-prosperity for local communities. In 2022, for the 10th Dreams Come True Program, 19 schools were selected.

Furthermore, we began organizing Documentary Awards in 2020 to encourage teachers to record children's progress in carrying out projects through filming to raise their visibility and drum up support for their projects, thereby expanding the scope of influence. In 2022, six videos were selected for Documentary Awards.



 Cathay Charity Foundation YouTube video

To date, over **NT\$28 million** have been disbursed to help **163 elementary schools** in rural areas, benefiting nearly **4,000 children**.

### After-school care programs

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

In 2022, we invested a total of **NT\$1.46 million** and cared for **171 local students**.





## Dreaming forward



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



### Cathay Youth Excellence Scholarship

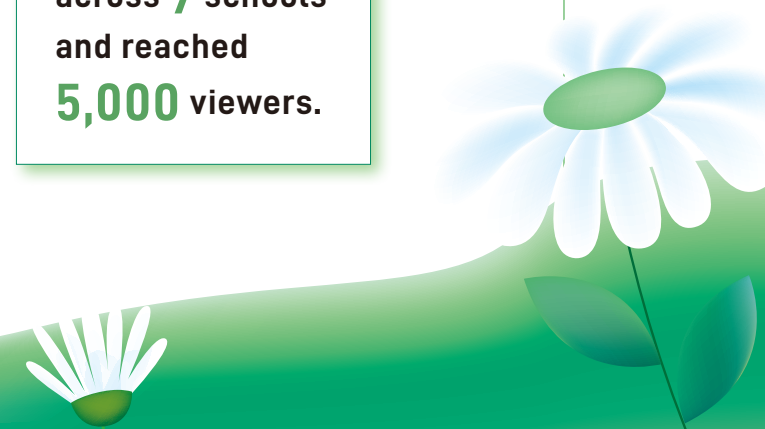
Since 1980, Cathay Life has granted scholarships to students from poverty-stricken families or with excellent academic performance to support outstanding students at all education levels. The Cathay Youth Excellence Scholarship is divided into two categories: Specific Accomplishment Grants and Outstanding Students. 89 recipients were selected, and scholarships totaling NT\$7.38 million had been awarded. Furthermore, the Excellent Documentary Award was organized and extra prize money was offered to encourage the scholarship recipients to record their experience in carrying out this program. A total of eight teams won this award in 2022.

### Student and Inmate Care Program

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



In 2022, it toured across **7** schools and reached **5,000** viewers.





## Contributing to the community

“

"We will go wherever society needs us." Cathay Life works with stakeholders, colleagues and people from all walks of life to find solutions to social issues together.

”

### Social Care

Celebrating the 60th anniversary, Cathay Life's colleagues launched the "60 Big Trees for Lifetime Happiness" project, donating antibacterial bath sets to express Cathay Life's gratitude toward the health care and frontline workers for their selfless dedication. Cathay Life hopes this effort can invite more people to show support for the medical staff.

Benefited nearly  
**14 thousand**  
people in **32**  
hospitals.



### Charitable donations through points accrual

In response to various social needs, Cathay Life assembles forces of the Group, customers, and employees to participate in charity together.

In 2022, the Cathay Charity Foundation helped make products from Agape Sheltered Workshop and Hearty Farm Sheltered Workshop available on the e-commerce platform of Symphox Information, encouraging the Group's customers and employees to do charity with their bonus points. Cathay Charity Foundation also helped Yu-Cheng Social Welfare Foundation by funding 1,146 Chinese New Year set meals in total. It also purchased 200 Chinese New Year set meals from Taiwan Foundation for the Blind, and donated them to the elderly registered with the Social Affairs Bureau of Chiayi County who live alone in remote areas. Meanwhile, it purchased 300 Erhlin Rice Moon Festival Gift Boxes from Agape Sheltered Workshop, and donated them to poverty-stricken families registered with the Changhua County Social Affairs Bureau. All in all, 5,000 individuals benefited from these efforts.

The Cathay Charity Foundation also works to gather people from all walks of life on TreeBuy. In addition to cultivating sheltered workshop, we also support the environmentally sustainable organic farming rice, in order to bring more benefits to support the underprivileged.



All in all, **5,000**  
individuals  
benefited from  
these efforts.



## Elder Friendly

### Cathay Happiness Farms

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

### Fraud Prevention Board Game

Cathay Life volunteers around Taiwan have also cooperated with police departments all around Taiwan to introduce the Anti-Fraud Squad Board Game in local communities. By playing this game, older people in local communities can learn about common types of fraud while having fun. This helps them safeguard what they have earned through hard work and prevents them from falling into the traps of deceitful people. In 2022, we organized a total of 52 sessions, with nearly 2,688 participants.



### USR for the Elderly

In view of high occurrence of disabilities and sarcopenia among the elderly, Cathay Life has cooperated with the University Social Responsibility (USR) program of the University of Taipei, with the theme of "Promoting Active Sports Academy for the Elderly; Light Up Health and Vitality of Urban Elderly," which focuses on promoting health of the elderly. Six LOHAS videos related to elderly care teaching materials have been made and 130 colleagues are also trained to guide the elderly in "muscle-training exercises," as well as "pre-workout warm-up" and "post-workout stretching." These are important exercises for the elderly, which can lead them to exercise happily with peace of mind, and enjoy life by aging healthily.



A Healthy Way of Life Adult Fitness Exercises Video

### Summer Blood Donation Campaign

The pandemic has brought huge pressure on Taiwan's medical system. Therefore, we launched our 2022 Summer Blood Donation Campaign in May. By collecting the blood donations of Cathay Life's employees and policyholders, as well as members of the public, we hope to help stabilize blood availability in Taiwan.

**23** years of donation drives have yielded nearly **560** thousand bags of blood.

#### Feedback from volunteers

Like insurance, blood donation is an act of solidarity to provide help to those in need, allowing people to join hands for mutual support!



### Giving Warmth in Winter

Since 2002, we have held the Cathay Charity Group — Giving Warmth in Winter series of events to offer supports for indigenous and new immigrant students in rural areas for 21 years by now. In 2022, we organized 108 events, and donations from colleagues of the Group are sent to every corner in Taiwan.

Volunteers visited a total of **112** elementary schools in rural areas and surprised over **8,800** children with heartwarming Christmas events.



## Sustainable Campus Project

“

Since 2017, Cathay Life has offered student group insurance. We not only protect the personal safety of students through insurance, but also jointly promote the Sustainable Campus Project alongside the K-12 Education Administration. In addition, since 2019, we have focused on tackling drug abuse issues by working with the online game-based learning platform PaGamO to launch the Air Force, Army and Navy Program. We have organized education games to advocate drug abuse prevention. With a gaming model where players answer anti-drug questions to gain territories, we enable children to learn about drug prevention through entertainment, and achieve the goal of "gaining drug knowledge" and "drug prevention."

”



Air Force

### PaGamO Online Anti-Drug Mission

Professors from National Taiwan Normal University and National Chung Cheng University were commissioned to design anti-drug questions and detailed explanations for elementary school and junior high school students. The questions were reviewed by the K-12 Education Administration of the Ministry of Education. 440 anti-drug questions and detailed explanations are available on PaGamO for children to learn drug prevention knowledge through online games. More than 1.32 million participants have taken part since 2019.



Army

### Small Anti-Drug e-Sports Competitions at Schools by Cathay Life Volunteers

Nearly 6,000 Cathay Life volunteers have engaged with schools to organize small class-based anti-drug e-sports competitions. Since 2019, a total of 1,226 schools have participated, and more than 157 thousand participants have taken part.



Navy

### National Anti-drug e-Sports Competition

The Navy – Cathay Anti-drug Hero Championship and PaGamO Open, first started in 2020, has held for three consecutive years. More than 38 thousand participants have taken part.

#### Response from students

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



Benefited over **1.5 million** students.

#### Feedback from parents

We participated in the competition with our children to become their best teammate. They got to improve their solution development skills when they tried to find out the answers. During this time, we talked a lot and became closer.

#### Feedback from volunteers

As volunteers, we believe to have done a meaningful thing to tackle drug abuse on campus!

#### Response from teachers

Students who are usually not interested in school work may also be attracted by game-based learning!



# co-living

## 96 Green Operations and Impact Mitigation

- 96 Environmental Data Review, Energy and Resource Management
- 97 Zero Carbon Goals and Actions

## 100 Eco-Friendliness and Sustainable Homeland

- 100 Sustainable Supply Chain
- 101 Environmental Education and Promotion

### Core Philosophy

This land where tree roots grow deep is our home. To mitigate the impacts of climate change and resource shortages, we promote renewable energy by setting and implementing the goal of net-zero transition, and advocate for environmental education. We have joined forces with the government, suppliers, employees, and the general public to protect our homeland, so that CathayLife's commitment to sustainability will be upheld by future generations.

### Sustainability Highlights



Our mobile and electronic services reduced paper usage by **81.78** million sheets in 2022, which reduced by approximately **523** metric tons of carbon emissions.



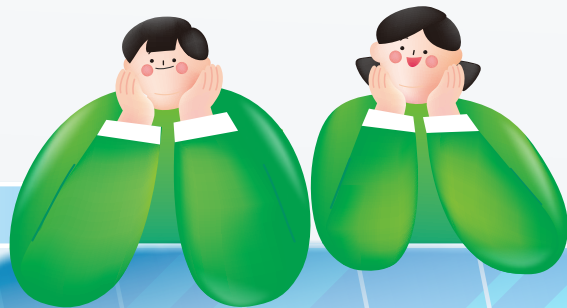
In 2022, our green procurement exceeded NT\$**240** million.



Won the recognition by Taipei City Government's private enterprises and organizations for outstanding green procurement unit for **13** consecutive years.

