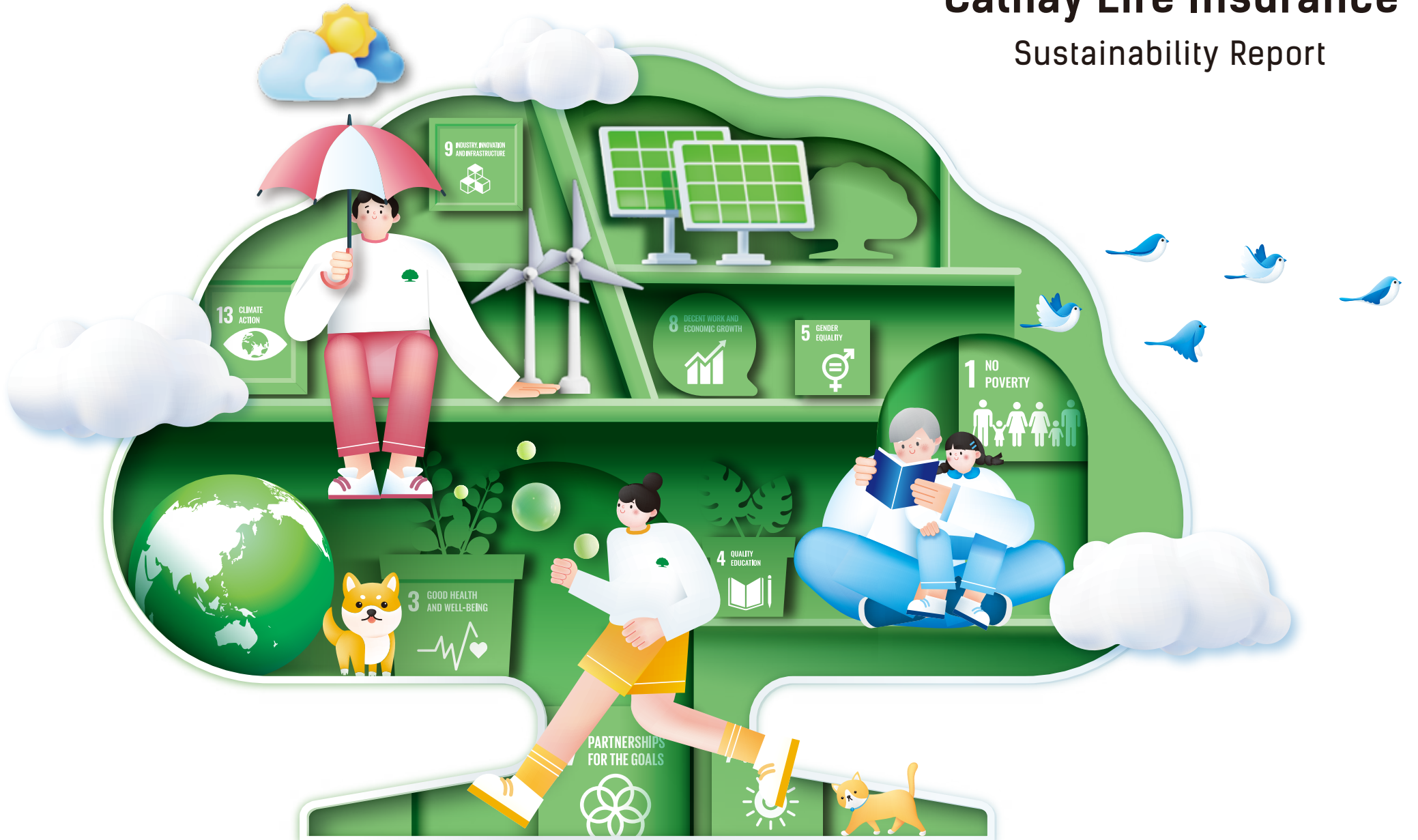




國泰人壽
Cathay Life Insurance

2023

Cathay Life Insurance Sustainability Report



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Cathay Life Insurance



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About this Report

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With a vision to “Lead the way in sustainable insurance and ensure the happiness of society,” Cathay Life Insurance incorporates environment, society, and governance (ESG) in its decision making, and since the domestic and international markets attach great importance on sustainability finance, we established short-term, mid-term, and long-term goals and action plans based on the three main sustainability themes including climate, health and talent cultivation.

■ Reporting Period

This report discloses information from January 1, 2023 to December 31, 2023. Some of the contents will include information before January 1, 2023, or after December 31, 2023, to present the complete performance of projects and events. The previous report was published in June 2023 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
The Global Reporting Initiative (GRI)	GRI Universal Standards 2021 G4 Financial Services Sector Disclosure
Sustainability Accounting Standards Board (SASB)	SISC: Financial-Insurance
Financial Stability Board (FSB)	Task Force on Climate-related Financial Disclosures (TCFD)
United Nations (UN)	Sustainable Development Goals (SDGs) Principles for Sustainable Insurance (PSI)

■ Standard

Data Category	Standard	Certification Institution
Environment	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	
Customer Service	ISO 50001 Energy Management System	SGS Taiwan
	QualiCert Service Certification	
	ISO 10002 Customer Satisfaction – Guidelines for Complaints Handling in Organizations	
Information security	ISO 9001 Quality Management System	BSI Taiwan
	ISO 27017 Cloud Security Certification	
	ISO 27001 Information Security Management System	
	BS 10012 Personal Information Management System	
Occupational safety	ISO 29100 Information Security Security Techniques – Privacy Framework	BSI Taiwan
	ISO 22301 Business Continuity Management System	
Occupational safety	ISO 45001 Occupational Safety and Health Management System	

■ Report assurance

The Company has engaged PwC Taiwan to corroborate its selected information in the 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,” and the “Assurance Engagements on Greenhouse Gas Statements” (referencing ISAE3410), to which PwC has concluded with an opinion of limited assurance. The scope of assurance covers information from 2023, and it does not include information on and before December 31, 2022. 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.

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Cathay Life Insurance's Corporate Sustainability

Website:

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Message from the Chairman

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Principle 1

2023 has been a year full of challenges where we had to tackle inflation, interest rate hikes, global geopolitical tension and sluggish global economic growth in the post-pandemic era. In such time of great challenges and opportunities, Cathay Life Insurance is dedicated to its responsibility and commitment towards nearly 20 million insurance policies. By upholding its core values of "Integrity, Accountability, and Creativity," Cathay Life Insurance provides innovative products and services that are customer-oriented, as well as taking on the responsibility as a pioneer in sustainable finance. As such, Cathay Life Insurance works to incorporate sustainability as an integral part of the organization, formulating a strategic roadmap for sustainable development that comprises three major sustainability themes: climate, health and empowerment.

Unwavering Commitment towards Net-Zero Emission Transition

In the face of the increasingly severe climate change impact on the world, it is incumbent upon us to realize net-zero carbon emissions. Nevertheless, zero carbon transition is a marathon journey, of which, financial capital and energy transition are two crucial aspects. Cathay Life Insurance works to lead by example, incorporating ESG topics into the decision-making process of operation and investment. All of which are part of its effort to fulfill the commitment to environmental protection with real actions. Cathay Life Insurance also hopes to use its own financial influence to lead industry transition so that Taiwan can embark on sustainable development.

Commitment to Health Promotion of Fellow Citizens

In response to the advent of aging society, Cathay Life Insurance works to make full use of its value in the financial and insurance segments to proactively establish the health safety net. As such, it has been channeling resources to foster a health ecosphere, extending the value of insurance from ex-post compensation to ex-ante prevention. Cathay Life Insurance does so by integrating health promotion, and sub-health and elderly services into spillover-effect insurance policies. This will provide the most comprehensive protection to policyholders of all ages. Such actions aim at looking after the body, caring for the mental health and protecting the financial wealth, for which they will bring about positive energy and create long-term value for society at large.

Contribute to Society with People-Oriented Actions

"People" is the most invaluable asset of Cathay Life Insurance. We encourage our employees to engage in self-learning. By providing diverse development and welfare system, we enable employees to make full use of their talents at the best possible positions, and grow professionally with peace of mind. In response to societal requirements for diversity, Cathay Life Insurance keeps abreast the belief of "happiness is bringing happiness to others." By collaborating with Cathay employees, integrating resources all across Taiwan, and transforming both into a force advocating societal stability, Cathay Life Insurance offers support and care to people, and foster a positive cycle of mutual help in the hope that society is embraced by a spirit of love and solidarity.

In a time of turmoil and great changes, it is like we have embarked on a great quest filled with risks and uncertainties. Cathay Life has been taking root in Taiwan for over 60 years. We hope to make use of our corporate influence to drive advances in industry, as well as collective welfare and prosperity as one society. Together, we shall inaugurate a new chapter of sustainable development in Taiwan, and work the hardest to realize the vision of becoming the best financial institution in the Asia-Pacific region.



Chairman

Ming Ho Hsing

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Principle 1

In the face of multiple challenges such as economic fluctuation, climate change and geopolitics, Cathay Life Insurance has long been committed to sustainability based on the three focus areas of “climate, health and empowerment,” with key actions to accompany eight million policyholders to overcome challenges. Cathay Life Insurance is the first life insurance company to adopt the UN Principles of Sustainable Insurance (PSI), and has devised proactive plans to respond to the Green Finance Action Plan 3.0, promoting sustainable development in Taiwan’s industries as a Leader in Sustainable Insurance. Our achievements include winning the trust of policyholders. In addition, we were recognized by Brand Finance as one of the top 100 global insurance brands in 2023, and the only life insurance company in Taiwan to be included in the list for nine consecutive years. We were also ranked the top 20% in the first sustainable finance evaluation conducted by the Financial Supervisory Commission.

Climate

In response to the global interest in climate and nature issues, Cathay Life Insurance works to align with the global renewable energy initiative RE100, with the aim to achieve net-zero carbon emissions in 2050 by promoting a dual strategy covering “Zero Carbon Operation Transformation” and “Low-Carbon Investment Allocation.” In addition to reducing carbon emissions and adopting of green electricity in its own operations, Cathay Life Insurance also promotes the “Green Real Estate Project” to help tenants acquire green electricity. In promoting the development of sustainable finance, Cathay Life Insurance proactively conducted climate engagement with enterprises, driving net-zero transition in the industry. In response to the international climate and nature-related initiatives, Cathay Life Insurance became the first insurance company to participate in Nature Action 100 in 2023, calling on enterprises to jointly take practical actions to develop towards better nature and ecological diversity, strengthen climate resilience, and expand financial influence, so that industry in Taiwan can move towards a low-carbon economy.

Cathay Life Insurance collaborates with employees, policyholders, suppliers, investee companies and other stakeholders to contribute to the Earth, and the next generation. We believe that by working together, we can secure a sustainable future.

Health

Cathay Life Insurance regards the health of its employees and citizens as its own responsibility. Employees are the company’s most valuable assets. In addition to establishing a safe working environment, we also adhere to the concept of preventive medicine to improve the benefits and subsidies related to the physical and mental health of employees, and developed quantitative indicators to help employees with health check-ups. To achieve a healthy society, Cathay Life Insurance has developed its own FitBack health promotion platform, which is the largest in the insurance industry as the number of members exceeded one million people in 2023. Cathay Life Insurance is also the first in the industry to launch a second-generation spillover-feature insurance policy, with membership levels set as spillover-feedback standards. In addition, the Every Step Counts event is held every year, and the number of step counts are converted into charity funds to support charity and renewable electricity development. In the future, we will continue to expand the health ecosystem, providing diverse and inclusive products and services, and creating a sound physical and financial safety net.

Empowerment

It is imperative that a high-quality company shall foster an environment conducive to employee development. Therefore, we provide diverse learning resources and opportunities to cultivate employee growth. We also implement diversity, equity and inclusion (DEI), and established a complete career development system and a friendly workplace. Meanwhile, by upholding the spirit of bringing stability and happiness to society, invest in social empowerment, and provide support for the disadvantaged, Cathay volunteers work to help students realize their dreams, assist the development in remote areas and care for the elderly. We look forward to sharing resources to every corner of society. The Great Tree of Cathay Life Insurance, with more than 60 years of history in Taiwan, will continue to contribute to the prosperity of society and exert its influence.



President

Andrew Liu

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Basic Information

Company Name	Cathay Life Insurance Co., Ltd.
Date of Incorporation	October 1962
Core Values	Integrity, Accountability, Creativity
Number of Employees	29,771
Number of Customers	8,041,334 (only includes personal insurance)
Primary Products and Services	Life insurance, accident insurance, health insurance, annuity insurance, and investment-linked insurance
Important External Associations Participation	<ul style="list-style-type: none"> The Life Insurance Association of the Republic of China 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) 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)

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

”

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Business Sites

Cathay Life Insurance's business sites around Taiwan include 23 branches and 37 service centers and 358 agencies, with a total of over 24,000 salespeople to provide customers with a wide variety of thoughtful products and friendly services. Moreover, Cathay Life Insurance is also actively expanding overseas and established Cathay Lujiazui Life Insurance Co., Ltd. in China in 2005, and Cathay Life (Vietnam) Co., Ltd. in Vietnam in 2007, becoming the first insurance company to establish subsidiaries in China and Vietnam. Cathay Lujiazui Life Insurance currently operates 12 offices (headquarters and branch offices) and 51 sales and service agencies in total across China. Cathay Life Insurance (Vietnam) Co., Ltd. currently operates 150 sales and service agencies, while its dedicated business team continues to show steady growth.

Business Performance

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

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

In 2023, Cathay Life Insurance generated NT\$ **465.6** billion in premium income. Our market share was approximately **21.3%**, placing us at the lead in the industry.

Region	Northern Taiwan	Central Taiwan	Southern Taiwan	Eastern Taiwan	Offshore Islands
Branches	8	7	5	2	1
Service center	18	8	11	-	-
Agencies	149	87	110	10	2

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

	2021	2022	2023
Total assets	7,985,208,989	8,056,833,117	8,394,447,445
Total premium income	645,960,574	480,430,016	465,602,547
Operating income	914,813,668	667,000,217	686,136,615
Net profit after tax	112,085,095	33,667,168	16,343,087

Unit: NT\$, in thousands



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Sustainability Performance

Climate



- Expand divestment commitments of coal and unconventional oil and gas in 2023.
- In 2023, we were one of the first to participate in the Nature Action 100, a global investor-led engagement initiative with nature as the theme.
- Our mobile and electronic services reduced paper usage by **77.37** million sheets in 2023, which is equivalent to **15.2** times the height of Taipei 101, reducing approximately **495** metric tons of carbon emissions.

Health



- In 2023, our first year premiums (FYP) of insurance products amounted to NT\$**15.44** billion and the FYP of spillover-feature insurance products amounted to NT\$**10.56** billion.
- In 2023, the overall customer satisfaction reached **98.8%**, while the net promoter score (NPS) reached **35.1**.
- In 2023, a total of **1.02** million individuals participated in FitBack, garnering approximately **1.2** trillion steps.

Empowerment



- In 2023, the total learning hours on the Hahow self-learning platform reached **46,205** hours.
- In 2023, the total corporate sustainability training hours reached **10,948** hours.
- In 2023, a total of **10,053** volunteers received **59,195** hours of training.

Sustainable Finance



- Cathay Life Insurance is the only insurance company on TWSE's List of Companies with Better Institutional Investor Stewardship Disclosure for every term.
- Specific quantitative positive impact of sustainable investment on the environment and society.
 - In the past two years, the accumulated carbon absorption was equivalent to approximately **240** Da'an Forest Parks.
 - In the past two years, the improvement of social welfare benefited approximately **80,000** people.

Governance



- Received the highest rating (Excellent) in the Corporate Governance System Assessment organized by the Corporate Governance Association in Taiwan for **3** consecutive terms.
- Obtained both **BS10012** and **ISO29100** personal information certifications.
- Became the first domestic life insurance company to complete the latest version of **ISO 27001:2022** transition verification, which was part and parcel of our effort in aligning with international information security standards.



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Climate

CSR Works International

Asia Sustainability Reporting Awards (ASRA): Asia's Best Climate Reporting Gold Award

Taiwan Institute for Sustainable Energy

Taiwan Corporate Sustainability Awards (TCSA): Taiwan Business Sustainability Awards - Best Performance of Specific Categories, Climate Leadership Award

Health

Financial Supervisory Commission

Assessment on treating customers fairly: Top 25% companies; micro-insurance competition: Excellent Performance Award, Caring for the Physically and Mentally Challenged Award and Petty Amount Whole Life Insurance: Elderly Friendly Award

The Stevie Awards

The Stevie Awards for Sales & Customer Service: Best Innovative Remote Customer Service Silver Award

Commercial Times

2023 Taiwan Service Industry Evaluation: Life Insurance Industry Gold Award

Third Digital Finance Service Award: Digital Service Gold Award, Digital Innovation Gold Award

International Data Corporation (IDC)

Won the Asia/Pacific Future Enterprise Awards: Best in Future of Work Award

Wealth Magazine

2023 Taiwan Financial Award: Best Recommended by Life Insurance Policyholders Gold Award

Chinese Association for Industrial Technology Advancement

8th Ministry of Economic Affairs National Industrial Innovation Award: Team Category - Innovative Trailblazer of the Year

Empowerment

Asia Insurance Review

8th Asia Trusted Life Agents & Advisers Awards: Young Executive of the Year and Rookie Insurance Agency Leader of the Year

RMIM

Social Responsibility Excellence Award, Communications Excellence Award

Financial Supervisory Commission

Excellent financial education reports in 2023: Financial institution excellent education reports

Taiwan Institute for Sustainable Energy

Taiwan Corporate Sustainability Awards (TCSA): Taiwan Business Sustainability Awards - Best Performance of Specific Categories, Social Inclusion Award - Finance & Insurance

Sustainable Finance

Taiwan Corporate Sustainability Awards Executive Committee

Taiwan Sustainable Investment Awards (TWSIA): Model Institution in Institutional Influence in the Insurance Category, Case Impact - Enterprise Engagement Gold Award

The Investor Agenda: Investor Climate Action Plan

Cathay Life Insurance was selected as the best practice example in "investment" and "investor disclosure."

Governance

Asia Insurance Review

27th Asia Insurance Industry Award (AIIA): Best Life Insurance Company

Brand Finance

2023 Most Valuable Insurance Brand in the World (Insurance 100 2023)

Celent

Celent Model Insurer Award

Taiwan Corporate Governance Association

Rating from the Corporate Governance System Assessment: Excellent

Financial Supervisory Commission

Ranked the top 20% in the first sustainable finance evaluation

Taiwan Insurance Institute

10th Taiwan Insurance Excellence Award: 6 gold awards, including Charity Care Excellence Award, Customer Service Excellence Award, Talent Training Excellence Award, Information Application Excellence Award, Risk Management Excellence Award, and Product Innovation Planning Excellence Award. 2 silver awards, including the Protection Insurance Policy Promotion Excellence Award and the Information Security Promotion Excellence Award.

RMIM

Insurance Quality Award: 1st place (2nd place), Insurance Dragon and Phoenix Excellence Awards: 1st place (2nd place), Insurance Faith, Hope & Love Awards: Hero list (3rd place)

Excellence Magazine

2023 Excellence and Best Rating Survey: Brand Image Award, Risk Management Award

Taiwan Institute for Sustainable Energy

Taiwan Corporate Sustainability Awards (TCSA): Corporate Sustainability Report Awards



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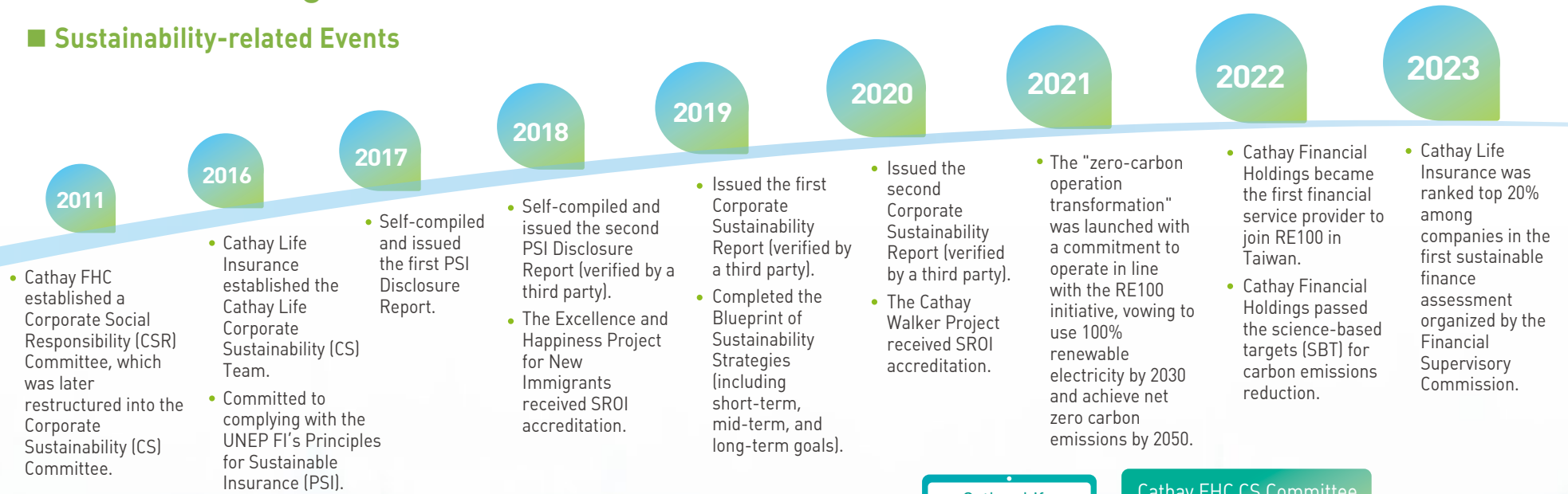
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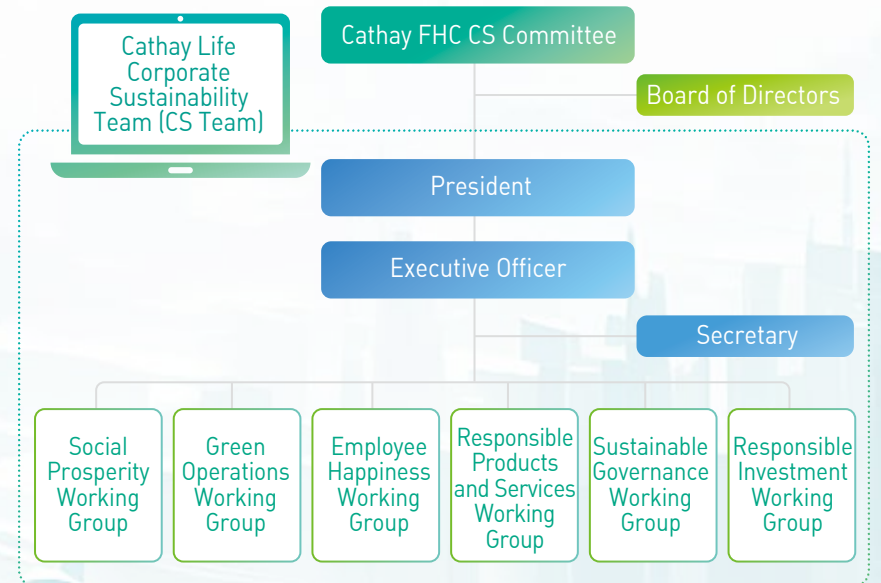
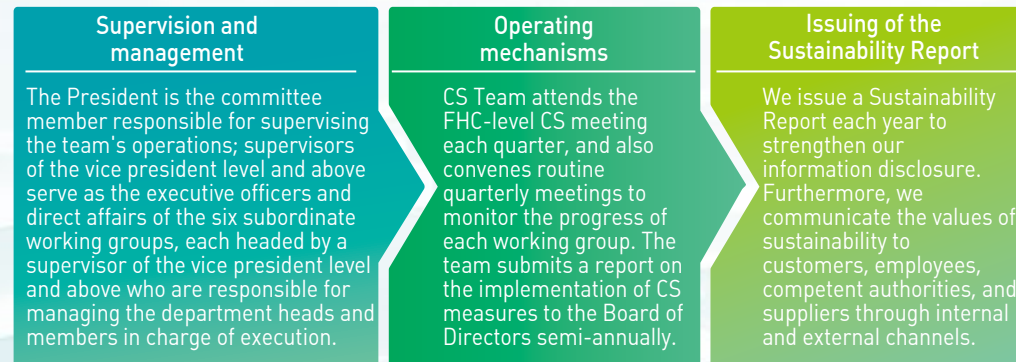
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Sustainability-related Events



Organizational Structure

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



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Cathay Life Insurance is Asia's first life insurance company to take the initiative in complying with the Principles for Sustainable Insurance (PSI), incorporating ESG (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 climate, health, empowerment, sustainable finance, and governance 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.

Please refer to P.125 for the Medium and Long Term (2025-2030) Goals.

Please refer to p.130 for the Principles of Sustainable Insurance (PSI).

Vision

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



Climate

Low-Carbon Economy

Corresponding Material Topics

Climate initiatives and engagement
Sustainable Financial Investment

Short-term goal completion status

- Set Science Based Target: 2026: S1+S2: 2.68° C , S1+S2+S3: 2.79° C (2023 goal achievement).
- Follow the management approach and lower revenue percentage threshold (from 50% to 30%) in 2022, while 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.
- Engage with three to five domestic and foreign initiative activities, study the viability of participating in other international organizations that campaign for responsible investment related to climate change, water resources and biodiversity, and continue to improve the risk trend reports and expand to other aspects.
- Engage with key domestic companies accounting for 45% carbon emissions of investment portfolio.
- Increase in low-carbon investment by 20% using 2020 as the baseline year.

Sustainable Environment

Corresponding Material Topics

Green Operations Supply Chain Management

Short-term goal completion status

- Incorporate carbon pricing mechanism into the trial electricity saving and carbon reduction activities, in the hope to further reduce the Group's electricity consumption; purchase renewable energy and green electricity certificates.
- Increase five levels of new workplace type in comparison with 2020.
- Mobile Office: Activate the VDI OA introduction plan.
- External (SBT commitment): Carbon reduction of 7.5%.
- With 2020 as the baseline year, decrease water consumption by 15%.
- With 2020 as the baseline year, decrease domestic waste by 17%.
- Selected as the Outstanding Unit for Green Procurement by the Environmental Protection Agency of the Executive Yuan.
- Build low carbon buildings: All new buildings have obtained the green building or LEED certification since 2023.
- Green landlord project: Promote the use of green electricity in Class A office buildings in Xinyi District and Dunnan District, Taipei City.

Value Proposition

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



Strategic Focus and Goals

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

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Health

Health Promotion

Corresponding Material Topics

Sustainable products and services

Short-term goal completion status

- 1 million members participate in the health-promoting plan.
- 1-2 partners in the cross-industry indicator ecosystem.
- Assist 0.52 million members in health management, and the total monthly participants reaching 12 million members.
- The number of walking steps accumulated reduces carbon emissions by 130,000 mt.
- Full coverage in medical insurance (daily hospitalization coverage \geq 2,000), the number of insured users increased by 210 thousand people.
- Continue to improve health-promoting events, maintaining the number of employees with normal BMI at 50% and above.
- Provide Employee Assistance Programs (EAP) to assist 60% employees to maintain physical and mental health.
- The number of walking steps by employee accumulated reducing carbon emissions of 2,120 metric tonnes.
- Maintain the effectiveness of ISO 45001.
- Teacher recommendation for anti-drug activity reached 80%, holding anti-drug activities in 1,400 schools, reaching 1.8 million people.
- Local care: The services related to health check-up and three-highs reached 6,100 persons.
- Expand service capacity, with up to 8 local cooperative clinics.
- Promote elderly care activities in collaboration with NGOs and schools to strengthen social support, and provide care for 1,000 elders.
- Policyholders aged 55 years or older that acquired the A&H insurance reaches 25%.
- Cumulatively cultivated 60% of salespeople and 40% of back-office personnel to obtain health care certification.

Financial Health

Corresponding Material Topics

FinTech Application Sustainable products and Services Customer Rights Protection and Service Quality Financial Inclusion

Short-term goal completion status

- 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 2%.
- Digital service satisfaction reaching 80% or higher.
- The number of users of financial calculations and functions reaching 600,000.
- Accumulated at least 1 financial inclusion project.
- The response and problem-solving rate (24-hour) of the smart assistant stands above 90%.
- Total number of smart digital customer service users reached 3 million.
- The number of beneficiaries of insurance for micro and small businesses reaching more than 80,000 people.

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Empowerment

Workplace Empowerment

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

- Digital skills coverage of 50% (based on annual training plans).
- Satisfaction rate of 4/5 for annual job dedication training.
- The percentage of people scoring 4 and above on the 360-degree ability reaching 85%.
- The retention rate of key talents of mid-level talent pool is 80%.
- The retention rate of key talents of Young Talent is 50%.
- Reinstatement and retention rate reaching 80%.
- Women will fill 33% of management positions.

Social Empowerment

Corresponding Material Topics

Participation in Charity and Welfare

Short-term goal completion status

- 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.
- The Career Diary course/activity satisfaction score was 4 points or higher; the corporate identity score was 3.5 points or higher; and the “future career intentions in the financial industry” score was 3.5 points or higher.
- 15-20 schools in remote areas to be benefited from Dreams Come True Program.
- Score of self-recognition survey for Excellence Scholarship Program and Dreams Come True Program (enterprise recognition) reaching four points or higher.
- The Excellence Scholarship Program special reaching 20 cases.
- Mixed Disables Troupe and Happiness Farms volunteer participation: Maintaining at 40 participants and volunteer hours of 80 hours.



Governance

Corporate Governance

Corresponding Material Topics

Corporate Governance and Operation Integrity
Information Security and Customer Privacy
Integrated Risk Management
Legal Compliance and Response
Operations and financial performance

Short-term goal completion status

- Expand the connection between senior executive performance and corporate sustainability across multiple departments.
- Comply with promotion schedule of Governance 3.0 - Sustainable Development Roadmap of the competent authority.
- Improve the maturity of FFIEC Cybersecurity Assessment Tool (CAT) in the financial industry to the Intermediate Level.
- Improve climate risk appetite and set the climate risk exposure limit.
- Conduct the 2nd life risk trend survey: Climate x bodies, minds, and wealth.

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In response to changing trends and challenges, Cathay Life Insurance identifies the stakeholders and material topics every two years, and identified seven major stakeholders through business development guidelines and evaluation of financial peers in 2022. 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 climate, health, empowerment, sustainable finance, and governance strategy focuses.