SDG 4

SDG 13



## Management of material topics

### Green Operations

#### Policy commitment

#### Management and actions

#### Performance tracking/ stakeholder engagement

In response to Cathay Financial Holdings' commitment to RE100 global initiative in 2021, Cathay Life plans to use 100% renewable electricity at its headquarters by 2025 and all operating locations in Taiwan by 2030. It also plans to use 100% renewable electricity at all global bases by 2050, with various actions on green economy.

| Zero Carbon Operation Transformation   | Promote mobile insurance/e-insurance  | Implement green procurement   | Environmental Education and Promotion  |
|--|---|---|--|
| <ul style="list-style-type: none"> <li>Adhere to SBT guidelines in setting the goal of zero carbon operation transformation.</li> <li>Conduct various net zero carbon emissions projects based on three aspects, i.e., Green Workplace, Green Energy and Green Real Estate.</li> </ul> | <ul style="list-style-type: none"> <li>Our mobile and electronic services reduced paper usage by 81.78 million sheets in 2022, which is 16.1 times the height of Taipei 101 if stacked together, reducing approximately 523 metric tons of carbon emissions.</li> </ul> | <ul style="list-style-type: none"> <li>In 2022, our green procurement exceeded NT\$240 million.</li> <li>Won the recognition by Taipei City Government's private enterprises and organizations for outstanding green procurement unit for 13 consecutive years.</li> <li>All of the suppliers shall sign Cathay's Sustainability Value Declaration and complete the sustainability education and training courses.</li> </ul> | <ul style="list-style-type: none"> <li>All departments within the Company have dedicated personnel in charge of energy conservation issues to undertake tasks involving environmental education promotion and energy conservation measures.</li> <li>We proactively responded to Article 19 of the Environmental Education Act, which states that employees should attend at least four hours of environmental education. In 2022, all employees have accumulated more than 130,000 hours.</li> <li>We organized and cooperated with seven beach cleanup activities in 2022, inviting policyholders and colleagues to participate. In total, two metric tons of coastal waste were removed.</li> </ul> |



## Green Operations and Impact Mitigation

As the largest insurance company in Taiwan, Cathay Life has a tremendous impact on the society and environment. As a leader in sustainable insurance, we endeavor to provide mobile/electronic insurance and remote insurance services in an effort to mitigate the impact of climate change. Furthermore, we dedicate efforts to zero-carbon actions, with the hope to formulate various strategies and develop towards zero-carbon emissions.

## Environmental Data Review, Energy and Resource Management

Cathay Life adopted the approach of first conducting a review and then implementing management measures. We have examined the energy and resources consumed by our operations and sales, and further reduced the environmental impact through our management system. On the operations side, we have improved our energy efficiency by maintaining and replacing the necessary equipment. On the sales side, we have improved our service efficiency and reduced carbon emissions in the sales process by providing mobile/electronic insurance services and remote insurance services.

### ( I ) GHG Emission and Overall Energy Consumption Indicators

| Item  | Unit of measurement               | 2020       | 2021       | 2022       |
|---|-----------------------------------|------------|------------|------------|
| Scope 1 emissions                                     |                                   | 2,475.72   | 2,357.18   | 2,548.05   |
| Scope 2 emissions (Market-based emissions)            |                                   |            |            | 25,272.99  |
| Scope 2 emissions (Location-based emissions)          | metric ton(s) - CO <sub>2</sub> e | 29,748.70  | 27,079.21  | 27,043.28  |
| Scope 1+2 emissions (Market-based emissions)          |                                   |            |            | 27,821.04  |
| Scope 1+2 emissions (Location-based emissions)        |                                   | 32,224.42  | 29,436.39  | 29,591.33  |
| Scope 1+2 emission intensity (Market-based emissions) | metric ton(s)/person              | 0.97       | 0.91       | 0.90       |
| Total energy consumption                              | GJ                                | 214,163.08 | 197,373.38 | 194,545.58 |
| Energy consumption per capita                         | GJ/person                         | 6.43       | 6.09       | 6.28       |
| Scope 3 (Business travel)                             | metric ton(s) - CO <sub>2</sub> e | 87.8976    | 43.9208    | 49.5       |

Note 1: ISO 14064-1 Standards is used for the GHG inventory, and the external standards body, the British Standards Institution (BSI), was commissioned in 2022 to conduct an inspection.

Note 2: The Bureau of Energy adjusted the electricity emission factors for Scope 2 Electricity Emissions, and therefore the calculation uses the updated factors, which are 0.509 (2020), 0.502 (2021), 0.509 (2022) kg CO<sub>2</sub>e/kWh.

Note 3: The number of employees at locations in the scope of inventory amounted to 33,300 (2020), 32,423 (2021), and 30,957 (2022).

Note 4: Business travel emissions are emissions from Taiwan High Speed Rail (THSR) rides and flights taken by employees. Emissions from flights are calculated according to data from the International Civil Aviation Organization (ICAO) and THSR (32g CO<sub>2</sub>e/person-km).

### ( II ) Electricity and Water Consumption Indicators

| Category            | Unit of measurement         | 2020                        | 2021         | 2022         |            |
|---------------------|-----------------------------|-----------------------------|--------------|--------------|------------|
| Electricity         | Electricity usage           | kWh                         | 58,445,383.8 | 53,942,649.5 | 53,130,216 |
|                     | Electricity use intensity   | kWh/person                  | 1,755.12     | 1,663.72     | 1,716.26   |
|                     | Renewable Energy Use        | 10,000 kWh                  | 24.1         | 27.4         | 369.1      |
| Hydroelectric power | Water consumption           | kWh                         | 404,802      | 350,232      | 340,260    |
|                     | Water consumption intensity | Water consumption intensity | 12.16        | 10.80        | 10.99      |

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

Note 2: ISO 14046 Water Footprint Standards is used for the water consumption inventory, and the external standards body, the British Standards Institution (BSI), was commissioned to conduct an inspection.



## Zero-Carbon Goals and Actions Principle 3

Cathay Life has set the goal of transitioning to zero-carbon operations in accordance with the SBT guidelines, and has launched a wide range of green actions. We hope to utilize core competencies to minimize the impact of our operations on the environment by embarking on zero carbon from low carbon. We work to ensure the realization of the ultimate goal of net-zero emissions by 2050, and that Taiwan can achieve sustainable development.

### ( I ) Mobile/Electronic Insurance Service and Remote Insurance Service Application

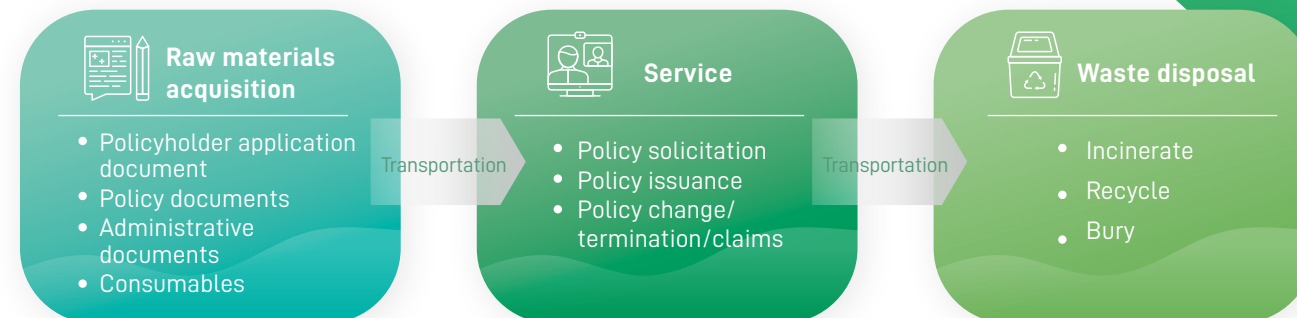
To reduce the use of paper in insurance services and carbon emissions from services and commuting, Cathay Life introduced the industry's first mobile insurance and electronic service in 2012, enabling our sales representatives to introduce insurance policies to clients on tablet PCs and complete insurance applications, claims, policyholder services, premiums, etc. We have led the industry in using e-policies for all new contracts since July 2019, which helped us reduce carbon emissions from paper and print products and the delivery of insurance policies. As a result, we became the first insurance company in Taiwan to obtain the ISO 14067 (Carbon Footprint Standard) certification and the carbon reduction label of the EPA in 2020. Our usage of e-policies reached 81.8% in 2022, significantly reducing paper use and carbon emissions from commute of salespeople.

The outbreak of COVID-19 in Taiwan since 2021 prompted Cathay Life to become the first life insurance company in Taiwan to approve the trial and normalization of remote insurance services, which was aimed to overcome restrictions brought by the pandemic and geographical distance on our insurance services while ensuring the health of policy holders and employees



Our mobile and electronic services reduced paper usage by **81.78 million sheets in 2022**, which is equivalent to **16.1 times the height of Taipei 101**, reducing approximately **523 metric tons of carbon emissions**.

In 2022, more than **20 thousand insurance policies** were purchased via the CVX platform, which reduced **23,000kg of carbon emissions**.





## ( II ) Zero Carbon Operation Transformation

Facing the increasing threat of climate change, Cathay Life has responded with low-carbon actions such as mobile/electronic insurance service and remote insurance service applications, and by joining Cathay FHC in committing to the " Zero Carbon Operation Transformation. " We are officially committed to taking the initiative to follow the global Net Zero trend, and setting SBTs, which are then used to develop short-, mid-, and long-term action plans for transitioning from low-carbon to zero-carbon operations. From three aspects, namely green workplace, green energy, and green landlord, we will launch various zero-carbon emissions projects to increase revenue (increase renewable energy) and cut expenditures (reduce electricity demand). We hope to reduce the consumption of traditional electricity, lower carbon emissions, and ultimately achieve net-zero carbon emissions by 2050.

### Green Workplace

Reduce operational carbon emissions by creating a new type of workplace, and provide employees with an efficient workplace that is more conducive to collaboration and communication.

#### New type of workplace

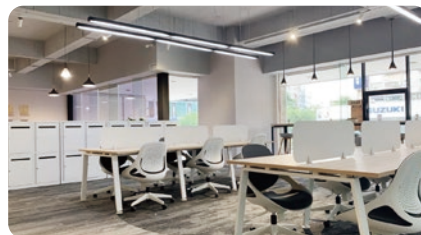
##### Convenient work models



Please refer to Healthy Lifestyle and Work-Life Balance on P.84

##### Renovating the workplace

With a design concept of openness, flexibility and sharing, the shared workspaces on each floor are revitalized, providing employees with spaces to work, hold meetings, and take a rest. This will increase employee happiness, and achieve energy saving and carbon reduction. Based on business suitability, we have allocated shared seats for 70%-100% of employees in the department, thereby reducing the actual floor area, and increasing the per capita energy consumption per square meter.



#### Updating to Energy-efficient Equipment

Pursuant to the Cathay FHC Environment and Energy Policy, Cathay Life began implementing energy and environmental management systems (ISO 14001 and ISO 50001) in buildings with high electricity consumption since 2013. Each year, the service life and energy consumption of our equipment are inspected using international standards, and the equipment is maintained and replaced accordingly. In addition, Cathay Life has established

the Responsible Property Investment and Management Policy, and all of our new buildings use eco-friendly energy efficient designs of green buildings, e.g., indicators for lower water consumption and carbon emissions. We have also included rainwater and reclaimed water recycling systems and PVsolar panels into the evaluations for real estate development, in order to achieve circular management and continue lowering the electricity required for operations.



**8** self-owned buildings

replacement of **764** LED lights

**52** Carbon reduction benefits (ton-CO<sub>2</sub>/year)



The entire company

replacement of **645** desktop computers with laptops

**137** Carbon reduction benefits (ton-CO<sub>2</sub>/year)



**19** self-owned buildings

replacement of **61** chilled water system and box type air conditioners

**230** Carbon reduction benefits (ton-CO<sub>2</sub>/year)

## Green Energy

Considering the change in energy structure in Taiwan and responding to global trends, Cathay Life proactively supports the government's renewable energy policies by using renewable energy to reduce the overall carbon emissions. In addition, we are keen to answer the call of Cathay FHC's commitment to the RE100 global initiative made in 2021, and plans to use 100% renewable electricity at our headquarters by 2025, all operating locations in Taiwan by 2030, and all operating locations overseas by 2050.