Stakeholder Communication and Engagement



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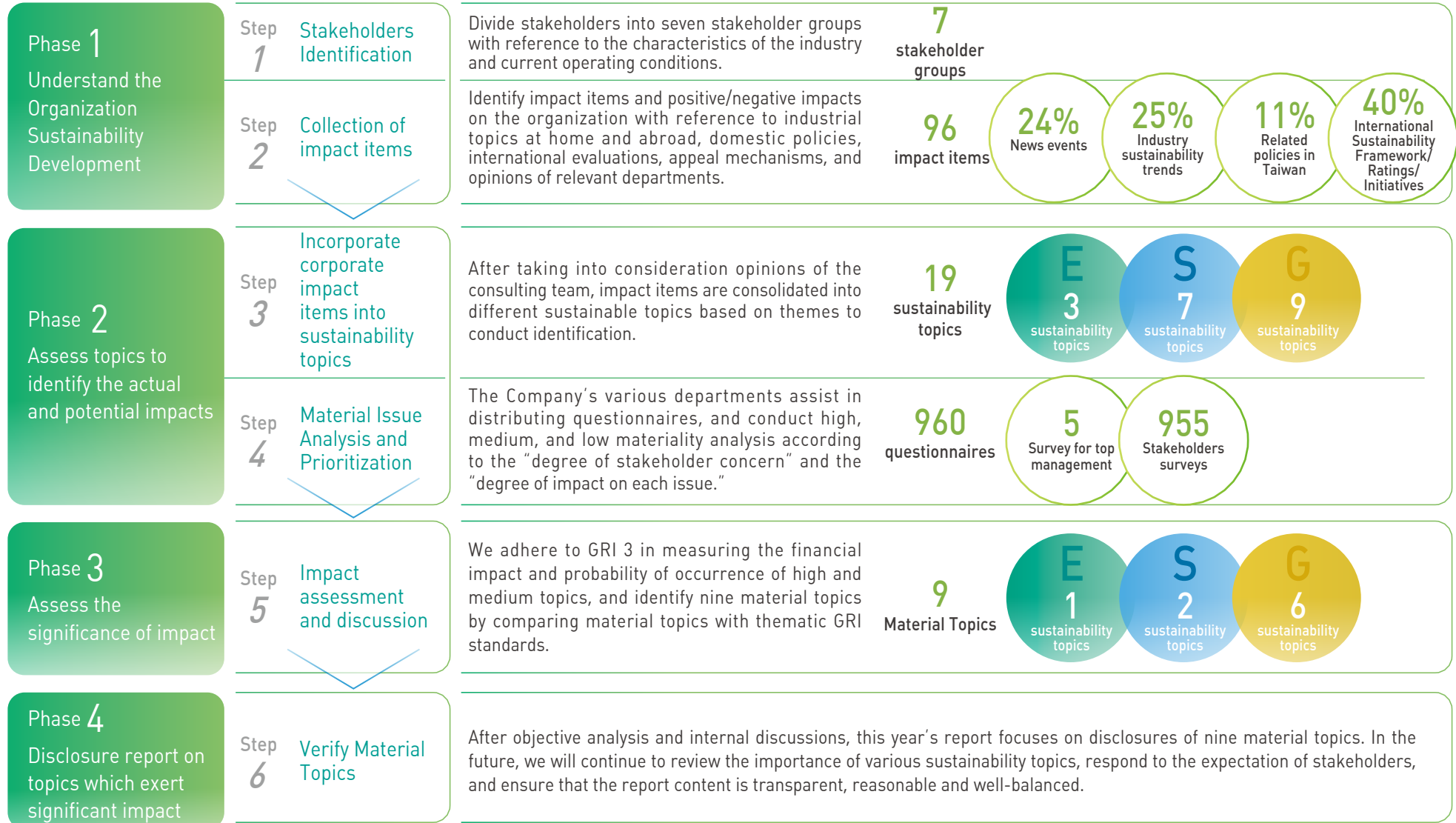
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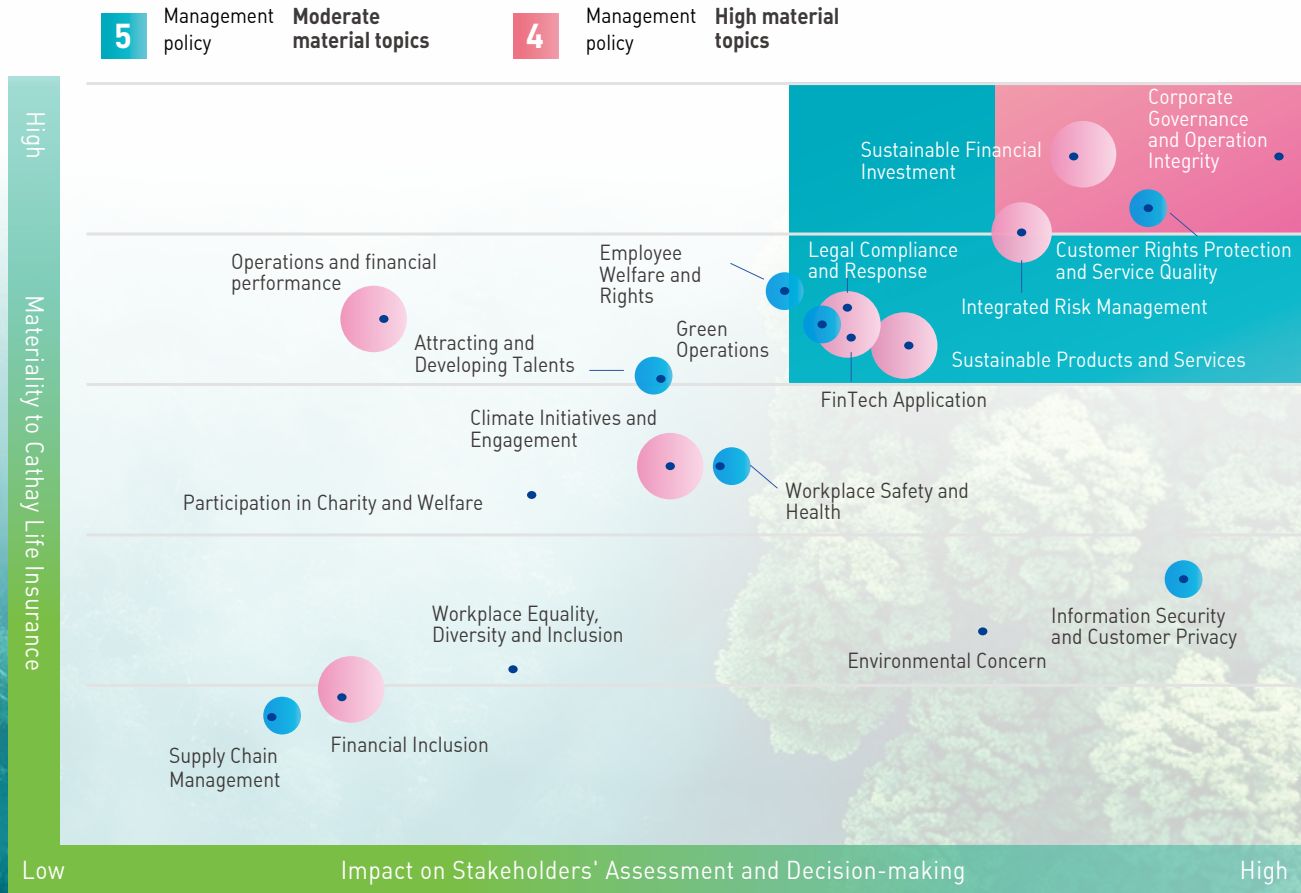
Sustainability Awards

Sustainable Organization

Strategical Blueprint and Goals

Stakeholders and Material Issues

● 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 be implemented to achieve better operating and financial performance.

● Changes in Material Issues

There were no changes in material issues in 2023 and 2022.

Message from the Chairman

Message from the President

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● Impact of material topics and identification of value chain Identification

Material Topics	Impact	Impact Type	Material financial impact ^{Note 1}	Value chain comparison ^{Note 2}			The GRI Standards Comparison	Corresponding Chapter
				Upstream	Operations	Downstream		
Sustainable Financial Investment	Incorporate ESG factors into insurance investments to mitigate investment risks and implement shareholders' activism.	Positive/Negative	V	-	-	Directly linked to	Customized Topics	4.1 Responsible Investment
Integrated Risk management	Facing potential operating problems due to failure of early management of emerging risks.	Negative	V	-	Cause	-	Customized Topics	5.1 Corporate Governance
Corporate Governance and Operation Integrity	Corporate governance strengthens the trust between the Company and consumers, in order to avoid damage to corporate image.	Positive/Negative	-	-	Cause	-	GRI205 Anti-corruption	5.1 Corporate Governance
FinTech Application	Develop digital services to meet market demands and optimize pricing strategies.	Negative	V	-	Cause	-	Customized Topics	2.2 Financial Health
Legal Compliance and Response	Regulatory adjustments promote corporate sustainability transformation but in turn, raise Legal compliance costs.	Positive/Negative	-	-	Cause	-	GRI419 Socioeconomic Regulatory Compliance	5.1 Corporate Governance
Sustainable Products and Services	Develop sustainable products and services, reduce insurance portfolio risks and insurance expenditures for the long term.	Negative	V	-	Cause	-	Customized Topics	2.1 Health Promotion
Green Operations	Promote energy conservation and carbon reduction measures to implement green energy use, and achieve the goal of net zero emissions.	Negative	-	-	Cause	-	GRI302 Energy GRI305 Emissions	1.2 Sustainable Environment
Customer Rights Protection and Service Quality	Unclear policy content or the wrong marketing strategy would damage customer rights and interests, and corporate image.	Positive/Negative	-	-	-	Contribute to	FS15 Policies related to fair design and sale of financial products and services	2.2 Financial Health
Employee Rights and Benefits	Provide comprehensive employee benefits and flexible work arrangements to attract talents.	Negative	-	-	Cause	-	GRI401 Employer-employee relationship	3.1 Workplace Empowerment

Note 1: Relevant material topics have different degrees of financial impact on Cathay Life Insurance, 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.



Performance highlights

In 2023, our green procurement exceeded NT\$**300** million.



Expand divestment commitments of coal and unconventional oil and gas in 2023.



In 2023, Cathay Life Insurance and its clients have consumed **20,000** MWh of renewable energy, which reduces up to **9,900** metric tons CO₂e. Cathay Life Insurance also secured renewable energy contracts that supply up to **58,000** MWh/year in the coming years.



In 2023, we were one of the first to participate in the **Nature Action 100**, a global investor-led engagement initiative with nature as the theme.



Core philosophy

As a pioneer for climate action, Cathay Life Insurance appropriately utilizes investments from shareholders and policyholders for its low-carbon investment allocation, accompanies targets of investment and loans in their transition to a low-carbon economy, and supports enterprises on sustainable development with practical actions. We lead the industry in participating in international advocacy organizations and activities, and conduct in-depth discussions with investee companies to jointly develop towards net-zero in the industry. In terms of operations, we promote and implement the Zero Carbon Business Transition plan. By reducing carbon, supporting renewable energy, and advocating environmental education, we work to protect our environment in collaboration with the government, suppliers, employees and the public, and ensure that Cathay Life's Insurance commitment to sustainability will continue to pass on to the next generation.

Chapter 1

1.1 Low-Carbon Economy

1.2 Sustainable Environment

Climate

Material Issues Management

Green Operations	Policy commitment	In response to Cathay Financial Holdings' commitment to RE100 global initiative in 2021, Cathay Life Insurance 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.			
	Management and actions	Zero Carbon Business Transition	Promote mobile insurance/E-insurance	Implement green procurement	Environmental Education and Promotion
	Performance tracking/stakeholder engagement	<ul style="list-style-type: none"> Adhere to SBT guidelines in setting the goal of zero carbon business transition. Conduct various net zero carbon emissions projects based on three aspects, i.e., Green Workplace, Green Energy and Green Real Estate. In 2023, the total consumption of green electricity transferred exceeded 6,270MWh, which is equivalent to the reduction of 3.104 metric tons of carbon emissions. In 2023, Cathay Life Insurance and its clients have consumed 20,000 MWh of renewable energy, which reduces up to 9,900 metric tons CO₂e. Cathay Life Insurance also secured renewable energy contracts that supply up to 58,000 MWh/year in the coming years. 	<ul style="list-style-type: none"> Our mobile and electronic services reduced paper usage by 77.13 million sheets in 2023, which is equivalent to 15.2 times the height of Taipei 101, reducing approximately 494 metric tons of carbon emissions. 	<ul style="list-style-type: none"> Green procurement amount reached NT\$300 million in 2023, which increased by NT\$60 million (25%) compared with 2022. From 2018 to date, the cumulative green procurement has amounted to over NT\$1.05 billion. Won the recognition by Taipei City Government's private enterprises and organizations for outstanding green procurement unit for 14 consecutive years. All of the suppliers shall sign Cathay's Sustainability Value Declaration and complete the sustainability education and training courses. 	<ul style="list-style-type: none"> In 2023, we introduced an internal carbon pricing mechanism through our carbon reduction incentive activities. The whole activity reduced 343 tons of carbon in total, and accumulated NT\$4.85 million of carbon fund. We organized and cooperated with 11 beach cleanup activities in 2023, inviting policyholders and colleagues to participate. In total, two metric tons of coastal waste were removed. 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. 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 2023, all employees have accumulated more than 130,000 hours.

1.1 Low-Carbon Economy

As one of the largest institutional investors in Taiwan, Cathay Life Insurance 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. Furthermore, we lead the industry in participating in initiatives and activities held by international organizations. Through in-depth discussions with investee companies with the power of investment, we hope that investee companies and their peers can jointly advocate and respond to sustainability issues, striving to become the largest and most influential company while bringing stability and happiness to society.

1.1.1 Low-carbon Investment Allocation

As one of the largest institutional investors in Taiwan, during investment processes, we place emphasis on assessing and measuring risks in various aspects, including climate-related risks, and at the same time achieve the commitment on net zero emissions. We work to meet the funding needs of companies in their low-carbon transformation by use of our financial influence, and raise their awareness of low-carbon transformation and encourage them to formulate specific plans through dialogs. Cathay Life Insurance believes that these actions will strengthen the resilience of investment portfolios in coping with climate risks. As the same time, Cathay Life Insurance can also explore opportunities related to low-carbon transformation, thus helping the world achieve sustainable economic development and common good.

Corresponding to the Paris Agreement, Cathay Life Insurance follows the science-based quantified carbon reduction method, and adopts forward-looking and impact-based temperature methods to lay out the carbon reduction pathway for investment portfolios. Cathay Life Insurance and its parent company, Cathay FHC, passed the SBTi review in 2022 in response to the global net-zero trend. Through “low-carbon investment allocation” strategy and the three major action plans including green capital, green engagement and green business, we work towards achieving Net Zero Financial Assets by 2050.

■ Action plans

● Green Capital-Focus on climate resilience for the overall investment portfolio

Expand the support for green finance (Green Finance):

To attain the goals of Paris Agreement, the world must invest massive funds in low-carbon industries. For this reason, Cathay Life Insurance 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 has a potential to increase in value, which will translate into investment opportunities to Cathay. Therefore, in 2022 and 2023 respectively, we reviewed and extended the settings of low-carbon green energy investment goals based on the progress of low-carbon investment goal achievement:

🚩 2022 goals
Using 2020 as the baseline year, the growth target for 2023, 2025 and 2030 is set at 20%, 25% and 35% respectively.

🚩 2023 goals
Using 2020 as the baseline year, the growth target for 2023, 2025 and 2030 is set at 20%, 35% and 50% respectively.

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 to enterprises undergoing low-carbon transformation enterprise (Transition Finance):

Allocate to enterprises with specific long-term carbon reduction goals

Since funding is required for the transition to low carbon. Cathay Life Insurance acts as a partner to enterprises undertaking transformation by providing the funding and motivation. Meanwhile, to enhance the climate resilience of the investment portfolio, we also allocate investments in companies with long-term and specific carbon reduction goals (companies that commit to SBT and Net Zero). Governments around the world have set the target of net zero emissions and are promoting relevant supervisory measures to encourage corporate carbon reduction actions. In view of such development, if companies with high carbon emissions take active measures, such as setting specific carbon reduction targets or increasing capital expenditures in the technology for low-carbon transformation, Cathay Life Insurance will continue to provide financial support, and this support will replace high-carbon investments that have not set carbon reduction targets. In doing so, we will progressively reduce the carbon emissions of investment portfolios and achieve allocation transformation.

Expand divestment commitments of coal and unconventional oil and gas

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, we realized that phasing out coal has become a consensus for the global combat against climate change. Coal-related industries will face considerably increased risks of asset impairment in the future. In addition, since the negative impact from the unconventional oil and gas industry is higher compared with the traditional oil and gas industry, Cathay Life Insurance will carefully evaluate the use of funds in the coal industry and unconventional oil and gas industry, and provide financial support for companies with net-zero goals or low-carbon transformation plans. The number of companies that have not undergone transformation is reduced, so as to avoid the risk of holding controversial assets or stranded assets, and comply with our strategy for the allocation of companies committed to low-carbon transformation.

Therefore, Cathay Life Insurance will timely adjust the management of coal-related industries and unconventional oil and gas industries every year based on international trends:

Coal-related industries

- Divest from coal since 2019 we started to place coal mining companies with a coal share of revenue above 50% of revenue and Coal-based power generation producers who have not actively switched to renewable energy on the investment exclusion list, and no new investment is allowed.
- Committed to phase out coal power, and place industries of the coal value chain on the investment and lending exclusion list. Since 2021, we have been placing companies in the coal freight-trail and coal support services with a coal share of revenue above 50% on the investment exclusion list, and no new investment is allowed.
- The Coal Phase-out Plan was launched in 2022. In addition to lowering the coal share of revenue percentage threshold to 30%, we plan to lower the revenue percentage threshold to 5% by 2040. Additionally, by the end of 2023, we made a plan to advance the adjustment of the revenue threshold for OECD countries to 5% by 2030 (originally 15%), accelerating the withdrawal of funds from coal enterprises that have not actively set low-carbon transition goals.

Unconventional oil and gas industry


- In 2022, the unconventional oil and gas industry was included in the list of sensitive industries. The scope of unconventional oil and gas covers extra heavy crude oil (such as oil sands), shale oil, and liquefied natural gas (LNG) extracted from unconventional fossil fuels. If the 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," and no new investment is allowed.
- At the end of 2023, we plan to gradually reducing investment in unconventional oil and gas companies, and will no longer add new unconventional oil and gas companies with investment revenue percentage thresholds exceeding 30% and that have not actively transitioned to renewable energy in 2025. Meanwhile, we will also lower the revenue percentage threshold for unconventional oil and gas to 20% in OECD countries (30% threshold for non-OECD countries) by 2030, and further lower revenue percentage threshold to 5% by 2040.

Coal and unconventional oil and gas industry divestment commitment

No new investment for the company which revenue	2022	2025	2030	2040
 Coal related industries	>30%	>20%	>5% (OECD countries)	>5%
 Unconventional oil and gas	>50%	>30%	>20% (OECD countries)	>5%

Note: Coal-related industries refer to industries such as Coal-based power generation producers who have not actively transformed to renewable energy, coal mining, coal freight - rail and coal support services.

● Green Engagement -Focusing on Sustainability and Leveraging the Power of Dialog

 Please refer to 1.1 Low-Carbon Economy P.28

Participating in initiatives proposed by international organizations:

As global climate issues rapidly unfold, Cathay Life Insurance 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 Insurance 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’s own investment portfolios.

Establish environmental accountability mechanisms

Cathay Life Insurance believes that the board of directors play a key role in supervising a company’s implementation of climate governance. Therefore, it has adopted a climate accountability mechanism in 2022 to assess high carbon emission companies and evaluate the suitability of directors and whether directors have fulfilled their duties in supervising climate issues, and they should carefully exercise voting rights when electing directors in the shareholders’ meeting. For companies that have not taken enough actions to reduce climate risks, the election of the responsible director will not be supported, and Cathay Life Insurance will convey to the companies the need to take immediate climate actions, demonstrating that it attaches great importance on climate governance. In addition, considering that climate change is one of the main factors that causes biodiversity loss, and exerts an irreversible serious impact on the ecological environment, the climate accountability mechanism will be expanded to cover the nature accountability mechanism in 2023, targeting companies that exert great impact on the natural environment, assessing the suitability of responsible directors and whether they have fulfilled their duties.

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.
- **Group 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
X

Voting

Supporting Investor **Proxy Voting**
Asian Utilities Engagement Program

- **Participating in international engagement initiatives**
Connecting with international investors to exert collective influence
- **Environment accountability**
We not only support proposals that are helpful for corporate climate actions and nature protection, but also adopt an environment accountability mechanism, through which we carefully evaluate whether directors have fulfilled their duties in supervising the management of climate issues of high carbon emission companies and companies which exert a significant impact on the natural environment.



Climate Engagement Case

Case: Company C belongs to the steel industry, and is one of the list of focus companies in Climate Action 100+, and our major engagement target.

Background

Cathay Life Insurance has engaged with Company C since 2019. At the initial stage, it joined hands with international institutional investors to develop towards the goal of Climate Action 100+ (hereinafter referred to as CA 100+), 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 economy and net-zero emissions. Cathay Life Insurance passed the target verification review by the Science Based Targets initiative (SBTi) in September 2022, and has established a carbon reduction pathway using the temperature rating and scientific quantification method. Company C's ambitions for carbon reduction pathways and the resulting temperature conditions are discussed, with engagements initiated through phone calls, emails, and face-to-face or online meetings every year.

Engagement contents

Since Company C had already agreed with the importance of ESG and carbon reduction before the engagement, the engagement with Company C focused more on the implementation of low-carbon transformation strategy based on the foundation of the company. The mutual exchanges and discussions adhere to the completeness and accuracy of the international framework, while Cathay Life Insurance may also share information about the latest international trends and international benchmark companies as reference for Company C. The main engagements and exchanges are as follows:

1. Set Paris-aligned decarbonization pathways or science-based Targets.
2. Since carbon emissions in the steel and iron industry mainly come from the manufacturing process, carbon reduction shall be implemented, and an ambitious carbon reduction pathway shall be set to ensure that the company's temperature can comply with the Paris Agreement. Apart from enhancing energy efficiency, and most of it depends on technological breakthroughs and commercialization. Therefore, Company C's tracking and investment in low-carbon transformation technology shall be the key for the engagement with Cathay.

3. The discussions and improvements on net-zero benchmark indicators are conducted based on Climate Action 100+, which covers capital allocation for low-carbon transformation, and climate policy engagements, climate governance, and just transition.
4. Cathay Life Insurance introduced the development of EU Taxonomy, SFDR and IFRS sustainability framework, and discussed its impact with Company C.

Engagement progress and results

Cathay Life Insurance is delighted that Company C has established an Energy Saving, Carbon Reduction and Carbon Neutrality Team, which was led by the chairman. After announcing the goal of carbon neutrality by 2050, it has collected the experience of more than 20 factories in the industry, combined it with major international steel companies, and invested in research together with academic research institutions. It further established a diversified low-carbon transition strategy of "carbon reduction in the short term; and low carbon to zero carbon in the medium and long term," gradually implementing the action plan.

However, given features of the industry, Company C currently has no clear low-carbon steelmaking technology, and does not have a precise implementation plan for the carbon reduction pathway in the long term. In view of this, Cathay Life Insurance continued to support Company C on international corporate climate actions in 2023. In addition to improving its score on the Climate Action 100+ Net Zero Company Benchmark, Company C is also encouraged to participate in the AIGCC's investor roundtable meeting with international investors and the Asian steel manufacturers, with the hope to take the first step in cross-market and cross-sector collaboration through discussions at the meeting, and thereby accelerating low-carbon transformation in the Asian steel industry.



Climate Accountability Case

Case: Company C belongs to the oil and gas industry and was listed on the CA100+ Focus Company List

Main focus of analysis

Currently, Company C is committed to reduce Scope 1 and Scope 2 GHG emission intensity in 2025 and 2030, respectively, and has set up a low-carbon technology department, and formulated a plan to cease routine burning by 2025. However, compared with other oil and gas companies, which continue to promote more aggressive emissions reduction goals and commit to net zero emissions in the entire value chain by 2050, or formulate 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, Company C's goals do not appear to be ambitious, nor are they in line with the net-zero scenario.

Climate accountability actions

If the global market takes more aggressive actions of limiting the temperature rise to 2° C in the future, Cathay Life Insurance expects that Company C may face greater regulatory, competition, legal and financial risks. Therefore, Cathay Life Insurance opposed to Company C's election of director responsible for relevant matters (election related to the public policy, sustainable development committee chairperson, company chairman and current CEO) in the current year. Reasons for opposition:

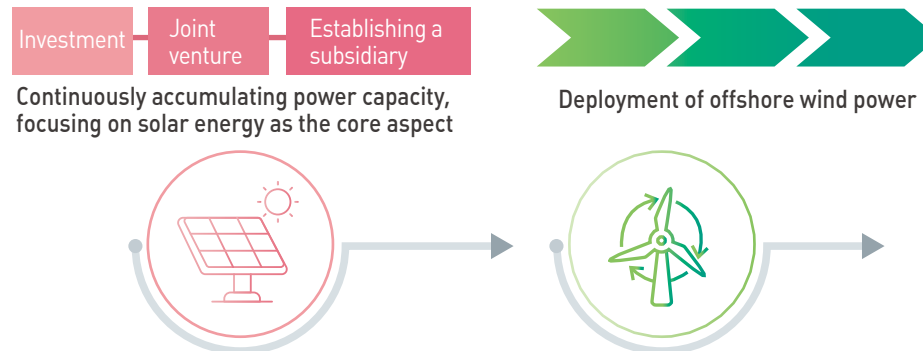
- ✔ The company's commitment to achieving net zero emissions by 2050 does not include Scope 3 emissions.
- ✔ Capital allocation and investment plans are inconsistent with the 1.5°C national pathways. For example, large investments in new projects do not comply with the IEA's net-zero scenario.
- ✔ The policy influencing activities failed to align with the Paris Agreement, and was directly involved in the lobbying of fossil fuel expansion.

Green Business -Focusing on wind power/solar photovoltaic deployment opportunities in Taiwan

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 Insurance proactively evaluates investment opportunities in renewable energy including solar power, wind power, hydropower and geothermal power in recent years. Among which, Cathay Life Insurance has begun investing in solar power plants since 2014, and established solar power plants in joint venture with key solar energy raw material suppliers in 2016 to promote solar power industrial clusters. In 2022, as we were optimistic towards the national energy transition policy and the company's RE100 commitment to drive up the long-term trend of green power demand, we consolidated our solar power plant investments and established Cathay Power to undertake such investments. We became the first life insurance company to establish a solar power subsidiary.

In addition, Cathay Life Insurance integrated internal and external resources to establish an offshore wind farm evaluation team. After more than a year of technical, financial and legal on-site inspection and evaluation, it tapped into the investment of offshore wind farms for the first time in 2023, and participated in the divestment of a 50% stake in Xrsted Greater Changhua - Northwest Offshore Wind Farm Project, and selected as a priority negotiation contract party. 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.



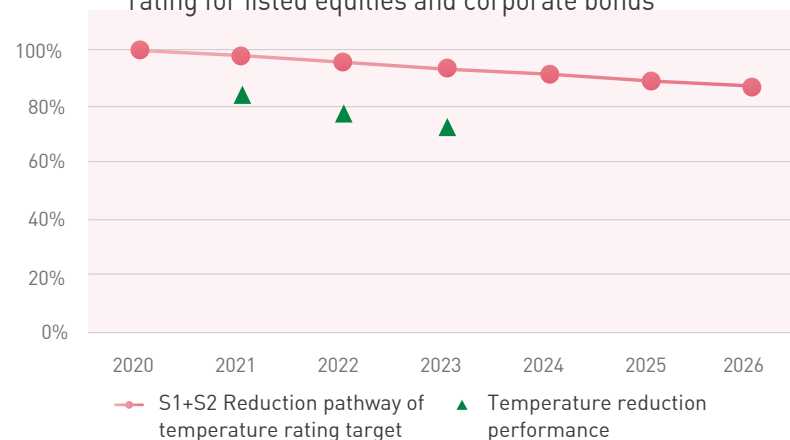
Under the strategy of low-carbon investment allocation, we not only pay attention to the development of climate innovation technologies, we carefully evaluate the potential for value appreciation of the investee companies, but also carefully evaluate the investment risks in various fields. For example, during the transition period, many green industries require large amounts of capital investment, so there is interest rate risk in the investment process. For renewable energy projects, it is crucial to monitor policy risk and observe the long-term development of government policies and subsidy or support policies of different governments.

Taking offshore wind power projects in the green business action plan as an example, Cathay Life Insurance is optimistic about the investment opportunities related to offshore wind power. The internal project team cooperated with world-renowned engineering and technical consultants, domestic exploration geologist, civil engineers, and climate change and wind turbine engineering experts to conduct research and risk assessment for more than a year, so as to clarify the potential investment risks of offshore wind farms. For example, the project team decided to participate in the investment after conducting assessments regarding the possible impacts on wind farms, covering factors such as suction bucket jacket, soil liquefaction, earthquakes, typhoons, sand waves, shallow natural gas and others. Going forward, in addition to considering interest rate risk, Cathay Life Insurance will continue to refine assessments of the financial risks, planning and management risks, and technological risks of innovation technologies to ensure that Cathay addresses both the risks and opportunities in low-carbon investment allocation strategies.