### Installation of PV panels for self-use

Construction of four power plants for self-use, including Taichung Wuri Building (183kW), Taoyuan Qingpu (125kW), Taoyuan Xpark (45kW) and Zhubei Shixing (64kW). The total installed capacity of the photovoltaic panels is 417kW, with total electricity generation of 518,200 kWh. Among them, Taichung Wuri Building has the highest installed capacity of PVpanels for self-use in the financial industry.



### Power purchase agreement (CPPA)

To achieve the long-term goal of using renewable energy, we negotiated with the Ministry of Economic Affairs in 2022 to adopt an efficient system to more effectively promote the purchase of green electricity, and signed a corporate power purchase agreement (CPPA).

**In 2022, the headquarters and office buildings transferred electricity of approximately 3.15 million kWh, exceeding the yearly target of RE 5.8.**

### Purchasing renewable energy certificates

Completed the first transaction of Taiwan Renewable Energy Certificates (T-RECs) in Taiwan in 2017, and subscribed to 508 T-RECs (1 T-REC = 1,000 kWh) as of 2022.



## Green Real Estate

Cathay Life established the Responsible Property Investment and Management Policy to ensure a mutually beneficial relationship with the environment. All of our new buildings use eco-friendly energy efficient designs for green buildings, e.g., higher amount of greening, lower water consumption, and lower carbon emissions. We have also included PV panels, and rainwater and reclaimed water recycling systems into the evaluations for real estate development.

Please refer to Responsible Investment and Paradigm Proposal on P.67

### Green Leasing Program

In July 2022, Cathay Life designed the Green Leasing Program 2.0 together with the Bureau of Standards, Metrology and Inspection of the Ministry of Economic Affairs, where we, as the landlord, will assist tenants to adopt renewable energy, and distribute renewable energy to tenants based on different consumers' specific demand. This system could effectively solve multiple tenants' problem of green electricity consumption under one electricity bill number. In addition, the tenants can use renewable energy without signing multi-party contracts with power suppliers, Taipower, and landlords.



**Introduced 6.5 million kWh renewable electricity in 2022.**





## Eco-Friendliness and Sustainable Homeland

Taiwan is our beautiful homeland. Cathay Life has engaged in green operations and green finance for years, and hopes to lead by example in exerting its influence for environmental sustainability. Furthermore, our suppliers, employees, and policyholders are all indispensable to achieving environmental sustainability. We hope to work with all sectors on environmental protection in Taiwan, and continue to build an eco-friendly and sustainable homeland.

## Sustainable Supply Chain

Principle 2 Principle 3

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

Furthermore, Cathay Life is committed to jointly growing with suppliers. We began hosting corporate sustainability sharing conferences or education and training courses for suppliers in 2016. In 2022, we established the Supplier Classification and Management System to systematically review whether suppliers sell green products, pass ISO certifications, or have violation records. We hope to assist suppliers implement corporate sustainability and strengthen risk management.



Green procurement amount reached NT\$**240** million in 2022. From 2018 to date, the cumulative green procurement has amounted to over NT\$**810** million.

Won the recognition in Taipei City Government's private enterprises and organizations for outstanding green procurement unit for **13** consecutive years.

## Environmental Education and Promotion

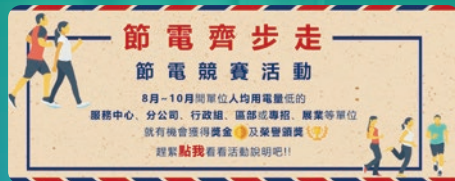
Principle 3

Cathay Life is committed to building a sustainable homeland, and aims to raise the public's environmental knowledge by inviting employees and policyholders to participate in environmental protection activities. The measure aims to influence the public to start with identifying and recognizing environmental protection issues, before advancing to actual participation and promotion of environmental sustainability, in order to demonstrate our determination in protecting our homeland.

In 2022, we encourage policyholders to use mobile/electronic insurance services. Nearly 6.38 million participants have taken part [Please refer to Diverse Coverage and Thoughtful Service on P.76](#). Meanwhile, environmental protection activities have been organized:

### Electricity conservation promotion activity

Since Cathay Life is an insurance company, with more than 90% of its carbon emissions generated by electricity consumption according to the inventory check and review of GHG emissions. Therefore, we have proactively held a series of energy saving competitions and essay competitions to raise the knowledge and motivation of our employees in electricity conservation. Since 2022, we have conducted quarterly inventory checks of the electricity consumption in all operating locations in Taiwan, hoping to closely monitor electricity consumption, so as to lower carbon emission generated in our operations.



According to statistics, the total emissions amounted to **27,821 metric tonnes of CO<sub>2</sub>e** in 2022, which decreased by **1,615 metric tonnes (-5.5%)** compared with the same period in 2021.

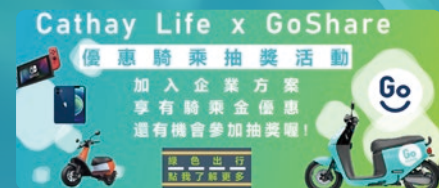
### Beach Cleanups

In 2017, Cathay Life showed its support for the EPA's "Adopt-a-Beach" program by adopting three coastal areas in Taiwan, namely Longfeng in Miaoli, Budai in Chiayi, and Donggang in Pingtung. We organized and cooperated with seven beach cleanup activities in 2022, inviting policyholders and colleagues to participate. In total, two metric tons of coastal waste were removed. One of the cleanups was a child-parent activity and was held at Longfeng Fishing Harbor. An environmental education teacher was present to lead the participants, explain things to look out for when removing litter, and talk about the coastal ecosystem. This activity enabled children to understand the importance of waste and plastic reduction, which was useful for raising their awareness on environmental protection.



### Cathay Life X GoShare Scooter-sharing Platform

To expand the effect of the green economy and reduce the carbon footprint of insurance services, we began collaborating with GoShare, a scooter-sharing platform, in August 2021, to offer rides at discounted rates. Through this event, employees were able to travel for business or to attend their everyday appointments while protecting the environment and reducing carbon emissions. To date, over 10,000 trips were completed via the scooter-sharing platform, accumulating a total distance of nearly 50,000 km, which equates to a reduction of 1,500 kg of carbon emissions. The value of green economy is conveyed through green traveling to create a harmonious relationship between the human society and environment.



### Environmental Education Promotion

Cathay Life has actively responded to Article 19 of the Environmental Education Act, which states that employees should attend at least four hours of environmental education. In 2022, all employees have accumulated more than 130 thousand hours. All departments within the Company have dedicated personnel in charge of energy conservation issues to undertake tasks involving environmental education promotion and energy conservation measures. Through weekly presentations on environmental education and a monthly broadcast of an internal CSN program titled "Environmental Protection in Action," we seek to raise the sustainability awareness of more than 30 thousand employees.





# Appendix

## Medium and Long Term (2025-2030) Goals

| Sustainability Theme   | Strategic Direction  | Aspect  | Medium and Long Term (2025-2030) Goals   |
|------------------------|--|---|--|
| Commitment             | Solid Governance and Steady Operations   | Corporate Governance and Operation Integrity        | Build the connection between senior executive performance and corporate sustainability (2025).   |
|                        |  |   | Rated "Excellent " by Taiwan Corporate Governance Association.   |
|                        |  | Information Security and Governance Specialization  | Complete a total of three certifications or tests from ISO international standards in information security (2030).   |
|                        |  | Integrate ESG into enterprise risk management (ERM) | Develop quantitative assessment methods for nature-related risks based on the TNFD framework and international practices (2025).   |
|                        | Support Initiatives and Expand Influence   | Risk initiatives                                    | <ul style="list-style-type: none"> <li>■ Become a benchmark enterprise of sustainable risk management among financials in Taiwan (2025).</li> <li>■ Continue to improve the risk trend reports and expand to other aspects.</li> </ul>   |
|                        |  | Engagement initiatives                              | <ul style="list-style-type: none"> <li>■ Engage with three to five companies on initiative activities.</li> <li>■ Study the viability of participating in other international organizations that campaign for responsible investment related to climate change, water resources and biodiversity.</li> </ul> |
|                        |  |   | <ul style="list-style-type: none"> <li>■ Engage with key domestic companies accounting for 50% carbon emissions of investment portfolio (2025).</li> <li>■ Engage with key domestic companies accounting for 55% carbon emissions of investment portfolio (2030).</li> </ul>                                 |
|                        |  |   | <ul style="list-style-type: none"> <li>■ Organize one engagement meeting per year for external participants.</li> </ul>  |
| Science Based Target   | Science Based Target - Carbon reduction path of investment portfolio <ul style="list-style-type: none"> <li>■ 2026: S1+S2 temperatures of listed equities and corporate bonds: 2.68° C; S1+S2+S3: 2.79° C</li> </ul>   |   |  |
| Responsible Investment | Gradually adjust the investment barrier for coal-related industries, where new investments on coal mining companies, coal mine railroad transport, coal-assisted services, and coal-fired power generation companies that do not engage in proactive transition are excluded. <ul style="list-style-type: none"> <li>■ Revenue percentage threshold of coal-related industries to be adjusted to over 20% by 2025.</li> <li>■ Revenue percentage threshold of coal-related industries in OECD countries to be adjusted to over 20% by 2030.</li> </ul> |   |  |