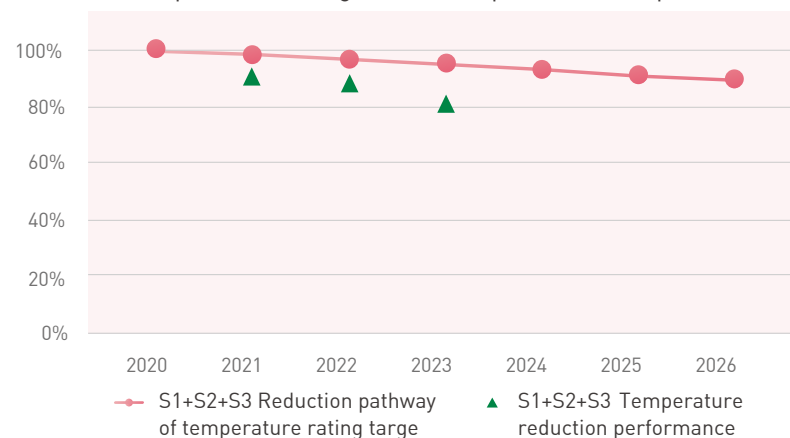


Through “low-carbon investment allocation” strategy and the three major action plans including green capital, green engagement and green business, we gradually achieve the goal of SBT reduction pathway of temperature rating. The 2023 achievements are as follows:

④ Achievements in S1+S2 reduction pathway of temperature rating for listed equities and corporate bonds



④ Achievements in S1+S2+S3 reduction pathway of temperature rating for listed equities and corporate bonds



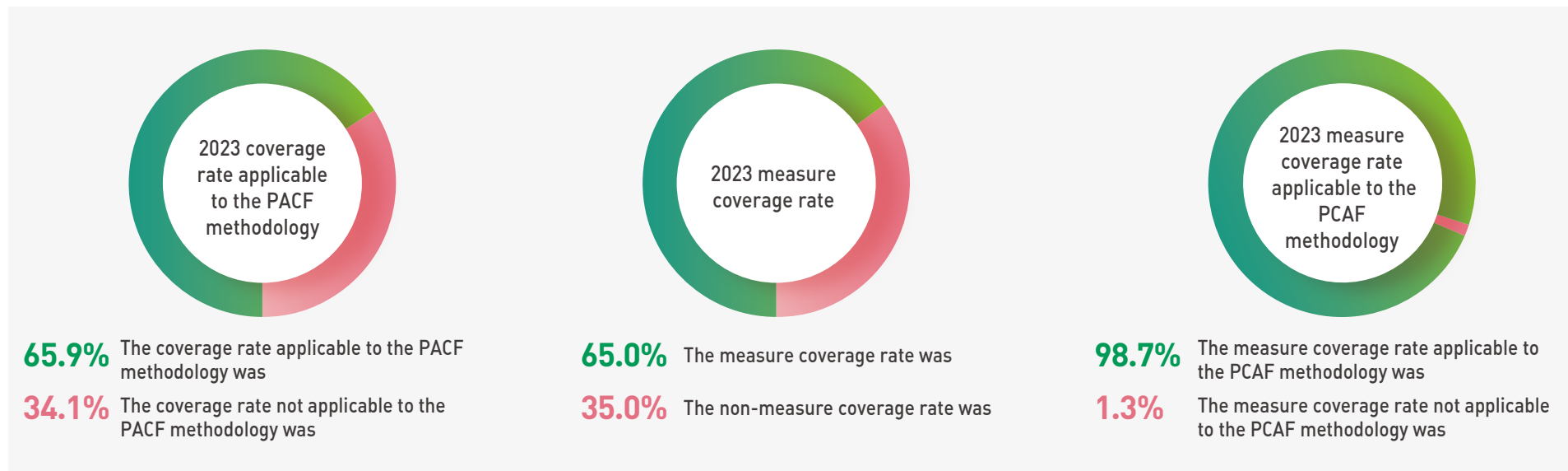
■ Key indicators

In terms of internal management, Cathay Life Insurance 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 the investment portfolio’s financed emissions and economic emission intensity as key low-carbon investment indicators to formulate the appropriate frequency to monitor and measure the progress of climate strategy implementation. The details are as follows:

● Financed emissions of investment and financing portfolio

Coverage

Since 2020, Cathay Life Insurance has adhered to the guidelines of the Partnership for Carbon Accounting Financials (PCAF), and based on the methodology of the guidelines, we have calculated the financed emissions of investment portfolios (Scope 1 and Scope 2). In 2023, we measured conducted financed carbon emissions of the financing portfolio. With continuous accumulation of experience and the inclusion of the financing portfolio in our scope, the coverage ratio of the overall investment and financing portfolio applicable to the PCAF methodology reached 98.7%.



Note1: Coverage rate applicable to PCAF methodology: The proportion of investment and financing assets that applicable to the PCAF methodology to the total investment and financing portfolio positions.

Note2: Measure coverage rate: The investment and financing positions that already measure financed emissions pursuant to the PCAF methodology as a percentage of the total investment and financing portfolio positions.

Note3: Measure coverage rate applicable to the PCAF methodology: The investment and financing positions that already measure financed emissions pursuant to the PCAF methodology as a percentage of the total investment and financing asset classes covered by PCAF methodology.

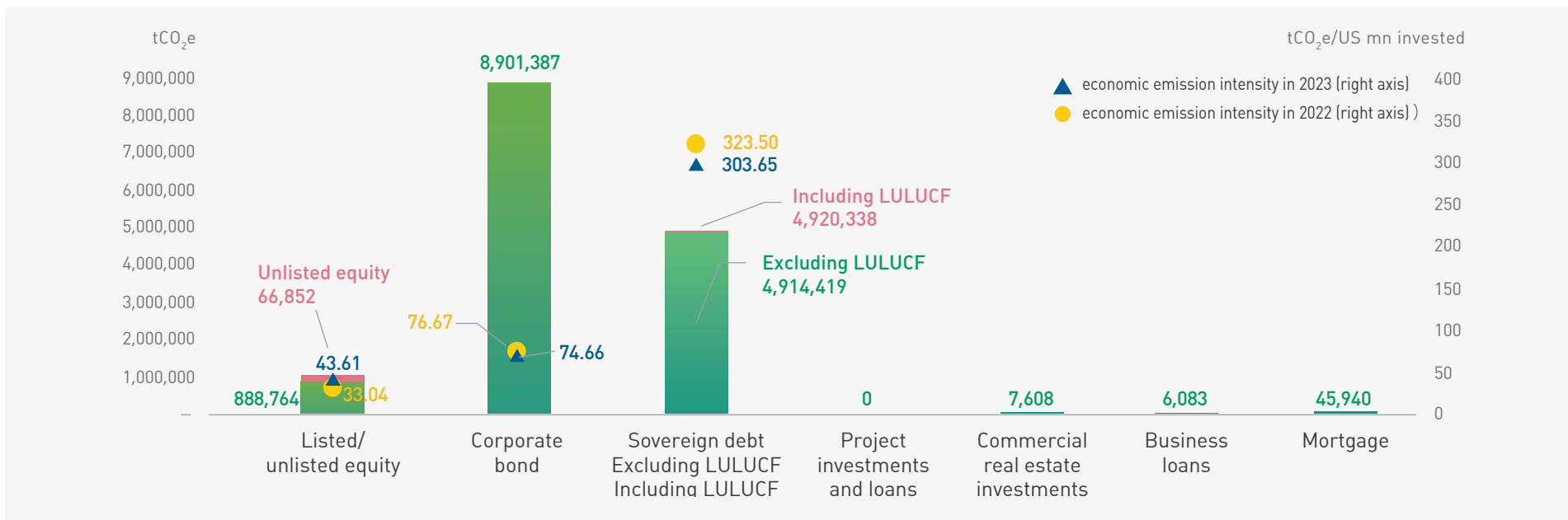
Note4: As we cannot obtain the underlying assets of mutual funds and mutual funds cannot be classified pursuant to the PCAF methodology, they are recognized as excluded assets, and shall not be included in the calculation of PCAF assets.

Portfolio financed emissions overview

Cathay Life Insurance measures financed emissions for investment portfolio every year, and this year is the first time we disclosed the financed emissions for financing portfolio. In the future, we will regularly review the financed emissions of investment and financing portfolio, to understand the changes in financed emissions of investment and financing portfolio. The financed emissions in 2023 are 14,831,053 tCO₂e. Note, and financed emissions of each asset classes are as follows:

Note: Including financed emissions of listed/unlisted equity, corporate bonds, sovereign bonds (excluding LULUCF), project investment and financing, commercial real estate investment and financing, business loans, Mortgages (housing loans).

Financed emission of various asset classes in 2022-2023



Note1: Project financing for renewable energy avoided 43,249 tons of carbon emissions.

Note2: Only Scope 1 is included in the calculation of sovereign debt financed emission

Note3: Land use, land-use change and forestry (LULUCF): Human activities cause changes in carbon cycle between the terrestrial biosphere through land use, land-use change and forestry, leading to the alteration of carbon dioxide in the atmosphere.

● **Financed emissions of investment portfolio - direct emissions from operations and energy consumption (Scopes 1 and 2)**

To fulfill the commitment of the Paris Agreement and meet stringent global carbon emission regulations with preparation in advance, Cathay Life Insurance adhered to the guidelines of the Partnership for Carbon Accounting Financials (PCAF) since 2020. Based on the methodology of the guidelines, the total financed emissions of investment portfolios (Scope 1 and Scope 2) and in turn, the economic emission intensity is 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.

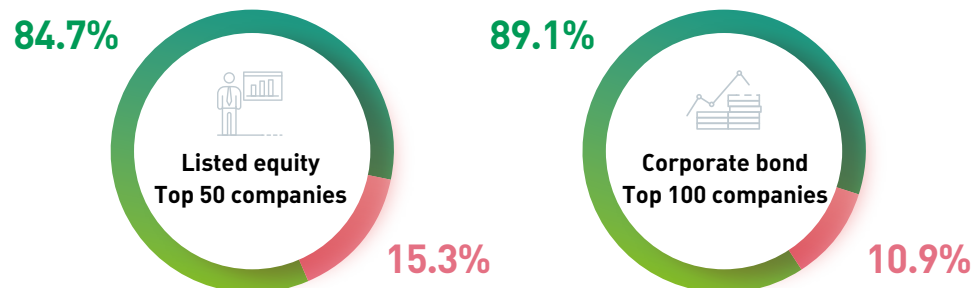
According to the results of the 2023 financed emissions, the financed emissions of listed equities and corporate bonds in 2023 were 9,790,151 tons, an increase of 2.4% compared with 2022. This was mainly due to the increase in investment positions, which increased the financed emissions of the investment portfolio. However, due to the increase in financed emissions is smaller than the increase in investment positions, which reduces the economic emission intensity to 70.13 t CO₂e / US mn invested, a decrease of 1.7% compared with 2022. The top 50 companies in total financed emissions of listed equity accounted for 84.7% of the emissions, and the top 100 companies in the financed emissions of corporate bonds accounted for 89.1% of the emissions. 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 4.1%, but its carbon emissions accounted for 17.7%. In addition, the overall asset position and financed emissions of industries with high climate-related risks declined by 0.3% and 1.2% respectively compared with the previous year. For carbon emissions by investment region, the Americas represented the highest investment percentage and the financed emissions of 51% and 58%, respectively, equivalent to those of the previous year. In due course, we will continue to monitor changes in these indicators and perform engagement with high carbon emission industries.

Listed equity	Unit	2023	Annual change	2022
Financed emissions	t CO ₂ e	888,764	64.6%	540,112
Economic emission intensity	t CO ₂ e/US mn invested	43.61	32.0%	33.04
Financed emissions coverage rate	%	100%	-	100%
Data quality score		2.23	-	2.47

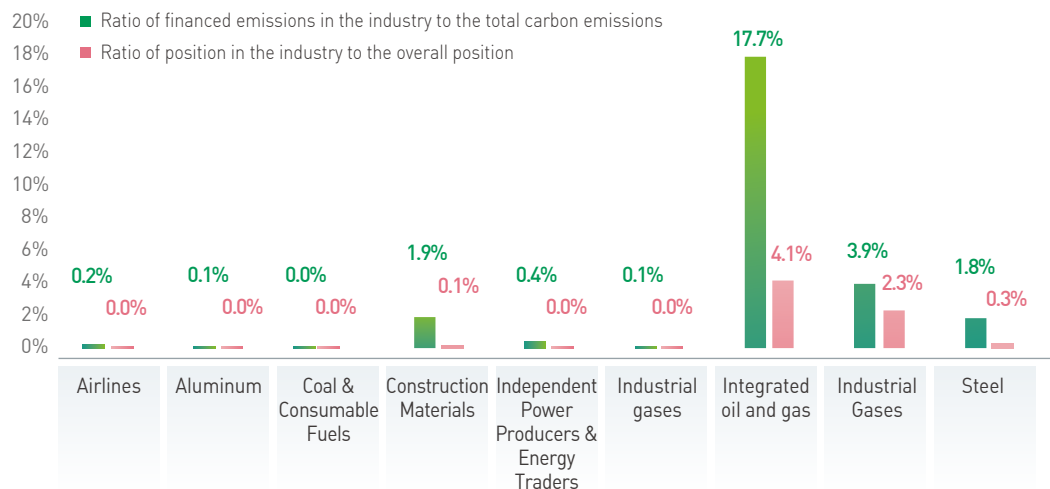
Corporate bond	Unit	2023	Annual change	2022
Financed emissions	t CO ₂ e	8,901,387	-1.4%	9,024,050
Economic emission intensity	t CO ₂ e/US mn invested	74.66	-2.6%	76.67
Financed emissions coverage rate	%	100%	-	100%
Data quality score		2.45	-1.5%	2.49

Total	Unit	2023	Annual change	2022
Financed emissions	t CO ₂ e	9,790,151	2.4%	9,564,162
Economic emission intensity	t CO ₂ e/US mn invested	70.13	-1.7%	71.35
Financed emissions coverage rate	%	100%	-	100%
Data quality score		2.42	-	2.49

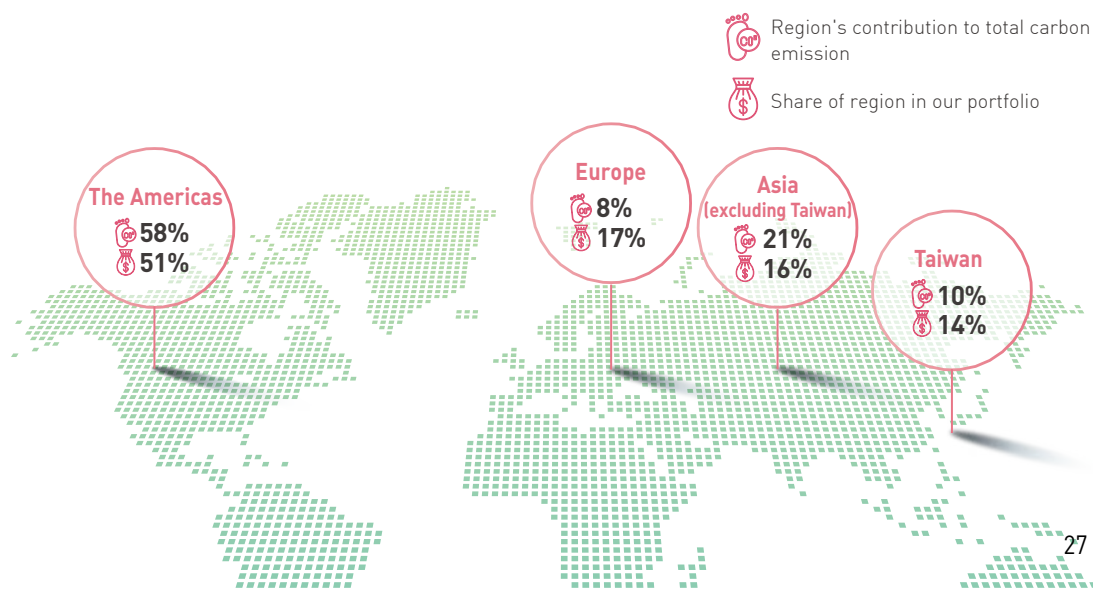
📊 Analysis of the total financed emissions concentrations of each asset classes in 2023



⑧ Distribution of financed emissions in high climate-related risk industries in 2023



⑧ Distribution of financed emissions by region in 2023



Financed emissions of investment portfolio - company operations and value chain (Scopes 1, 2 and 3)

To have a more comprehensive understanding of the investment portfolio financed emissions, Cathay Life Insurance 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 Insurance adheres to the PCAF guidelines, and incorporated the industries in Scope 3 for calculating the financed emissions of "oil and gas industry, 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.

	Financed emissions (tCO ₂ e)	Financed emissions coverage rate	Data quality score
Oil and gas			
Scopes 1 and 2	3,213,857	100%	3.24
Scope 3	25,273,170	100%	3.68
Mining			
Scopes 1 and 2	509,884	100%	2.49
Scope 3	2,360,445	100%	3.00
Transportation			
Scopes 1 and 2	39,168	100%	2.29
Scope 3	567,609	100%	2.39
Construction materials			
Scopes 1 and 2	189,103	100%	2.14
Scope 3	39,119	100%	2.72

■ Sovereign debt financed emissions

Since the PCAF guidelines added the calculation of sovereign debt financed emissions in 2022, we conducted Scope 1 financed emissions and disclosed the sovereign debt financed emissions based on the PCAF guidelines. In the past two years, financed emissions and Economic emission intensity of sovereign debt have both declined.

Sovereign debt (Scope 1, excluding LULUCF)	Unit	2023	Annual change	2022
Financed emissions	t CO ₂ e	4,914,419	-5.59%	5,205,315
Economic emission intensity	t CO ₂ e/US mn invested	303.65	-6.14%	323.5
Financed emissions coverage rate	%	96%	-	100%
Data quality score		3.38	-	2

Sovereign debt (Scope1, including LULUCF)	Unit	2023	Annual change	2022
Financed emissions	t CO ₂ e	4,920,338	-2.83%	5,063,457
Economic emission intensity	t CO ₂ e/US mn invested	334.32	-5.15%	352.5
Financed emissions coverage rate	%	87%	-	89%
Data quality score		3.32	-	1.84

Note: Land use, land-use change and forestry (LULUCF): Human activities cause changes in carbon cycle between the terrestrial biosphere through land use, land-use change and forestry, leading to the alteration of carbon dioxide in the atmosphere.

1.1.2 Pioneering Sustainability

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

The engagement achievements for 2023 are summarized as follows:



Global Engagement Initiative

Worked with domestic and global investors

Cooperated with **9** global organizations/events



AIGCC
ASIA INVESTOR GROUP ON CLIMATE CHANGE



Ceres
Valuing Water Finance Initiative
Valuing Water Finance Task Force



CDP
DISCLOSURE INSIGHT ACTION
CDP Non-Disclosure Campaign
CDP Municipal Disclosure Campaign
CDP Science-Based Targets Campai



Nature Action 100



Climate Action 100+
NET-ZERO BY 2050

Asian Utilities Engagement Program



Individual Engagement

One-on-one dialogs

Individually engaged with **79** companies



Group Engagement

Invited all enterprises

Group engagement with **1,954** companies

■ 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 earliest member from Taiwan. Cathay Life Insurance and Cathay FHC also joined five working groups under AIGCC, including Paris-aligned Investment, Engagement and Policy, Physical Risks and Resilience, Energy Transition, and Forest and Land Use, where they work with international investors to study risks and opportunities related to climate and nature, and construct Asian investment frameworks based on climate change.

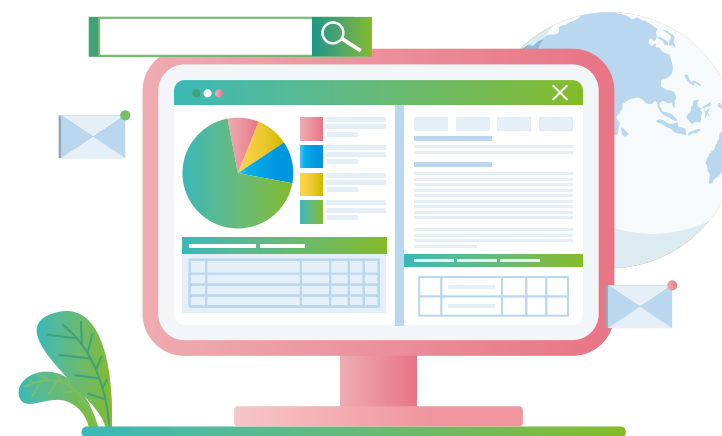
● Ceres Valuing Water Finance Task Force

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. In recent years, climate change has indirectly changed the water cycle and precipitation patterns. From increasingly frequent floods, unpredictable heavy rainfall and droughts, we can see and feel that the impact of climate change on water is accelerating. These impacts pose a threat to sustainable development, biodiversity, and access to water and sanitation. The World Economic Forum's Global Risks Report 2024 says water supply crises are included in natural resource crises as the fourth largest risk that the world will face in the next decade. For these reasons, Cathay Life Insurance 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 Insurance 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 Insurance 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 Insurance can prevent relevant risks and improve investment resilience when facing water resource challenges.

■ Actively engaging with enterprises to exert influence in sustainable finance

Cathay Life Insurance has participated in multiple international initiatives, including CDP 「Non-Disclosure Campaign」, CDP 「Science-Based Targets campaign」, CDP 「Municipal Disclosure Campaign」, Climate Action 100+, AIGCC Asian Utilities Engagement Program, Valuing Water Finance Initiative, and Nature Action 100. We have also performed one-on-one engagement with our investee companies, and organizing forums to engage in collective discussions with businesses:



● Participating in global initiatives

CDP 「Science-Based Targets campaign」

Cathay Financial Holdings is represented as a participant and will jointly call with CDP every year starting from 2021, hoping that the global most influential companies will set a 1.5°C emission reduction target and achieve net-zero emissions along its value chain net-zero value chain emissions by 2050.

Key performance:

- ✓ In 2022-2023, a total of 98 companies were prompted to commit to SBT targets, 26 of which have passed the SBTi compliance validation.

CDP 「Municipal Disclosure Campaign」

Cathay Financial Holdings is represented as a participant, and starting from 2023, has annually collaborated with CDP to urge local governments and public sector institutions to disclose environmental data and climate information through CDP. This initiative aims to enable institutional investors to more accurately assess the risks and opportunities of climate change when investing in local government bonds.

Key performance:

- ✓ 204 North American local governments have disclosed their environmental data to CDP.

CDP 「Non-Disclosure Campaign」

Cathay Life Insurance takes it upon itself to act as a leader in engagement. Through one-on-one communications, we have encouraged companies which have yet to respond 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 Insurance has participated in the campaign since 2017 and is the only corporate participant from Taiwan.

Key performance:

- ✓ Success rate of engagement: Engaged a total of 29 companies with a success rate of 21% (6 companies), which is well above the global average.
- ✓ Progress rate: Cathay Life Insurance has successfully engaged 66 companies since 2017, of which 53% 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 170 companies around the world on the watchlist, Cathay Life Insurance 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 Insurance has participated in the campaign since 2017 and is the only insurer participant from Taiwan.

Key performance:

- ✓ All three Taiwanese companies have expressed their commitment to net-zero emissions or carbon neutrality by 2050, and set short-term and mid-term carbon reduction targets. Furthermore, SBTs of one of the three companies have set SBT target even been approved by the Science Based Targets initiative (SBTi).
- ✓ Invited to participate in the roundtable of investors and steel sector convened by AIGCC, and discussed the challenges and opportunities of net zero transformation in the steel and iron industry with the three major Asia steel companies of the CA 100+ and foreign institutional investors, in order to ensure orderly industrial transformation of the steel industry in Asia in conjunction with the expedited global transformation trend.

Asia Utilities Engagement Program

As the world seeks to achieve emission reduction targets and tackle climate change by “phasing out of coal,” Cathay Life Insurance has adopted a more positive attitude by leveraging the power of dialog to influence enterprises’ measures related to “phasing out of coal.” In cooperation with global institutional investors, Cathay Life Insurance has “engaged” with 18 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 Insurance has participated in the campaign in 2021 and is the only corporate participant from Taiwan.

Key performance:

- ✔ Company C, which Cathay Life Insurance jointly participated in the negotiation, passed the SBTi well-below 2°C target. 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.
- ✔ To achieve the goal of net-zero emissions, the company also initiated the SBTi net zero evaluation methodology in 2023, as reference for review and updates on Climate Vision 2050.

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 Insurance 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.

Nature Action 100

- ✔ In 2023, we were one of the first group of participants that joined the Nature Action 100 global investor-led engagement initiative, with nature as the theme, and the only financial institution in Taiwan that signed to join the engagement team.
- ✔ Biodiversity is essential in terms of human survival and development. Cathay Life will cooperate with international investors to request investment targets and related companies in taking necessary actions to protect the ecosystem. We hope to join hands with 190 international institutional investors, and engage with 100 companies from the food, chemical, forestry and pharmaceutical industries, which exert a major impact on the “degradation of natural habitats and biodiversity loss,” encouraging them to take more proactive actions, so as to protect and restore nature and the ecosystem, thereby reducing relevant risks.

Participation of International Initiatives and Individual Engagement Cases

Background

The greenhouse effect and extreme climate conditions caused by carbon emissions have led to instability of water supply. In view of this, Company L is a manufacturer related to the textile, clothing and luxury goods industries, and has become one of the engagement targets listed by the Ceres Valuing Water Finance Initiative, as its water consumption is extremely high, from raw material manufacturing to various stages of the product life cycle. Considering that the scarcity of water resources poses risks to the operation of Company L and thus affects the profits of investors, it is included in engagement with Cathay Life. In addition, due to its geographic and market familiarity, Cathay Life played the role of supporting investors, and engaged with Company L along with other foreign institutional investors. The first engagement was initiated in 2023.

Engagement contents

1. Expressing expectations for the Ceres Valuing Water Finance Initiative

At the initial engagement meeting, we advocated to Company L the purpose of the Ceres Valuing Water Finance Initiative Company, with the hope that Company L would complete seven major goals, including water quantity, water quality, ecosystem protection, access to water and sanitation, supervision by the board and management, and public policy participation by 2030. This, in turn, ensures proper water consumption risk governance for the company operations and its value chain, as well as protecting water resources around the world.

2. Description of key points in the initial engagement with investors

(1) The settings on time schedule, science-based quantified targets to improve water availability in water scarce areas in the value chain, and solve the impact of point source and non-point source pollution on water quality, with disclosure on the solutions.

(2) The board of directors and senior management incorporated water risks and opportunities into the company’s strategies, risks and decision-making related to corporate revenue.

Engagement progress and results

Company L provides diversified products, each product line is related to water consumption, while the company currently adopted a set of environmental initiatives, with planning on the Group's three-year, six-year and ten-year roadmaps related to environmental performance. In addition, Company L established four main pillars, including innovative cycle, biodiversity, traceability and transparency, and climate, which serve as management blueprint to be submitted to the board of directors. Although water resources have not been independently set as one of the main pillars, each of the four main pillars will cover water resource issues in the assessment. It is scheduled that by mid-2023, water resources will be added as one of the main pillars, or further water resource goals will be promoted. In addition, Company L will participate in the SBTn Water Target pilot program, assisting the formulation of global water control strategies in the future, in order to meet stakeholders' expectations.

After review, Company L's environmental performance roadmap was presented to the public at late 2023, and the achievements related to water resources include: 1. Launched an innovative plan for the supplier ecosystem, which help reduce carbon footprint and its impact related to water and biodiversity. 2. Expand water conservation plan for the company's total water consumption to reduce by 30% by 2030. Although Company L has not set water resources as one of the pillars, it has launched new targets and plans for the use of water resources in company operations and its supply chain. Therefore, we will continue to communicate with Company L, so as to understand the results of participating in the SBTn Water Target pilot program.

● Individual Company Engagement

Learning from our experience participating in international initiatives, Cathay Life Insurance also started to engage with investee companies in Taiwan alone, 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 SBT target, and other climate change-related issues, so as to solve material ESG issues.

Case 1 - Engagement Topics: Water resources

Background

Due to precipitation features and geographical constraints in Taiwan, water resources are relatively scarce, which bring about challenges in water resources management. Since Company V is in the semiconductor industry, large water consumption is required during the semiconductor manufacturing process. As such, the water resources utilization efficiency is a major ESG issue related to core competitiveness. Therefore, after internal assessment, Company V was selected as a Cathay Life's engagement target as it has not yet responded to the CDP water security questionnaire, and its ESG rating of water resources issues needs to be improved.

Engagement contents

1. Water resource information disclosure
Since Company V's "market value and production have greater impact on the environment," it was selected by Cathay Life in 2021 as an engagement target of CDP Non-Disclosure Campaign related to water issues, and the importance of CDP water security questionnaire would be explained to

Company V. As Company V had yet to respond to the CDP water security questionnaire, its internal team needed time for research and preparation. Meanwhile, Company V's shareholders expressed to the senior management that they attached great importance to this issue. In 2022, Company V promised to respond the CDP water security questionnaire by 2023 for better information disclosure on water resources management.

2. Water Resource Management

Since Company V has promised to respond to the CDP water security questionnaire in 2023, Cathay Life's engagement in 2023 focused on issues such as higher water density compared with industry peers and the use of alternative water sources. Cathay Life also provided information of international benchmark companies as reference for Company V.

Engagement progress and results

Company V responded to the CDP questionnaire in 2023, and promised to continue to improve water resource management.

Case 2 - Engagement Topics: Society - Chemical Safety and Labor Management

Background

Company 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 Life's engagement list. Since 2019, Cathay Life has performed in-depth engagement with Company H, and developed deep 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, Company H continued to improve its internal ESG governance and systems, and provided more transparency in terms of ESG disclosure, and multiple stakeholder communication channels. In 2022, Company H formulated six specific ESG strategies, and set up long-term goals: eight for environmental issues (E), ten for social issues (S), and 14 for corporate governance (G). Considering that Company H made specific goals and achievements on climate issues, Cathay Life continued to follow up on Company H's progress on climate change issues in 2023, pertaining to engagements in mid-2022 on social aspects including chemical safety and labor management.

Engagement contents

1. In-depth discussions on chemical safety issues

After Cathay Life's discussion of chemical safety issues with Company H in mid-2022, it immediately initiated internal discussions for relevant planning. Cathay Life also held multiple meetings to discuss on its chemical safety plan in 2023. During the meeting, in addition to analyzing the content and main assessment in each sub-project of the material issues, Cathay Life also provided information of international benchmark companies for each sub-project as reference for Company H. After multiple rounds of communication and discussion between the two parties, Company H was encouraged to propose a more concrete chemical safety system in Q3 of 2023.

2. On-site visit to learn about the labor management system

Company H has approximately 173 factories in 24 locations around the world, with a large number of employees scattered in different countries and regions. Considering that how to achieve effective employee management has become the investors' major concern, Cathay Life started to discuss labor management issues with Company H in early 2022, so as to understand the company's management system and related challenges. Furthermore, an on-site visit to Company H's Chengdu plant in 2023 enabled Cathay Life to directly observe the working environment of Company H's workers, as well as Company H's hardware and software equipment to improve the physical and mental health of employees.

Engagement progress and results

Company H achieved higher chemical safety score at late 2023, further improving its overall MSCI ESG rating.