| Sustainability Theme   | Strategic Direction                          | Aspect  | Medium and Long Term (2025-2030) Goals   |
|--|--|---|--|
| Accountability   | Responsible Investment and Paradigm Proposal | Responsible Investment  | Low-carbon and green energy investments<br><ul style="list-style-type: none"> <li>■ Increase in low-carbon investment amount by 25% using 2020 as the baseline year (2025).</li> <li>■ Increase in low-carbon investment amount by 35% using 2020 as the baseline year (2030).</li> </ul>  |
|  |  |   | Refine the content of ESG risk review<br><ul style="list-style-type: none"> <li>■ Study and identify sensitive industries based on international trends and ESG risk factors, and adjust/add the list of sensitive industries.</li> </ul>  |
|  |  |   | <ul style="list-style-type: none"> <li>■ Organize two responsible investment training events targeting investment teams every year.</li> </ul>   |
|  | Diverse Coverage and Thoughtful Services     | Promotion of FitBack (including spillover-feature insurance products) | <ul style="list-style-type: none"> <li>■ 1.35 million members participate in the health-promoting plan (2025).</li> <li>■ 2 million members participate in the health-promoting plan (2030).</li> <li>■ Assist 740 thousand members in health management, and the total monthly participants reaching 15 million members (2025).</li> <li>■ Assist 1.2 million members in health management, and the total monthly participants reaching 20 million members (2030).</li> </ul> |
|  |  | Increase the insurance amount of health insurance for citizens        | <ul style="list-style-type: none"> <li>■ For full coverage in medical insurance (daily hospitalization coverage <math>\geq 2,000</math>), the number of insured users reaching 50% of the total number of medical insurance applicants (2025).</li> <li>■ For full coverage in medical insurance (daily hospitalization coverage <math>\geq 2,000</math>), the number of insured users reaching 60% of the total number of medical insurance applicants (2030).</li> </ul>     |
|  |  | Care for sub-health customers   | <ul style="list-style-type: none"> <li>■ Assist 75% customers who participate in the three-high services to improve their health (2025).</li> <li>■ Assist 80% customers who participate in the three-high services to improve their health (2030).</li> </ul>   |
|  |  | Create a blueprint for elderly services                               | <ul style="list-style-type: none"> <li>■ Promote elderly care activities in collaboration with NGOs and schools to strengthen social support, and provide care for 1,200 elderlies (2025).</li> <li>■ Provide diversified physical and mental health services in cooperation with partners from different industries to fulfill the requirements of the golden years (2030).</li> </ul>  |
|  |  |   | <ul style="list-style-type: none"> <li>■ The number of members over the age of 55 who apply for A&amp;H insurance products (the number of valid accounts) reaching 1.3 million (2025).</li> <li>■ Continue to launch a variety of exclusive insurance products for the elderly, in order to satisfy the needs of different elderly customer groups (2030).</li> </ul>  |
|  |  |   | <ul style="list-style-type: none"> <li>■ Total investment-linked plus traditional wealth-management insurance premiums making up for the ideal retirement savings rate of income of citizens under the age of 65 constituting 6% (2025).</li> <li>■ Total investment-linked plus traditional wealth-management insurance premiums making up for the ideal retirement savings rate of income of citizens under the age of 65 constituting 16% (2030).</li> </ul>                |
|  |  | Financial Inclusion   | <ul style="list-style-type: none"> <li>■ Digital service satisfaction reaching 80% or higher.</li> <li>■ The problem-solving rate of the smart assistant by responding within one second reaching 90%.</li> </ul>  |
| <ul style="list-style-type: none"> <li>■ The number of beneficiaries of insurance for micro and small businesses reaching more than 90,000, while the Company actively working towards the goal of 120,000 beneficiaries.</li> </ul> |  |   |  |





| Sustainability Theme   | Strategic Direction   | Aspect                                   | Medium and Long Term (2025-2030) Goals   |
|--|---|--|--|
| Richness   | Healthy Lifestyle and Work-life Balance   | Reconstruction of employee skills        | Digital skills coverage of 50% (based on annual training plans).   |
|  |   | Improve employee skills                  | <ul style="list-style-type: none"> <li>Annual engagement survey reaching 4 points (out of 5 points)</li> </ul>   |
|  |   | A workplace with diversity and tolerance | <ul style="list-style-type: none"> <li>Reinstatement and retention rate reaching 80%.</li> <li>33% of Cathay ' s supervisors shall be female.</li> </ul>   |
|  |   | Promote employee health services         | <ul style="list-style-type: none"> <li>Continue to improve health-promoting events, maintaining the number of employees with normal BMI at 51% and above (2025).</li> <li>Continue to improve health-promoting events, maintaining the number of employees with normal BMI at 53% and above (2030).</li> </ul>                 |
|  |   |  | <ul style="list-style-type: none"> <li>Provide Employee Assistance Programs (EAP) to assist 70% employees to maintain physical and mental health (2025).</li> <li>Provide Employee Assistance Programs (EAP) to assist 80% employees to maintain physical and mental health (2030).</li> </ul>                                 |
|  |   |  | <ul style="list-style-type: none"> <li>The number of walking steps by employee accumulated in Every Step Counts reducing carbon emissions of 4,240 metric tonnes (2025).</li> <li>The number of walking steps by employee accumulated in Every Step Counts reducing carbon emissions of 9,540 metric tonnes (2030).</li> </ul> |
|  |   |  | <ul style="list-style-type: none"> <li>TMaintain the effectiveness of ISO 45001.</li> </ul>  |
|  |   | Youth Workplace Empowerment              | <ul style="list-style-type: none"> <li>Satisfaction score of CIP courses/events reaching four points or higher (2025).</li> <li>Satisfaction score of CIP courses/events maintaining at four points or higher (2030).</li> </ul>   |
|  |   |  | <ul style="list-style-type: none"> <li>Recognition score of CIP enterprise reaching four points or higher (2025).</li> <li>Recognition score of CIP enterprise maintaining at four points or higher (2030).</li> </ul>   |
|  |   |  | <ul style="list-style-type: none"> <li>Recommendation score of CIP enterprise reaching four points or higher (2025).</li> <li>Recommendation score of CIP enterprise maintaining at four points or higher (2030).</li> </ul>   |
| <ul style="list-style-type: none"> <li>Willingness score of CIP participants in joining the financial industry in the future reaching four points or higher (2025).</li> <li>Willingness score of CIP participants in joining the financial industry in the future maintaining at four points or higher (2030).</li> </ul> |   |  |  |
| Prevent workplace hazards  | <ul style="list-style-type: none"> <li>Implement differentiation of workplace hazard factors, realize risk control and management, enhance employees ' safety and health awareness, and maintain disabling injury frequency below 0.5.</li> </ul> |  |  |



| Sustainability Theme   | Strategic Direction            | Aspect             | Medium and Long Term (2025-2030) Goals  |
|--|--------------------------------|--------------------|---|
| Richness   | Social Care and Value Creation | Social empowerment | ■ Cathay Happiness Farms volunteer participation: Maintaining at 40 participants and volunteer hours of 80 hours (2025).  |
|  |                                |                    | ■ Recognition score of Cathay Happiness Farms volunteers toward enterprise reaching four points or higher (2025).   |
|  |                                |                    | ■ Beneficiaries of Mixed Disabled Arts Group maintaining at 2000 or higher (2025).  |
|  |                                |                    | ■ Self-motivation score of the elderly participants of Happy Farm or audience (the elderly or listeners) of the Mixed Disabled Troupe reaching four points or higher (2025).  |
|  |                                |                    | ■ Proactively propose initiatives, combine industry, government and academia to develop diversified services (2030).  |
|  |                                |                    | ■ Improvement score for basic academic and non-cognitive skills in the after-school care courses (teacher survey for after-school program) reaching four points or higher.  |
|  |                                |                    | ■ Support for a group of (eight) coaches for women ' s table tennis, and training of 39 female table tennis players (2025).   |
|  |                                |                    | ■ Support for a group of (10) coaches for women ' s basketball, and training of 50 female basketball players (2025).  |
|  |                                | Youth Empowerment  | ■ Complete the construction of a table tennis hall to meet international competition standards, and continue to support the talent cultivation system for women ' s basketball and women ' s table tennis in order to win more glory for the Company, women athletes and Taiwan (2030). |
|  |                                |                    | ■ 25-30 schools in remote areas to be benefited from the KITURU Dreams Come True Program (2025).  |
|  |                                |                    | ■ Score of self-recognition survey for Excellence Scholarship Program and Dreams Come True Program (enterprise recognition) reaching four points or higher (2025).  |
|  |                                |                    | ■ The Excellence Scholarship Program special reaching 20 cases (2025).  |
|  |                                |                    | ■ Combine diversified application of group resources (e.g. channels, tools, volunteers, etc.) to invest on students in remote areas and exert influence (2030).   |
|  |                                |                    | ■ Teachers recommendation for anti-drug activity reaching 82% (2025).   |
|  |                                |                    | ■ Teachers recommendation for anti-drug activity reaching 85% (2030).   |
|  |                                |                    | ■ Holding anti-drug activities in 1,600 schools (2025).   |
| ■ Holding anti-drug activities in 1,800 schools (2030).                                  |                                |                    |   |
| ■ Anti-drug activity in the army, navy and air force reaching 2.5 million people (2025). |                                |                    |   |
| ■ Anti-drug activity in the army, navy and air force reaching 3.5 million people (2030). |                                |                    |   |



| Sustainability Theme | Strategic Direction                       | Aspect                                 | Medium and Long Term (2025-2030) Goals  |
|----------------------|---|--|---|
| Eco-Living           | Green Operations and Impact Mitigation    | Energy and Environmental Management    | <ul style="list-style-type: none"> <li>Adopt energy management systems in 20 of the Company's key self-owned buildings, with annual electricity consumption of 26 million kWh (accounting for about 45% of the total annual electricity consumption) (2025).</li> <li>Adopt energy management systems in 37 of the Company's key self-owned buildings, with annual electricity consumption of 35 million kWh (accounting for about 60% of the total annual electricity consumption) (2030).</li> <li>Pass the ISO50001 and ISO14001 system verification</li> </ul>  |
|                      |   | Renewable Energy Use                   | <ul style="list-style-type: none"> <li>Renewable energy usage rate in Taiwan reaching 50% (2025).</li> <li>Renewable energy usage rate in Taiwan reaching 100% (2030).</li> </ul>   |
|                      |   | Carbon Pricing                         | <ul style="list-style-type: none"> <li>Incorporate carbon pricing mechanism into the trial electricity saving competition, in the hope to further reduce the Group ' s electricity consumption, purchasing renewable energy and green electricity certificates.</li> </ul>  |
|                      |   | REC and PPA                            | <ul style="list-style-type: none"> <li>Business locations in Taiwan using renewable energy reaching 50%; negotiate and develop multiple renewable energy projects; increase PPA transformation, with T-REC to help increase renewable energy consumption (2025).</li> <li>Business locations in Taiwan using renewable energy reaching 100%; negotiate and develop multiple renewable energy projects; increase PPA transformation, with T-REC to help increase renewable energy consumption (2030).</li> </ul>   |
|                      |   | Workplace Transformation               | <ul style="list-style-type: none"> <li>Increase nine levels of new workplace type in comparison with 2020 (2025).</li> <li>Mobile Office: Continue to adopt VDI OA, completing an estimation of 30% installations appropriate for colleagues which are compliant with new planning (2025).</li> </ul>   |
|                      |   | Carbon Reduction (Scope 1 and Scope 2) | <ul style="list-style-type: none"> <li>External (SBT commitment): Carbon reduction of 12.5% (2025).</li> <li>External (SBT commitment): Carbon reduction of 25% (2030).</li> </ul>  |
|                      |   | Green buildings                        | <ul style="list-style-type: none"> <li>All new buildings have obtained the green building or LEED certification since 2023.</li> <li>Starting from 2020, one new building shall obtain the Green Building Gold Certificate, seven new buildings shall obtain the Green Building Silver Certificate, and 10 new buildings shall obtain the Gold LEED certification by 2025. Eight new buildings shall obtain the green building certificate, and 11 new buildings shall obtain LEED certification by 2030.</li> <li>Launch green leasing initiatives for commercial office buildings in six metropolitan areas, providing at least 15 million kWh green electricity services each year (2025).</li> <li>Launch green leasing initiatives for commercial office buildings in Taiwan, providing 20 million kWh green electricity services each year (2030).</li> <li>Install PV panel capacity of 500KW for self-use in Cathay buildings, which is 250% of 200KW in 2020 (2025).</li> <li>Install PV panel capacity of 850KW for self-use in Cathay buildings, which is 425% of 200KW in 2020 (2030).</li> </ul> |
|                      | Eco-Friendliness and Sustainable Homeland | Green supply chain                     | <ul style="list-style-type: none"> <li>Optimize the supplier risk assessment model (2025).</li> <li>Adopt active green procurement management and implement measures of green procurement from the source (2030).</li> </ul>  |
|                      |   | Environmental sustainability promotion | <ul style="list-style-type: none"> <li>Environmental sustainability campaigns reaching 100 million people with 2018 as the baseline year (2025).</li> <li>Environmental sustainability campaigns reaching 150 million people with 2018 as the baseline year (2030).</li> <li>Promote environmental education for employees and extend its reach to policyholders (2025).</li> <li>Promote environmental education for employees and extend its reach to suppliers (2030).</li> </ul>  |



## PSI Index

In 2012, the United Nations Environment Programme Finance Initiative (UNEPFI) formulated and promulgated the Principles for Sustainable Insurance (PSI) as the sustainable development guidelines for the insurance industry.