● Group Engagement

Cathay Sustainable Finance and Climate Change Summit

As sustainability pioneer, Cathay Life Insurance has cooperated with Cathay Financial Holdings 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 2023, upholding the concept of "Bringing Taiwan to the World and the World to Taiwan," and acting as a pioneer in climate finance, the Group invited domestic and foreign leaders from industry, government and academia to share global frontline trends, as well as discussing on corporate sustainability strategies in response to climate change. We encouraged cross-disciplinary dialogue and mutual collaboration, so as to mitigate the effect of environmental changes and make adjustments, and jointly build a sustainable society.

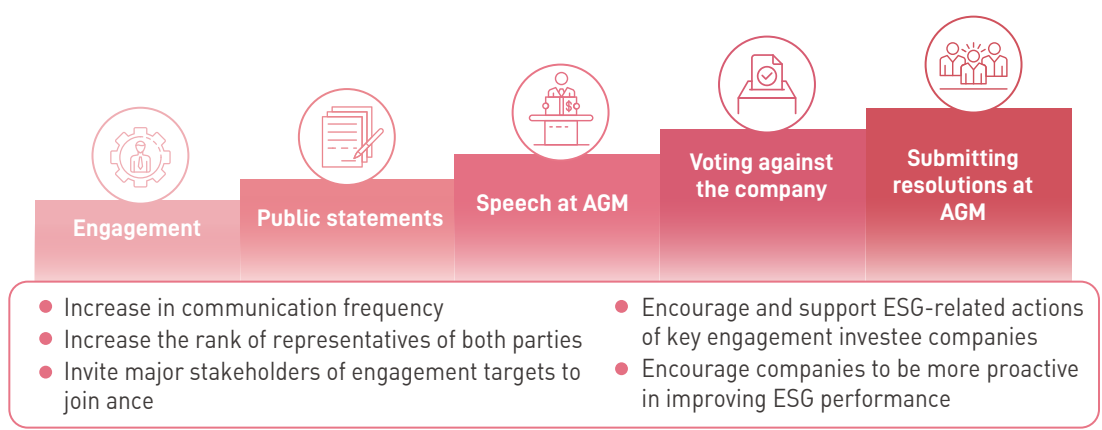
The number of applicants of the forums hit record high in 2023, with 4,161 people registered for physical and online forums in total. Of which, 1,873 were corporate organizations. The listed companies which participated in the forum accounted for 75% of Taiwan market capitalization, while carbon emissions of the listed companies accounted for more than 50% of Taiwan's total carbon emissions.

The number of applicants of the forums hit record high in 2023, with **4,161** people registered for physical and online forums in total.



● Adoption of Engagement Escalation Strategy

Given accelerated integration of ESG and the capital market, customers hope to jointly implement sustainability in the supply chain. Meanwhile, the competent authority has become more clear about ESG disclosure requirements. In addition to evaluating corporate ESG performance during investments, Cathay Life also actively encourages shareholders to take actions, and has set up a dedicated team for one-to-one communication with investees. As an active and responsible professional institutional investor, we also timely evaluate and adopt engagement upgrade strategies to encourage investee companies implementing ESG practices, and more actively improve their ESG performance. We believe these upgrade strategies can effectively achieve our final engagement targets, and create long-term value for both parties.



Description of Engagement Escalation Case

Company G has been voluntarily publishing sustainability reports since 2017; its corporate governance evaluation scored 5% in 2018; and joined RE100 in 2022, with the commitment that all of its subsidiaries' will completely use renewable energy by 2050, indicating that the company is gradually implementing ESG. Overall, Company G's ESG performance and global net-zero transformation actions were highly regarded by Cathay Life.

However, to encourage Company G in improving its ESG rating, we discussed ESG issues with Company G, including corporate governance, water stress, opportunities in clean technology, human capital management and others from 2022 to early 2023. In addition, we provided the content, main assessments, and international benchmark companies of each sub-project during the meeting as reference for Company G. Furthermore, to encourage Company G in cooperating with ESG rating agencies and improving its ESG performance, Cathay Life attended Company G's 2023 shareholders meeting to make a speech, hoping to encourage Company G in working towards higher ESG scores, and thereby bring about positive influence and long-term benefits to both parties.

We are delighted to see Company G's progress and efforts on the material issues including better clean technology plans and disclosure of more concrete corporate governance mechanisms, human capital management, etc., which thereby improved Company G's ESG rating by one notch at late 2023.

"Summary of Cathay Life's speech in the minutes of Company G's shareholders meeting"

三、報告事項

第一案

案由：111 年度營業報告，敬請 公鑑。

說明：本公司 111 年度營業報告書，請參閱附件一。

議事經過：

股東戶號 發言：國泰人壽於 2014 年即成立責任投資小組，積極行使股東行動主義，國泰人壽肯定公司於 ESG 表現及支持全球淨零轉型的實際行動，並建議公司可積極與 ESG 評等機構交流，了解可精進之處，進而提升 ESG 評比績效。

主席回覆：感謝國泰人壽對公司的支持與指導，公司會特別注意並加強與 ESG 評等機構之溝通，經營團隊會在 ESG 各方面做更多的努力。

● Join the Coalition of Movers and Shakers on Sustainable Finance

To support the government's 2050 net-zero emissions policy, Cathay Life and its parent company have joined the Coalition of Movers and Shakers on Sustainable Finance, committing to low-carbon investment and financing, climate engagement and etc. In cooperation with industry peers, we assist the competent authorities in the development of sustainable finance and low-carbon transition in the industry for orderly development towards a green economy in Taiwan.

Learning from the experience in responsible investment and response to climate change, Cathay Life provided opinions required by various work groups based on net-zero working platform together with its parent company, and participated in the Discussion Team of Guidelines for Policy and Guidance for Work Groups on behalf of Cathay FHC and The Life Insurance Association of the Republic of China.



1.2 Sustainable Environment

As the largest insurance company in Taiwan, Cathay Life Insurance has a tremendous impact on the society and environment. As a leader of 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 implement various strategies and develop towards zero-carbon emissions.

1.2.1 Environmental Data Review & Energy and Resource Management

302-1 305-1 305-2

Cathay Life Insurance adopts the approach of conducting a review and implementing management measures. We timely examine the energy and resources consumed by our operations and sales, and reduce the environmental impact by use of our management system. On the operations side, we improve 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.

■ GHG Emission and Overall Energy Consumption Indicators

Item	Unit of measurement	2021	2022	2023
Scope 1 emissions	metric ton(s)-CO ₂ e	2,357.18	2,548.05	2,617.78
Scope 2 emissions (Market-based emissions)		27,079.21	25,272.99	24,523.49
Scope 2 emissions (Location-based emissions)		27,043.28	27,514.79 ^{Note 5}	
Scope 1+2 emissions (Market-based emissions)		27,821.04	27,141.27	
Scope 1+2 emissions (Location-based emissions)		29,436.39	29,591.33	30,132.57
Scope 1+2 emission intensity	Metric ton(s)/person	0.91	0.90	0.91
Total energy consumption	GJ	197,373.38	194,545.58	203,711.46
Energy consumption per capita	GJ/person	6.09	6.28	6.84
Scope 3 (travel expenses)	metric ton(s)-CO ₂ e	43.92	49.49	204.29

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 2023 to conduct an inspection.

Note 2: The Bureau of Energy adjusted the electricity emission factor for Scope 2 Electricity Emissions every year, therefore the calculation uses the updated factor, which is 0.502 (2021), 0.509 (2022), 0.495 (2023) kg CO₂e/kWh.

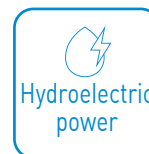
Note 3: The number of employees at locations in the scope of inventory amounted to 32,423 (2021), 30,957 (2022), and 29,771 (2023).

Note 4: Business travel emissions are emissions from THSR rides and flights taken by employees. Emissions from flights are calculated according to data from the ICAO and Taiwan High Speed Rail (32g CO₂e/ person-km).

Note 5: In 2023, the inventory of four additional buildings (including Qingpu Building) found an increase in Scope 2 emissions in the geographic area and energy consumption.

■ Electricity and Water Consumption Indicators

Category	Unit of measurement	2021	2022	2023
Electricity usage	kWh	53,942,649.5	53,130,216	55,585,434 ^{Note 3}
Electricity use intensity	kWh/person	1,663.72	1,716.26	1,867.10
Renewable Energy Use	10,000 kWh	27.4	369.1	627.4
Water consumption	kWh	350,232	340,260	369,786
Water consumption intensity	kWh/person	10.80	10.99	13.15



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.

Note 3: In 2023, Cathay Life Insurance conducted inventory on the new Qingpu computer room and three other new buildings, and found an additional electricity use of 3,940,829 kWh. After deducting the new electricity consumption, the total electricity consumption was 51,644,605 kWh, and the electricity use intensity was 1,734.73 kWh per person.

Note 4: Cathay Life Insurance has actively set water consumption goals with Cathay FHC, and committed to achieving water consumption of 14.0kWh per person by 2023. However, Cathay Life Insurance's water consumption was 13.1 kWh per person, exceeding the set goal.

1.2.2 Zero-Carbon Goals and Actions Principle 3

Cathay Life Insurance 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.

■ 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 Insurance introduced the industry’s first mobile insurance and electronic service in 2012, enabling our sales representatives to introduce insurance policies to clients on tablet PCs and complete insurance applications, claims, policyholder services, premiums, etc. We have led the industry in promoting 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 certification and the carbon reduction label of the EPA in 2020.

Mobile/Electronic Insurance	No. of Cases in the Current Year (in ten thousand)	Usage Rate in the Current Year (%)
Mobile Insurance Enrollment	71.7	99.5%
Mobile Policyholder Services	95.5	86.9%
Mobile Claims	74.7	92.2%
Mobile Premium Payment	79.7	65.5%
E-policies ^(Note)	38.8	52.2%
E-statements	280.5	49.2%



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

In addition, Cathay Life Insurance gradually reduces traditional electricity consumption through internal workplace transformation, and upgrades to energy-efficient equipment to reduce energy consumption and carbon emissions generated during operating activities. The long-term investment in carbon reduction actions produces outstanding achievements. In 2023, the 2021 Life Insurance Service Carbon Footprint Inventory was completed, and the carbon footprint of each life insurance service was 2.58 kg CO₂e, the lowest among similar types of valid carbon-labeled products. Compared with the base period in 2016, the annual carbon reduction reached 27%. Furthermore, Cathay Life Insurance once again obtained the Carbon Reduction Label from the Ministry of Environment.

Obtaining the label demonstrates Cathay Life Insurance’s ESG achievements. To comply with government regulations, we incorporate the declaration for green procurement, with low-carbon insurance procurement options. When companies and groups purchase Cathay Life Insurance’s life insurance services, 10% of the total premium can be declared as the amount of green procurement. For insurance decision-making, in addition to risk transfer, we also consider contributing to environmental sustainability, in the aim to jointly develop towards low carbon transformation.

Our mobile and electronic services reduced paper usage by **77.37 million sheets** in 2023

which is equivalent to **15.2** times the height of Taipei 101, reducing approximately **495** metric tons of carbon emissions

2.58kg CO₂e
Carbon Footprint Label
Taiwan EPA

■ Zero Carbon Operation Transformation

Facing the increasing threat of climate change, Cathay Life Insurance has responded with low-carbon actions such as mobile/electronic insurance service and remote insurance service applications. By keeping in line with the global corporate renewable energy initiative "RE100," we are committed to using 100% renewable energy at all service bases in Taiwan by 2030. We are also officially committed to taking the initiative to follow the global Net Zero trend, and setting SBTs, which are then used to develop our 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 the use of 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.

Convenient work models



Please refer to 3.1 Workplace Empowerment P.66

Renovating the workplace

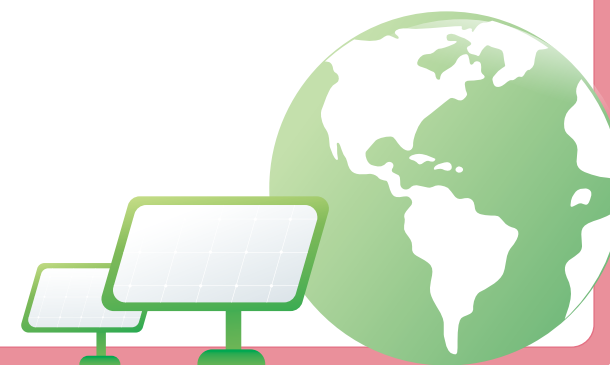
With a design concept of openness, flexibility and sharing, the shared workspaces on each floor are revitalized, providing employees with spaces to work, hold meetings, and take a rest. This will increase employee happiness, and achieve energy saving and carbon reduction.

Updating to Energy-efficient Equipment

In compliance with the Cathay FHC Environment and Energy Policy, Cathay Life Insurance began implementing energy and environmental management systems (ISO 14001 and ISO 50001) in buildings with high electricity consumption since 2013, while the ISO 46001 water efficiency management system was introduced in 2023. Each year, the service life, energy consumption and water efficiency of our equipment are inspected using international indicators, and the equipment is maintained and replaced on a rolling basis, with adjustments in management measures.

• In 2023

1. A total of 185 air-conditioning equipment were replaced, saving 2.36 million kWh electricity and NT\$8.3 million in electricity bills, reducing carbon emissions by 1,171.3 tCO₂e per year.
2. 12,000 lights were newly-replaced, saving 1.98 million kWh electricity and reducing carbon emissions by 980 tCO₂ per year.



● Green Energy

Responding to global trends and considering the change in energy structure in Taiwan, Cathay Life Insurance proactively supports the government's renewable energy policies by using renewable energy to reduce the overall carbon emissions. The Group pledged to keeping in line with the RE100 global initiative in 2021, and plans to use 100% renewable electricity at its headquarters by 2025 and all operating locations in Taiwan by 2030. It also plans to expand the scope of renewable electricity to all global operating locations by 2050. In 2023, the total usage of green electricity exceeds 6.27 million kWh, equivalent to a reduction of approximately 3,104 tons of carbon emissions. The proportion of renewable energy usage has reached 11.3%, exceeding the annual target of 10% (RE10).

Installation of solar panels for self-use

In 2023, Cathay Life Insurance added 95 kW installed capacity (Cathay Life Insurance Tainet Building 85.32kW, Taichung Wufeng Building 9.9kW) of photovoltaic panels, which generated a total of 490 MWh. Cathay Life Insurance currently has 513kW installed capacity.

Power purchase agreement (CPPA)

Since 2022, Cathay Life Insurance has procured more than 58 million kWh, and will continue to use CPPA's to supply additional building assets with renewable energy to achieve the long-term goal of using renewable energy.

Purchasing renewable energy certificates (T-REC)

In 2017, we were one of the first companies to participate in electronic voucher transactions, and we will continue to track procurements on an annual basis.

We subscribed to 123 T-RECs (1 T-REC = 1,000 kWh) in 2023.

Green energy charity and co-benefit model

In 2022, in conjunction with the Every Step Counts activity, we invested charity funds in the installation of solar panels in Huayu Primary School on the outlying islands of Penghu to help the school generate stable electricity for local students, and drive local innovation. In addition, the donation also helped us acquire the renewable energy certificate, establishing a long-term co-benefit mechanism.

● Green Real Estate

Cathay Life's Responsible Real Estate Investment and Management Policy ensures its commitment towards minimizing environment impact. Since 2016, Cathay Life Insurance's new development will follow green building design guidelines, and in 2023, all developments that acquire building permits will have Taiwan's green building or United States' LEED design certificate.