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

### Principle 1: Incorporating ESG issues into the insurance company's decision-making process

| Stakeholders                    | Description      |  | Corresponding Chapter  | Page         |
|---------------------------------|------------------|--|--|--------------|
| Board of Directors<br>Employees | Company Strategy | Cathay life established the Cathay Life Corporate Sustainability (CS) Team in 2016 in compliance with Cathay FHC 's CS Committee Organizational Framework. The President is a supervisory committee member, and the Vice President (inclusive) or those with higher management positions shall be the Executive Officer who supervises the team 's operations. | About Cathay Life Insurance<br>■ Message from the President<br>Sustainability Strategies<br>■ Sustainable Organizational Structure | P.3<br>P.9   |
|                                 |                  | The CS team incorporates ESG issues into decision-making for routine operations, reports the progress of corporate sustainability to the Board of Directors every six months, and periodically meets with senior executives to discuss ESG issues.   |  |              |
|                                 |                  | Establish an internal compliance culture and offer courses on compliance, information security, and AML/CFT. Improve employees ' understanding of corporate sustainability through online and physical courses and channels.   | Solid Governance and Steady Operations<br>■ Operation Integrity  | P.26         |
|                                 |                  | We created a healthy workplace with diversity, equality and safety through mechanisms and welfare policies. We provide multiple internal communication channels to respond to employees ' voices and protect employees ' rights, and have created a learning environment for diverse forms of learning and complete career development.                        | Healthy Lifestyle and Work-Life Balance<br>■ Talent Development and Cultivation<br>■ Employee care                                 | P.81<br>P.83 |
| Managers                        | Risk management  | Develop quantified financial risk and emerging risk models through industry-academia cooperation.  | Solid Governance and Steady Operations<br>■ The Great Steady Tree  | P.23         |
|                                 |                  | Adjusted strategies for investments, products, and fees in advance to smoothly transition to and reduce the impact of IFRS 17.   |  |              |
|                                 |                  | Establish an inter-departmental and cross-subsidiary TCFD team, and respond to climate-related risks and opportunities with the framework of governance, strategy, risk management, metrics and targets.   | Support Initiatives and Expand Scope of Influence<br>■ TCFD Compliance and Strengthening Climate Resilience                        | P.28         |



| Stakeholders            | Description   |   | Corresponding Chapter  | Page         |
|-------------------------|---|---|--|--------------|
| Investors and borrowers | Investment management   | Incorporated the Principles for Responsible Investment (PRI) into the investment decision-making process by formulating regulations and mechanisms.   | Responsible Investment and Paradigm Proposal<br>■ Sustainable Investment Mechanism<br>■ Sustainable Investment Actions | P.58<br>P.67 |
|                         |   | Establish the Cathay Life Stewardship Principles, interact with investee companies through dialogue, engagement, and the exercise of voting rights, actively implement the stewardship principles for institutional investors, and issue stewardship reports each year. <sup>Note</sup><br>Note: Since 2019, the reports have been renamed the Cathay Life Insurance Responsible Investment and Stewardship Report. |  |              |
|                         |   | Cathay FHC held the Climate Change Forum for six consecutive years, inviting industry, government, and academia leaders and investees to discuss domestic and international trends and share their experience. This has been an important event for promoting sustainable development in Taiwan.  | Support Initiatives and Expand Scope of Influence<br>■ Pioneering Sustainability and Leveraging the Power of Dialog    | P.50         |
| Customers               | Products and services   | Continue to offer innovative products in response to sustainability issues, and help each group gain a safety net of basic coverage.  | Diverse Coverage and Thoughtful Services<br>■ Providing Diverse Protection   | P.71         |
|                         |   | Introduce spillover-feature insurance products and encourage policyholders to develop healthy habits through mechanisms such as premium discounts and various activities, and by transforming the function of insurance from ex-post compensation to ex-ante prevention.  | Diverse Coverage and Thoughtful Services<br>■ Providing Diverse Protection   | P.71         |
|                         |   | Establish the customer-centric Treating Customers Fairly Committee to listen to the voices of customers, and use the power of digital technology and innovation to provide customers with a more convenient, safe, and fast service experience.   | Diverse Coverage and Thoughtful Services<br>■ Customer-Centric Approach  | P.73         |
|                         | Sales promotion   | Information disclosure to enable customers to fully understand the products they purchased and their rights, and use a variety of materials to raise their insurance awareness.   | Diverse Coverage and Thoughtful Services<br>■ Establishing Protection Awareness  | P.69         |
|                         | Claims management   | To lead the industry in promoting mobile insurance to improve the quality of claims services, we also provide a variety of claims services to simplify the claims application procedures for customers.   | Diverse Coverage and Thoughtful Services<br>■ Developing Digital Services  | P.75         |
| Underwriting management | We incorporated ESG considerations in underwriting processes such as moral risks, fairness, improper sales behaviors, and personal data protection.<br>Establish a model and system to calculate the risk score of new insurance contracts, with automatic alerts to help improve insurance underwriting decisions. | Solid Governance and Steady Operations<br>■ The Great Steady Tree   | P.23   |              |

**Principle 2: Raise awareness of ESG issues among customers and business partners**

| Stakeholders | Description  | Corresponding Chapter   | Page  |
|--------------|--|---|-------|
| Customers    | The FitBack Project combines the app and reward mechanisms to encourage policyholders to cultivate a habit of exercising.  | Diverse Coverage and Thoughtful Services<br>■ Establishing Protection Awareness | P.69  |
|              | Introduce spillover-feature insurance products and encourage policyholders to develop healthy habits through mechanisms such as premium discounts and various activities, and by transforming the function of insurance from ex-post compensation to ex-ante prevention.                                     |   |       |
|              | Promote sustainability actions through the sustainability website, sustainability related videos, and physical events, in order to raise their awareness and participate in sustainability actions.  |   |       |
|              | We have promoted e-policies and paperless services, and calculated the carbon footprint of insurance services, becoming the first life insurance company in Taiwan to obtain the Carbon Reduction Label from the Environmental Protection Administration, allowing consumers to identify low-carbon choices. | Diverse Coverage and Thoughtful Services<br>■ Developing Digital Services       | P.75  |
|              | Use FinTech applications such as Alpha and mobile insurance to improve the service efficiency of sales agents and customer experience.   |   |       |
| Suppliers    | Co-organize corporate sustainability sharing events with suppliers together with Cathay FHC and communicate ESG issues with suppliers.   | Eco-Friendliness and Sustainable Homeland<br>■ Sustainable Supply Chain         | P.100 |
|              | Promote green procurement; our green procurement exceeded NT\$240 million in 2022.   |   |       |



**Principle 3: Jointly promote ESG with the government and other stakeholders**

| Stakeholders             | Description  | Corresponding Chapter   | Page           |
|--------------------------|--|---|----------------|
| Government               | Issued a Responsible Investment and Stewardship Report to show our stewardship as an institutional investor.   | Responsible Investment and Paradigm Proposal<br>■ Sustainable Investment Mechanism                                  | P.58           |
|                          | Continue to invest in low carbon and green energy industries in response to the government ' s policy to support the 5+2 innovative industries.  | Responsible Investment and Paradigm Proposal<br>■ Sustainable Investment Actions                                    | P.67           |
|                          | Develop a series of usage-based insurance products for health promotion; provide student group insurance to protect students ' health.   | Diverse Coverage and Thoughtful Services<br>■ Providing Diverse Protection  | P.71           |
|                          | Participate in the promotion of sustainable banking and TCFD by the Life Insurance Association, sharing our experience to help promote sustainability in the industry.   | Support Initiatives and Expand Scope of Influence<br>■ TCFD Compliance and Strengthening Climate Resilience         | P.28           |
|                          | Worked with the K-12 Education Administration of the Ministry of Education on the Sustainable Campus Project; organized anti-fraud campaigns in cooperation with the National Police Agency and Criminal Investigation Bureau.   | Social Care and Value Creation  | P.86           |
|                          | Use self-generated renewable energy, purchase renewable energy certificates, implement green procurement, apply for carbon reduction labels, and support the government ' s environmental policies.  | Green Operations and Impact Mitigation<br>■ Zero Carbon Goals and Actions   | P.97           |
| Other major stakeholders | Jointly develop quantified financial risk and emerging risk models with academia to complete risk mechanisms.  | Solid Governance and Steady Operations<br>■ The Great Steady Tree   | P.23           |
|                          | We actively respond to the initiatives taken by international organizations and related to ESG, including: The International Association of Insurance Supervisors (IAIS), AIGCC, Ceres Valuing Water Finance Task Force, CDP Non-Disclosure Campaign, Climate Action 100+, and TCFD. | Support Initiatives and Expand Scope of Influence<br>■ Pioneering Sustainability and Leveraging the Power of Dialog | P.50           |
|                          | Collaborate with numerous NGOs to jointly promote sustainability issues, such as health promotion and education for second-generation immigrants.  | Social Care and Value Creation  | P.86           |
|                          | We promote sustainability concepts to stakeholders through a variety of online channels and physical events.   | Eco-Friendliness and Sustainable Homeland<br>■ Sustainable Supply Chain<br>■ Environmental Education and Promotion  | P.100<br>P.101 |

**Principle 4: Regularly disclose PSI implementation progress**

| Stakeholders             | Description   | Corresponding Chapter | Page |
|--------------------------|---|-----------------------|------|
| Other major stakeholders | Issuing CS reports since 2018. The reports are prepared in accordance with the GRI Standards, and related results are disclosed according to the PSI with a third party for assurance and verification. | About this Report     | P.1  |



## GRI Index

|                  |   |
|------------------|---|
| Statement of use | Cathay Life has reported in accordance with the GRI Standards for the period from January 1, 2022 to December 31, 2022. |
| GRI 1 Used       | GRI 1: Foundation 2021  |

| GRI Standards                            | Disclosure   | Corresponding Chapter  | Page/<br>description<br>omitted |
|--|--|--|---------------------------------|
| <b>General Disclosures</b>               |  |  |                                 |
| GRI 2:<br>General<br>Disclosures<br>2021 | 2-1 Organizational details   | About Cathay Life Insurance<br>■ Brief Overview and Business Performance | P.6                             |
|  | 2-2 Entities included in the organization's sustainability reporting             | About this Report  | P.1                             |
|  | 2-3 Reporting period, frequency and contact point                                | About this Report  | P.1                             |
|  | 2-4 Restatements of information  | About this Report  | P.1                             |
|  | 2-5 External assurance   | About this Report  | P.1                             |
|  | 2-6 Activities, value chain and other businesses relationships                   | About Cathay Life Insurance<br>■ Brief Overview and Business Performance | P.6                             |
|  | 2-7 Employees  | Appendix<br>■ Supplementary Information                                  | P.115                           |
|  | 2-8 Workers who are not employees  | Appendix<br>■ Supplementary Information                                  | P.115                           |
|  | 2-9 Governance structure and composition   | Solid Governance and Steady Operations<br>■ The Great Steady Tree        | P.19                            |
|  | 2-10 Nomination and selection of the highest governance body                     | Solid Governance and Steady Operations<br>■ The Great Steady Tree        | P.19                            |
|  | 2-11 Chair of the highest governance body  | Solid Governance and Steady Operations<br>■ The Great Steady Tree        | P.19                            |
|  | 2-12 Role of the highest governance body in overseeing the management of impacts | Sustainability Strategies<br>■ Sustainable Organizational Structure      | P.9                             |
|  | 2-13 Delegation of responsibility for managing impacts                           | Sustainability Strategies<br>■ Sustainable Organizational Structure      | P.9                             |

| GRI Standards                            | Disclosure   | Corresponding Chapter   | Page/<br>description<br>omitted        |
|--|--|---|--|
| GRI 2:<br>General<br>Disclosures<br>2021 | 2-14 Role of the highest governance body in sustainability reporting | Sustainability Strategies<br>■ Sustainable Organizational Structure | P.9                                    |
|  | 2-15 Conflicts of interest   | Solid Governance and Steady Operations<br>■ The Great Steady Tree   | P.19                                   |
|  | 2-16 Communication of critical concerns                              | Sustainability Strategies<br>■ Stakeholders and Material Topics     | P.13                                   |
|  | 2-17 Collective knowledge of highest governance body                 | Solid Governance and Steady Operations<br>■ The Great Steady Tree   | P.19                                   |
|  | 2-18 Evaluation of the performance of the highest governance body    | Solid Governance and Steady Operations<br>■ The Great Steady Tree   | P.19                                   |
|  | 2-19 Remuneration policies   | Solid Governance and Steady Operations<br>■ The Great Steady Tree   | P.19                                   |
|  | 2-20 Process for determining remuneration                            | -   | The Company's confidential information |
|  | 2-21 Annual total compensation ratio                                 | -   | The Company's confidential information |
|  | 2-22 Statement on sustainable development strategy                   | About Cathay Life Insurance<br>■ Message from the President         | P.3                                    |
|  | 2-23 Policy commitments  | Sustainability Strategies<br>■ Strategic Blueprint and Goals        | P.10                                   |
|  | 2-24 Embedding policy commitments                                    | Sustainability Strategies<br>■ Strategic Blueprint and Goals        | P.10                                   |



| GRI Standards                                       | Disclosure   | Corresponding Chapter  | Page/<br>description<br>omitted |
|---|--|--|---------------------------------|
| GRI 2:<br>General Disclosures<br>2021               | 2-25 Processes to remediate negative impacts                                   | Solid Governance and Steady Operations<br>■ Operation Integrity          | P.26                            |
|   | 2-26 Mechanisms for seeking advice and raising concerns                        | Solid Governance and Steady Operations<br>■ Operation Integrity          | P.26                            |
|   | 2-27 Compliance with laws and regulations                                      | Solid Governance and Steady Operations<br>■ Operation Integrity          | P.26                            |
|   | 2-28 Membership associations   | About Cathay Life Insurance<br>■ Brief Overview and Business Performance | P.6                             |
|   | 2-29 Approach to stakeholder engagement  | Sustainability Strategies<br>■ Stakeholders and Material Topics          | P.13                            |
|   | 2-30 Collective bargaining agreements  | -  | No collective bargaining        |
| <b>Material Topics</b>                              |  |  |                                 |
| GRI 3:<br>Material Topics 2021                      | 3-1 Process to determine material topics                                       | Sustainability Strategies<br>■ Stakeholders and Material Topics          | P.13                            |
|   | 3-2 List of material topics  | Sustainability Strategies<br>■ Stakeholders and Material Topics          | P.13                            |
| <b>Corporate Governance and Operation Integrity</b> |  |  |                                 |
| GRI 3:<br>2021 Material Topics                      | 3-3 Management of material topics  | Commitment   | P.18                            |
| GRI 205:<br>Anti-corruption<br>2016                 | 205-2 Communication and training about anti-corruption policies and procedures | Solid Governance and Steady Operations<br>■ Operation Integrity          | P.26                            |
| <b>Legal Compliance and Response</b>                |  |  |                                 |
| GRI 3:<br>2021 Material Topics                      | 3-3 Management of material topics  | Commitment   | P.18                            |
| <b>Integrated Risk Management</b>                   |  |  |                                 |
| GRI 3:<br>2021 Material Topics                      | 3-3 Management of material topics  | Commitment   | P.18                            |
| <b>Sustainable Financial Investment</b>             |  |  |                                 |
| GRI 3:<br>2021 Material Topics                      | 3-3 Management of material topics  | Accountability   | P.57                            |

| GRI Standards   | Disclosure   | Corresponding Chapter   | Page/<br>description<br>omitted |
|---|--|---|---------------------------------|
| <b>Integrated Risk Management</b>                     |  |   |                                 |
| GRI 3:<br>2021 Material Topics                        | 3-3 Management of material topics  | Commitment  | P.57                            |
| <b>Sustainable Financial Investment</b>               |  |   |                                 |
| GRI 3:<br>2021 Material Topics                        | 3-3 Management of material topics  | Accountability  | P.57                            |
| <b>Customer Rights Protection and Service Quality</b> |  |   |                                 |
| GRI 3:<br>2021 Material Topics                        | 3-3 Management of material topics  | Accountability  | P.57                            |
| G4 Financial Services<br>Sector Disclosures           | FS15 Policies related to fair design and sale of financial products and services                         | Diverse Coverage and Thoughtful Services<br>■ Customer-Centric Approach   | P.73                            |
| <b>Employee Welfare and Rights</b>                    |  |   |                                 |
| GRI 3:<br>2021 Material Topics                        | 3-3 Management of material topics  | Richness  | P.78                            |
| GRI 401:<br>Employment 2016                           | 401-1 New employee hires and employee turnover   | Healthy Lifestyle and Work-Life Balance<br>■ Talent Development and Cultivation<br>■ Employee care<br>Appendix<br>■ Supplementary Information | P.81<br>P.83                    |
|   | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees |   |                                 |
| GRI 404:<br>Training and Education<br>2016            | 404-1 Average hours of training per year per employee  | Appendix<br>■ Supplementary Information   | P.81<br>P.83                    |
|   | 404-2 Programs for upgrading employee skills and transition assistance programs                          |   |                                 |
| <b>Green Operations</b>                               |  |   |                                 |
| GRI 3:<br>2021 Material Topics                        | 3-3 Management of material topics  | Eco-Living  | P.95                            |
| GRI 302:<br>Energy 2016                               | 302-1 Energy consumption within the organization   | Green Operations and Impact Mitigation<br>■ Environmental Data Review, Energy and Resource Management   | P.96                            |
| GRI 305:<br>Emissions 2016                            | 305-1 Direct (Scope 1) GHG emissions   | Green Operations and Impact Mitigation<br>■ Environmental Data Review, Energy and Resource Management   | P.96                            |
|   | 305-2 Energy indirect (Scope 2) GHG emissions  |   |                                 |





## SASB Index

| Topic  | Code         | Evaluation Indicator  | Information Disclosed   |
|--|--------------|---|---|
| Operational indicator                                  | FN-IN-000.A  | Number of valid insurance policies:<br>(1)Property insurance<br>(2)Life insurance<br>(3)Re-insurance                              | <ul style="list-style-type: none"> <li>In 2022, Cathay Life offered 47.3 million valid life insurance policies.</li> </ul>  |
| Information transparency and treating customers fairly | FN-IN-270a.1 | Total monetary losses due to litigations arising from marketing and communication of insurance products to new/existing customers | <ul style="list-style-type: none"> <li>Official Website of Cathay Life / Information Disclosure - Other Matters - Matters Subject to Disposition by the Competent Authority in the Past Two Years<br/><a href="https://www.cathaylife.com.tw/cathaylife/laws-policies/public-info/info-other">https://www.cathaylife.com.tw/cathaylife/laws-policies/public-info/info-other</a></li> </ul>  |
|  | FN-IN-270a.2 | Customer complaint report rate  | <ul style="list-style-type: none"> <li>Official Website of Cathay Life / Information Disclosure / Business Overview / Applications Acceptance Rate and Average Number of Days to Process Applications (Including Review of Claim and Non-Claim Applications Review) by the Financial Ombudsman Institution (FOI)<br/><a href="https://www.cathaylife.com.tw/cathaylife/laws-policies/public-info/info-business">https://www.cathaylife.com.tw/cathaylife/laws-policies/public-info/info-business</a></li> </ul>   |
|  | FN-IN-270a.3 | Customer retention  | <ul style="list-style-type: none"> <li>Market Observation Post System for the Insurance Industry – Public Information on Insurance / Single Entry Point for Inquiries / Cathay Life Insurance Co., Ltd. / Various Financial Indicators<br/><a href="https://ins-info.ib.gov.tw/customer/Info2-12.aspx?UID=03374707">https://ins-info.ib.gov.tw/customer/Info2-12.aspx?UID=03374707</a></li> </ul>   |
|  | FN-IN-270a.4 | Procedures for providing customers with related product information   | <ul style="list-style-type: none"> <li>Cathay Life Insurance ' s CS Report / Accountability / Diverse Coverage and Thoughtful Services(P.73)</li> <li>Official Website of Cathay Life Insurance / About Us / Brief Overview / Treating Customers Fairly Area<br/><a href="https://www.cathaylife.com.tw/cathaylife/fairtreatmentpolicyarea/vision">https://www.cathaylife.com.tw/cathaylife/fairtreatmentpolicyarea/vision</a></li> <li>Official Website of Cathay Life / Various Insurance Products<br/><a href="https://www.cathaylife.com.tw/cathaylife/">https://www.cathaylife.com.tw/cathaylife/</a></li> </ul> |
| Integrating ESG factors into investment management     | FN-IN-410a.1 | Total investment assets by industry and asset class   | <ul style="list-style-type: none"> <li>Official Website of Cathay Life / Information Disclosure / Financial Status / Fund Use<br/><a href="https://www.cathaylife.com.tw/cathaylife/laws-policies/public-info/info-financial">https://www.cathaylife.com.tw/cathaylife/laws-policies/public-info/info-financial</a></li> <li>Cathay Life Insurance ' s Corporate Sustainability Website / Stewardship<br/><a href="https://patron.cathaylife.com.tw/ODAB/ODAB9000">https://patron.cathaylife.com.tw/ODAB/ODAB9000</a></li> </ul>  |
|  | FN-IN-410a.2 | Incorporating environmental, social and governance (ESG) factors into investment management processes and strategies              | <ul style="list-style-type: none"> <li>Cathay Life Insurance ' s CS Report / Accountability / Responsible Investment and Paradigm Proposal(P.28)</li> <li>Cathay Life Insurance ' s Corporate Sustainability Website / Stewardship<br/><a href="https://patron.cathaylife.com.tw/ODAB/ODAB9000">https://patron.cathaylife.com.tw/ODAB/ODAB9000</a></li> </ul>   |



| Topic                                     | Code         | Evaluation Indicator   | Information Disclosed  |
|---|--------------|--|--|
| Policies that promote responsible conduct | FN-IN-410b.1 | Net premium income related to energy efficiency and low-carbon technologies.   | N/A  |
|   | FN-IN-410b.2 | Develop insurance products that promote healthy and safe lifestyles or environmentally responsible conduct.  | <ul style="list-style-type: none"> <li>Incentive rules related to health promotion mechanisms were added to the terms of insurance policies in spillover-feature insurance products (e.g., premium discounts and increases in insured amounts). Prices of the products shall be determined in accordance with relevant rules.</li> <li>Cathay Life Insurance 's CS Report / Accountability / Diverse Coverage and Thoughtful</li> </ul>  |
| Environmental exposure                    | FN-IN-450a.1 | Most probable maximum loss of climate-related disaster insurance products  | N/A  |
|   | FN-IN-450a.2 | Disclosure based on type of incident and geographic region:<br>(1)Established risk models for natural hazards.<br>(2)The total monetary loss of insurance benefits related to natural disasters for which no risk model has been established (disclosed on the basis of net reinsurance and gross reinsurance).                | N/A  |
|   | FN-IN-450a.3 | Describe how environmental risk is incorporated into:<br>(1)The insurance process of individual contracts.<br>(2)Corporate-level risk management and capital adequacy ratio management.  | N/A  |
| Systematic risk management                | FN-IN-550a.1 | Exposure to derivative financial products by type:<br>(1)Total potential exposure to derivative financial products not in central clearing house.<br>(2)Total fair value of acceptable pledges announced by central clearing house.<br>(3)Total potential exposure to derivative financial products in central clearing house. | N/A  |
|   | FN-IN-550a.2 | Total fair value of securities lending collateral assets   | N/A  |
|   | FN-IN-550a.3 | Describe the management measures for capital and liquidity related risks of systematic non-insurance activities  | <ul style="list-style-type: none"> <li>Auditors ' Report on Consolidated Financial Statements for Cathay Life Insurance Co., Ltd. and its Subsidiaries in 2022 and 2021 - Liquidity Risk(P.141)<br/><a href="https://www.cathaylife.com.tw/cathaylife/-/media/a6609ca2149e42aea6d8c76eec4fd945.pdf?sc_lang=zh-tw&amp;hash=826CB6FB6F339C70C1FAEF356128089B">https://www.cathaylife.com.tw/cathaylife/-/media/a6609ca2149e42aea6d8c76eec4fd945.pdf?sc_lang=zh-tw&amp;hash=826CB6FB6F339C70C1FAEF356128089B</a></li> </ul> |



## Index of Guidelines for Climate-related Risks and Financial Disclosures in the Insurance Industry

| Index | Disclosure Items  | Corresponding Chapter                                   | Page    |
|-------|---|---|---------|
| I     | These Guidelines have been set to strengthen management and disclosure of climate-related risks and opportunities in the insurance industry.  | -   | -       |
| II    | Insurance companies are required to establish appropriate mechanisms for climate-related risk management and opportunities based on the scale and nature of their business activities, and must disclose information on climate-related risk management in terms of governance, strategy, risk management, metrics, and targets. The status of climate-related risk management and opportunities shall be included in the corporate social responsibility report, and posted on the company's website by June 30 each year. |   | P.28-49 |
| III   | Insurance companies shall set out internal rules and mechanisms to regularly review whether they comply with the requirements under the Guidelines.   |   | P.29    |
| IV    | (I)The board (council) of directors and senior management shall ensure that the company takes into account the identified climate-related risks when formulating its risk appetite, strategies, and business plans, with continuous monitoring of the management and disclosure of climate-related risks.   |   | P.29    |
|       | (II)The company may establish a committee that is subordinate to the board (council) of directors, clearly differentiating the duties of the board (council) of directors or a committee that is subordinate to the board (council) of directors and senior management.   |   | P.29    |
| V     | (I)Identifying the financial impact of climate-related risks and opportunities on finance, businesses, commodities, and investments   | Support Initiatives<br>and Expand Scope of<br>Influence | P.31-32 |
|       | (II)Prioritizing climate-related risks based on materiality   |   | P.31-32 |
|       | (III)The impact of climate-related risks and opportunities shall be considered for the setting of annual operating targets, as well as the insurance company ' s business, commodities, and investment strategies.  |   | P.32    |
|       | (IV)Reviewing and adjusting the climate-related risk management policies according to the scenario-based analysis and stress testing results  |   | P.33-36 |
| VI    | (I)Risk management and monitoring   |   | P.42-46 |
|       | (II)Climate scenario-based analysis and stress testing  |   | P.33-36 |
|       | (III)Investment management  |   | P.43-44 |
| VII   | (I)Setting metrics for the assessment and management of climate-related risks   |   | P.46-49 |
|       | (II)Setting climate-related risk management targets   |   | P.46-49 |
|       | (III)Setting metrics to prioritize climate-related risks based on materiality   |   | P.46-49 |
|       | (IV)Considering incorporating climate-related risk management into performance metrics  |   | P.30    |



## Supplementary Information

2-7

2-8

### Talent Structure Data

#### Distribution of employees by region

| Category          | Taiwan |       |        | Overseas |      |       | Total  |
|-------------------|--------|-------|--------|----------|------|-------|--------|
|                   | Female | Male  | Total  | Female   | Male | Total |        |
| Managers          | 2,091  | 1,578 | 3,669  | 0        | 9    | 9     | 3,678  |
| General employees | 21,034 | 6,387 | 27,421 | 3        | 51   | 54    | 27,475 |
| Total             | 23,125 | 7,965 | 31,090 | 3        | 60   | 63    | 31,153 |

Note 1: This table only includes full-time employees

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

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

#### Composition of employees by gender & age

| Category          | Female   |                 |              | Male   |         |        | Total  |
|-------------------|----------|-----------------|--------------|--------|---------|--------|--------|
|                   | Below 30 | 31-49 years old | 50 and above | 30 歲以下 | 31~49 歲 | 50 歲以上 |        |
| Managers          | 97       | 972             | 1,022        | 104    | 1,045   | 438    | 3,678  |
| General employees | 2,449    | 8,907           | 9,681        | 1,898  | 3,519   | 1,021  | 27,475 |
| Total             | 2,546    | 9,879           | 10,703       | 2,002  | 4,564   | 1,459  | 31,153 |

Note 1: This table only includes full-time employees

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

#### Numbers of new and resigned employees

| Category           | Female   |                 |              | Male     |                 |              | Total |
|--------------------|----------|-----------------|--------------|----------|-----------------|--------------|-------|
|                    | Below 30 | 31-49 years old | 50 and above | Below 30 | 31-49 years old | 50 and above |       |
| New employees      | 883      | 886             | 124          | 709      | 299             | 16           | 2,917 |
| Resigned employees | 374      | 522             | 536          | 358      | 248             | 87           | 2,125 |



## Average training hours per employee

| Item                            | Category (hours)  | 2020      | 2021      | 2022      |
|---------------------------------|-------------------|-----------|-----------|-----------|
| Total training hours            | Male employees    | 1,866,859 | 2,063,630 | 2,194,797 |
|                                 | Female employees  | 5,749,297 | 6,197,594 | 6,590,992 |
|                                 | Managers          | 768,321   | 867,656   | 914,185   |
|                                 | General employees | 6,847,835 | 7,393,569 | 7,871,603 |
|                                 | Total             | 7,616,156 | 8,261,224 | 8,785,789 |
| Total training hours per person | Male employees    | 213       | 246       | 276       |
|                                 | Female employees  | 233       | 259       | 285       |
|                                 | Managers          | 194.5     | 229.2     | 248       |
|                                 | General employees | 233       | 259       | 287       |

## Number of employees with disabilities

|            | 2020 | 2021 | 2022 |
|------------|------|------|------|
| Head count | 333  | 312  | 297  |
| (%)        | 1.00 | 0.96 | 0.95 |

## MSCI's Climate VaR (CVaR) Data Usage Declaration

The MSCI Climate Value-at-Risk (CVaR) data in this report includes, but not limited to, information (hereinafter referred to as the "Relevant Information") sourced from MSCI ESG Research LLC and its affiliates (hereinafter referred to as "the Parties"). The Parties do not warrant or guarantee the originality, accuracy, and/or completeness of any data herein, and expressly disclaim all explicitly or implied warranties, including the applicability and suitability for a particular purpose. The information is for internal use only, and may not be reproduced/redisseminated in any form, or used as a basis for or a component of any financial instruments or products or indices. In addition, the Information is not intended to constitute a recommendation to make any investment decision for the purchase or sales of securities. None of the Parties shall have any liability for any errors or omissions in connection with any data contained herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.



## Accountant's Limited Assurance Report

### Summary of Subject Matter Assured

| No. | Subject Matter Information  | Applicable Criteria  | Page    |
|-----|---|--|---------|
| 1   | In 2022, we sold 431 thousand spillover-feature insurance products.   | The total number of spillover-effect insurance products underwritten for Cathay Life Insurance in 2022.  | P.70    |
| 2   | In 2022, the number of smart digital customer service users was 2.955 million, the problem-solving rate was 97.5%, and satisfaction rate was 94.3%.   | Total number of usages: Total number of Smart Digital Customer Services (SDCS) – Alpha usage in 2022.<br>Problem-solving rate: Customers not contacting customer service personnel within 1 hours after using SDCCS in 2022 divided by customers ' total number of SDCCS usage.<br>Note: Customers ' total number of SDCCS usage is the number of people who use SDCCS and log in member account and password.<br>Satisfaction score: Number of customers who give 4 or above score divided by number of customers who give scores in satisfaction surveys in 2022.  | P.76    |
| 3   | The total cases of Electronic Insurance Policy in 2022 is 631.2 thousand and usage rate is 81.83%.  | The total cases of Electronic Insurance Policy <sup>(NOTE)</sup> : The sum of electronic insurance policy in 2022.<br>Usage rate of Electronic Insurance Policy: in 2022, the sum of electronic insurance policy divided by total number of Insurance Policy.<br>Note: The statistical method primarily considers whether the policy was applied for as electronic or paper form at the time of submission.  | P.76    |
| 4   | The total cases of Electronic Documents in 2022 is 272.25 thousand and usage rate is 47.94%.  | The total cases of Electronic Documents: As of the end of 2022, the sum of valid electronic documents applications.<br>Usage rate of Electronic Documents: As of the end of 2022, the sum of valid electronic documents applications divided by the total number of valid policyholders.   | P.76    |
| 5   | As of the end of 2022, our total investment in low-carbon and green energy reached NT\$222.2 billion, representing our contribution to earth.<br>As of the end of 2022, our total investment in water resource amounted to NT\$6.1 billion.<br>As of the end of 2022, our total investment in infrastructure reached NT\$760 billion.<br>As of the end of 2022, our total investment in health industries reached NT\$397.8 billion.<br>As of the end of 2022, our total investment in financial inclusion reached NT\$2.8 billion. | Cathay Life Insurance determines low-carbon and green energy investment according to following criteria:<br>1.Industry classification belongs to six major categories of energy, construction, waste recycling, transportation, (high efficiency) industry, energy- saving industry, green bonds, and carbon sinks.<br>2.The company's business items include above six categories.<br>3.The investments included in the low carbon investment login platform certification, Carbon Clean 200 List, and green bond details in the Bloomberg platform.<br>Cathay Life Insurance determines water resources investment according to following criteria:<br>1.Industry classification relates to water supply, water treatment, sewage treatment, and as well as industries related to water conservation, water cycle, recycled water, reclaimed water, and desalination.<br>2.The company's business items include above categories.<br>Cathay Life Insurance determines infrastructure investment according to following criteria:<br>1.The industrial classification belongs to the categories of transportation, public facilities, social housing, and environmental improvement facilities, low-carbon transition-related infrastructure, infrastructure construction, and software.<br>2.The company's business items include the above categories.<br>Cathay Life Insurance determines health industries investment according to following criteria:<br>1.The industry classification belongs to the senior and health product and service industry, facility supply and other related industries.<br>2.The company's business- items include above categories.<br>Cathay Life Insurance determines financial inclusion investment according to following criteria:<br>1.The industry classification belongs to education, financial inclusion, and other related industries.<br>2.The company's business items include above categories.<br>The above five thematic investments, including investment property, equity, and debt, are calculated based on the book value as of the end of 2022. | P.67-68 |



| No. | Subject Matter Information  | Applicable Criteria  | Page |
|-----|---|--|------|
| 6   | In 2022, we completed a full review of our listed equities, corporate bonds, financial bonds and government bonds with potential ESG risks, totaling 264 cases.   | The number of Cathay Life Insurance's ESG risk reviewed cases is based on the total number of cases that the company's investment target has been completed the ESG risk review process in 2022.   | P.62 |
| 7   | Of the asset management companies providing discretionary investment services to Cathay Life Insurance in 2022, 100% of them were signatories to the PRI or local stewardship principles.   | By the end of 2022, the number of signatories of PRI or local due diligence code among the asset management companies providing discretionary investment services to Cathay Life Insurance.<br>Note: Since Taiwan is not a member of the United Nations, Taiwan Companies cannot sign the PRI.   | P.66 |
| 8   | In the " Type of Proposal " graphic, the percentage of Cathay Life Insurance voted in shareholders' meetings proposal type in 2022.<br>In the "Voting results" graphic, the percentage of Cathay Life Insurance voted in shareholders' meetings proposal type in 2022.<br>In the " Type of Proposals Opposed " graphic, the percentage of Cathay Life Insurance voted in shareholders' meetings proposal type in 2022.<br>In the "Percentage of Votes in Favor of Sustainability-related Proposals " graphic, the percentage of Cathay Life Insurance voted in shareholders' meetings sustainability-related proposal type in 2022. | The voting results performed by Cathay Life Insurance in the shareholders' meetings for each investment target in 2022 and the proportion according to " Type of Proposal ", "Voting results", " Type of Proposals Opposed ", "Percentage of Votes in Favor of Sustainability-related Proposals ".   | P.65 |
| 9   | All directors/supervisors have completed the information security education and training courses.   | The percentage of training records and participation for directors and supervisors in information security education and training courses for 2022.  | P.25 |
| 10  | The IT security department is in charge of the formulation of information security policies.<br>Appointed an Information Security Officer.<br>Established the Information Security and Personal Information Management Committee, and 2 information security management and review meetings were held in 2022.  | The information security unit Cathay Life Insurance has established.<br>The total number of top executives responsible for information security.<br>The total number of information security management review meetings held in 2022.  | P.25 |
| 11  | Total carbon emissions of various asset investment portfolios in 2022 was 9,564,162 tCO <sub>2</sub> e.   | Cathay Life Insurance references the "Portfolio Carbon Accounting Framework (PCAF)" to design the portfolio financial carbon emissions calculation criteria and to compile and disclose financial carbon emissions for various asset classes.<br><ul style="list-style-type: none"> <li>■ Portfolio Financial Carbon Emissions: The carbon emissions in metric tons of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) for Scope 1 and Scope 2 categories related to the investment portfolio held by Cathay Life Insurance. Cathay Life Insurance strives to use the "latest obtainable emissions data or estimation data". This includes: <ol style="list-style-type: none"> <li>1.Emissions data directly obtained from investment companies by Cathay Life Insurance.</li> <li>2.Estimation data based on the methodology recommended by PCAF, using emissions data obtained from MSCI Total Portfolio Footprinting (MSCI TPF) classified by industry to calculate estimated industry- specific emissions factors.</li> </ol> </li> <li>■ Portfolio Carbon Emissions Coverage Scope: Cathay Life Insurance conducts an inventory of listed stocks and corporate bonds held as of December 31, 2022. The scope includes positions in the following financial accounts of "Financial Assets at Fair Value through Profit or Loss (FVTPL)," "Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)," and "Financial Assets at Amortized Cost (AC)" for both self-managed and outsourced investment portfolios.</li> </ul> | P.48 |



**Independent Limited Assurance Report**

PWCM2000662

To Cathay Life Insurance Co. Ltd

We have been engaged by Cathay Life Insurance Co. Ltd (the "Company") to perform assurance procedures on the sustainability performance information identified by the Company and reported in the 2022 Sustainability Report (the "Sustainability Report") and have issued a limited assurance report based on the result of our work performed.

**Subject Matter Information and Applicable Criteria**

The sustainability performance information identified by the Company (hereinafter referred to as the "Subject Matter Information") and the respective applicable criteria are stated in the "Summary of Subject Matter Assured" on page 117-118 of the Sustainability Report. The scope of the aforementioned Subject Matter Information is set out in the "Boundaries and Scope of this Report" on page 1 of the Sustainability Report.

**Management's Responsibilities**

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

**Our Responsibilities**

We conducted our assurance work on the Subject Matter Information in accordance with the Statement of Assurance Engagements Standards 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" in the Republic of China, and, International Standard on Assurance Engagements 3410, "Assurance Engagements on Greenhouse Gas Statements", issued by the International Auditing and Assurance Standards Board, to identify whether any amendment is required of the Subject Matter Information to be prepared, in all material respects, in accordance with the respective applicable criteria, and issue a limited assurance report.

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

資誠永續發展服務股份有限公司 PricewaterhouseCoopers Sustainability Services Co., Ltd.  
11012 臺北市信義區協信路一段33號2樓, 27F, 33F, Keelung Road, Sec. 1, Xinyi Dist., Taipei City 11012, Taiwan  
T: +886 (2) 2729 6666, F: +886 (2) 2757 6371, www.pwc.tw



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

- Portfolio Financial Carbon Emissions (the "Financial Carbon Emissions")
  - Evaluated the suitability in the circumstances of the Company's use of the respective applicable criteria as the basis for preparing the Financial Carbon Emissions;
  - Made inquiries of the persons responsible for the Financial Carbon Emissions to understand the processes and the information system, and the relevant internal controls relating to the preparation of the aforementioned information to identify the areas where there may be risks of material misstatement; and
  - Evaluated whether the Company's methods for developing estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates to evaluate the Company's estimates;
  - Reconciled the Financial Carbon Emissions data back to the underlying records on a sample basis to obtain evidence for limited assurance. However, our procedures did not include corroborating the accuracy and completeness of the underlying greenhouse gas emissions and financial data from third parties; and
  - Considered the presentation and disclosure of the Financial Carbon Emissions, but excluding the categorization of data by industry sector, the quality score and the coverage rate of greenhouse gas emission data.
- Other Subjected Matter Information
  - Made inquiries of the persons responsible for the Subject Matter Information to understand the processes and the information system, and the relevant internal controls relating to the preparation of the aforementioned information to identify the areas where there may be risks of material misstatement; and
  - Based on the above understanding and the areas identified, performed selective testing including inquiry, observation, inspection, and reperformance to obtain evidence for limited assurance.

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

**Compliance of Independence and Quality Management Requirement**

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



Our firm applies Standard on Quality Management 1, "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" in the Republic of China, this Standard requires the firm to design, implement, and operate the system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Inherent Limitation**

Certain Subject Matter Information involves non-financial data which is subject to more inherent limitations than financial data. Qualitative interpretations of the relevance, materiality and the accuracy of data are subject to individual assumptions and judgments. The quantification of the Financial Carbon Emissions data underlying the Financial Carbon Emissions is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases, and the estimation uncertainty from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge. There are significant limitations in the availability and quality of GHG emissions data from third parties, resulting in reliance by Company on proxy data. As there are currently no legislative requirements or regulation prescribing the preparation, disclosure and verification of the Company's Financial Carbon Emissions, the Financial Carbon Emissions needs to be read and understood together with the Financial Carbon Emissions calculation criteria designed by the Company.

**Limited Assurance Conclusion**

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

**Other Matter**

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

*Chao, Yung-Chieh*  
CHAO, YUNG-CHIEH  
Partner  
For and on behalf of PricewaterhouseCoopers, Taiwan  
June 30, 2023





國泰人壽  
Cathay Life Insurance



Commitment

Accountability

Richness

Eco-living