 Please refer to 4.1 Responsible Investment P.88

Green Lease Program

In 2023, Cathay Life Insurance continues to actively engage and promote its green lease program. Two seminar events were held at Cathay Landmark, which 18 enterprises (20 leased sites) agreed to take part. Cathay Life Insurance will provide exceed a total of 13 MWh across seven commercial buildings. Cathay Life Insurance's participation in creating the Green Lease Program 2.0 with the government has been published at local media outlets, such as the Common Wealth Magazine, and also at the global media platform, World Business Council for Sustainable Development (WBCSD). This is also part of Cathay Life Insurance's extended efforts to continue to promote and transition the real estate industry to become sustainable.

Currently, renewable energy usage has become an option for signing a commercial real estate lease contract with Cathay Life Insurance, and will continue to actively engage with its partners and prospective clients to participate. Cathay Life Insurance will continue provide more flexible green power services in cooperation with the energy companies, and dedicate its commitment to help the industry transition towards using renewable energy.



1.2.3 Sustainable Homeland Protector

Cathay Life Insurance has engaged in green operations and green finance for years, and hopes to lead by example in exerting its influence for environmental sustainability to protect Taiwan, our beautiful homeland. Furthermore, Cathay Life Insurance’s 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

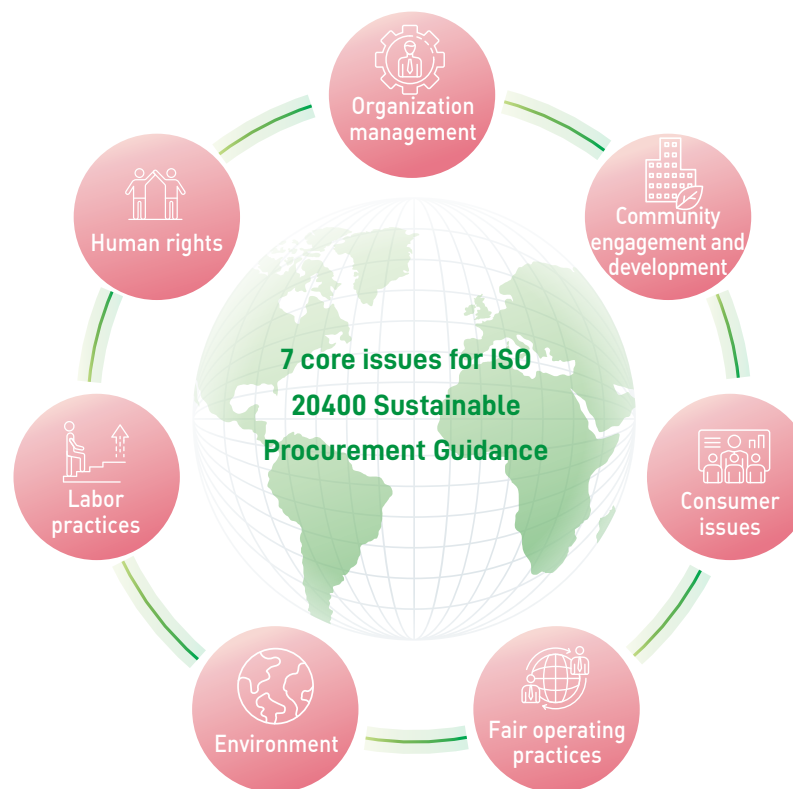
Cathay Life Insurance upholds green procurement practices. In 2018, we began complying with ISO 20400 Sustainable Procurement – Guidance, becoming the first financial institution in the world to obtain this certification. We give priority to procuring products with eco-friendly, energy-saving, and water-saving 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 Insurance is committed to jointly grow with suppliers. We began hosting corporate sustainability sharing conferences for suppliers in 2016, and organized education and training for suppliers. In 2023, after the lift of COVID-19 lockdown restrictions, a large-scale sustainable supplier conference was held once again, and more than a hundred suppliers were invited to join the Private Enterprises and Organizations Green Procurement Program of the Ministry of Environment, Executive Yuan for the application of local environmental protection labels. We also expressed our gratitude on the outstanding suppliers who have been providing the Group with green procurement. We hope to procure domestic and foreign products with eco-friendly labeling, and request for suppliers to give priority in supplying such products in the future, so as to jointly build a circular economy and ecosystem.

In 2022, Cathay Life Insurance 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 strengthen our supply chain risk management, and exert influence for environmental sustainability together with the suppliers.


Green procurement amount reached NT\$ **300** million in 2023, which increased by NT\$ **60** million (25%) compared with 2022. From 2018 to date, the cumulative green procurement has amounted to over NT\$ **1.05** billion.

Won the recognition by Taipei City Government's private enterprises and organizations for outstanding green procurement unit for **14** consecutive years.



Environmental Education and Promotion

Principle 3

Cathay Life Insurance is committed to building a sustainable homeland, and aims to raise public 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 enhance the determination of Cathay Life Insurance’s employees in protecting our homeland. In 2023, we encouraged policyholders to use mobile/electronic insurance services. Nearly 6.4 million participants took part ( please refer to Health - Financial Health P.55). Meanwhile, environmental protection activities have been organized:

Promotion of energy saving activity

Since Cathay Life Insurance is an insurance company, more than 90% of its carbon emissions are generated by electricity consumption according to the inventory check and review of GHG emissions. Therefore, we have proactively implemented an internal carbon pricing (ICP) mechanism for absorbing external costs as reference for our carbon risk management, and assessment of responsibilities in reducing carbon emissions, thereby improving our risk management skills and nurturing climate resilience. In 2023, we held carbon reduction incentive activities, introducing the internal carbon pricing mechanism. The whole activity reduced 343 metric tons of carbon in total, and accumulated NT\$4.85 million of carbon fund. Part of the carbon fund was allocated as carbon reduction incentives to encourage all internal and external staff to implement energy conservation and carbon reduction measures at work. Meanwhile, the carbon fund will be used in projects including the purchase of carbon credits. We hope that the carbon fund will be reinvested in the zero-carbon operation transformation plan, which will help build a virtuous cycle, and improve the synergy of sustainable development.

Promotion of computer shutdown after work and auto shutdown

Setting auto shutdown at 10:00 PM every night, and promote (remote) shutdown after work. After the promotion, the average number of computers not shut down every day decreased by 50%, which is equivalent to electricity conservation of 240,000 kWh per year.

Sharing energy-saving experience on electricity management in office buildings

Expand head office building control measures in terms of the equipment and management aspects, such as adjusting the operating time of exhaust fans in parking lots or basements, reducing the number of lights while complying with occupational safety requirements, and adjusting the power consumption mode of archive warehouses. A total of 130,000 kWh electricity consumption was reduced in the fourth quarter of 2023.



Beach Cleanups

In response to the Life Insurance Association’s “Insurance for the Earth” beach cleanup event in 2023, Cathay Life Insurance organized a beach cleanup event on the coast behind the mountain in Kinmen in cooperation with Kinmen National Park. There were nearly 200 participants, and 300 kg of coastal waste were removed in total. In 2017, we showed our 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 11 beach cleanup activities in 2023, 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. For three consecutive years, an environmental education teacher was present to lead the participants, explain things to look out for when removing litter, and talk about the coastal ecosystem. This activity enabled children to understand the importance of waste and plastic reduction and to raise their awareness on environmental protection.



● Carbon/plastic/waste reduction activities to deepen employee engagement

Cathay Life Insurance 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, nearly 20,000 trips have been completed via the scooter-sharing platform, accumulating a total distance of 80,000 km, which equates to a reduction of 2,400 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.

“Love the Earth Cup” Sharing Activity

In 2023, the “Love the Earth Cup” innovative event was held using eco-friendly cups and electronic invoice to upload photos and share carbon reduction digital medals. There were more than 7,000 participants in the event, and colleagues were invited to participate in the zero-carbon activity, so that they become more aware of the issues of carbon emissions and waste reduction.



● Environmental Education Promotion

Cathay Life Insurance has actively responded to Article 19 of the Environmental Education Act, which states that employees should attend at least four hours of environmental education. In 2023, 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 the monthly broadcast of a CSN program titled “Environmental Protection in Action,” we have raised the sustainability awareness of 30 thousand employees.





1 NO POVERTY



17 PARTNERSHIPS FOR THE GOALS

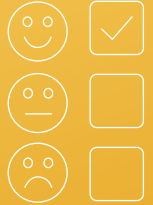


3 GOOD HEALTH AND WELL-BEING



Performance highlights

In 2023, the overall customer satisfaction reached **98.8%**, while the net promoter score (NPS) reached **35.1**.



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



4 QUALITY EDUCATION



In 2023, our first year premiums (FYP) of insurance products amounted to NT\$**15.44** billion and the FYP of spillover-effect products amounted to NT\$**10.56** billion.



In 2023, a total of **1.02** million individuals participated in FitBack, garnering approximately **1.2** trillion steps.



Chapter 2 Health

2.1 Health Promotion

2.2 Financial Health

Core philosophy

As a leader of sustainable insurance, we provide diverse insurance services to protect every family and support our customers throughout their entire lives.



Material Issues Management

Financial Technology Application	Policy commitment	To improve service quality and efficiency, Cathay Life Insurance established new service models and operating procedures by effectively using digital and innovative technologies.			
	Management and actions	Online insurance enrollment	Smart Digital Customer Services	Innovative online services	Mobile/Electronic Insurance
	Performance tracking/stakeholder engagement	<ul style="list-style-type: none"> The overall customer satisfaction with our digital services was 95% in 2023, and user satisfaction with our online insurance enrollment service has reached 97% for four consecutive years and 95% for young people under the age of 30. 	<ul style="list-style-type: none"> In 2023, the number of smart digital customer service users was 2.76 million, the problem-solving rate was 97.4%, and satisfaction rate was 94.7%. 	<ul style="list-style-type: none"> Proactively developed convenient one-stop online insurance services, which incorporate innovative components and platforms. 	<ul style="list-style-type: none"> Our mobile and electronic services reduced paper usage by 77.13 million sheets in 2023, which reduced by approximately 494 metric tons of carbon emissions.
Sustainable products and services	Policy commitment	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.			
	Management and actions	Create a health ecosphere		Improve elderly protection network	
	Performance tracking/stakeholder engagement	<ul style="list-style-type: none"> Since 2018, we have proactively promoted and continued to optimize the health-promoting ecosystem, and developed diversified spillover-feature insurance products so that they are deeply rooted in the life of citizens. In addition, we guide citizens to recognize the importance of health management and develop the habit of exercise, thereby improving their physical condition and lowering medical expenses incurred by our society as a whole. The "FitBack" platform accumulated a total of 1.02 million members. The premium income from the new spillover-effect insurance policies amounted to approximately NT\$10.56 billion in 2023. 		<ul style="list-style-type: none"> We introduced the most comprehensive insurance products specialized for the elderly, and continued to develop heart-warming services for the elderly to satisfy their insurance needs and ensure their physical and mental health, so that the elderly can enjoy a high-quality life in their golden years. A total of 125 thousand policies were sold as of 2023. 	
Customer Rights Protection and Service Quality	Policy commitment	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.			
	Management and actions	Principles of treating customers fairly	Better management of customer satisfaction	Provide convenient services	
	Performance tracking/stakeholder engagement	<ul style="list-style-type: none"> 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 five consecutive years. 	<ul style="list-style-type: none"> We continue to develop the "customer experience management system" to improve customer experiences. In 2023, the overall customer satisfaction reached 98.8%; net promoter score (NPS) reached 35.1 points. 	<ul style="list-style-type: none"> 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. 	

2.1 Health Promotion

Principle 1

Principle 2

As the largest insurance company in Taiwan, Cathay Life Insurance attaches great importance to corporate social responsibility, committing to creating wider and deeper protection for the public, guiding members of the society to understand the risks they face. Through the promotion of insurance products, we help the public to be fully prepared for these risks. We continue on releasing promotional videos, publicizing health promotion events, and launching a diverse range of spillover-feature insurance products. Cathay Life Insurance urges citizens to implement health management and support governmental policies by actively introducing insurance products. In 2023, the FYP of our insurance products and spillover-effect products reached NT\$15.44 billion and NT\$10.56 billion, respectively. In addition, as employees are regarded as our most important asset, we provide diverse health-promoting activities, employee stress test and employee assistance programs (EAP), and occupational safety maintenance measures. We work to create a happy workplace with comprehensive physical and mental health mechanism, and are committed to assisting policyholders and employees towards holistic health.

2.1.1 Enhance risk awareness

■ We work to help people understand the importance of being protected by insurance and in turn examine and fill in any gaps in personal protection.

In 2023, we developed a protection insurance calculator, which combines the 321+1 triangle of protection. We review the insurance protection gaps, and provide personalized insurance suggestions based on customer information and customer needs, so as to strengthen insurance protection for individual policyholders. In addition, through “A Wonderful Life in the Golden Years” website and the animation series called “Insurance Novice Village,” we provide relevant information for people to browse through, all of which are to strengthen public knowledge on insurance protection, and deepen the concept on insurance planning for society at large.

● A Wonderful Life in the Golden Years

Information related to insurance and medical care is incorporated in the website (including the importance of insurance protection, articles and videos on popular topics, real-life cases, and interactive games/questionnaires) to raise the citizens' awareness on insurance protection and assess their own needs.



A Wonderful Life in the Golden Years

1.75 million views as of 2023.

● Insurance Novice Village

Animation on insurance knowledge (e.g., types of insurance, claims, or definition of insurance terminology) is produced to reinforce public understanding of insurance protection.



Insurance Novice Village


As of 2023, 48 animated shorts have been released, attracting a total of 1.648 million views.

■ Promote anti-drug education on campuses to improve students' knowledge of drugs and protect their own health.

Since 2017, Cathay Life Insurance has offered student group insurance. We not only protect the personal safety of students through insurance, but also jointly promote the Sustainable Campus Project alongside the K-12 Education Administration. In addition, since 2019, we have focused on the issue of drug abuse.

● Anti-drug gaming competition

We cooperated with the online game-based learning platform PaGamO to launch the Air Force, Army and Navy Program, and 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," benefiting over 2.19 million persons.



PaGamO Online Anti-Drug Mission
Air Force

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 for children to learn drug prevention knowledge through online games. More than 1.94 million participants have taken part since 2019.



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

Nearly 6,000 Cathay volunteers have engaged with schools to organize small class-based anti-drug e-sports competitions. Since 2019, a total of 1,362 schools have participated, and more than 200 thousand participants have taken part.



National Anti-drug e-Sports Competition
Navy

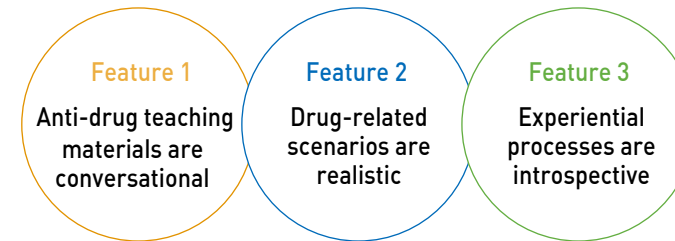
The Navy – Cathay Anti-drug Hero Championship and PaGamO Open, first started in 2020, has held for four consecutive years. More than 50 thousand participants have taken part.




● Anti-drug board games

In cooperation with the Pley School, a social enterprise, and several other social welfare groups, we have designed the "Path of Destiny" anti-drug situation-based board game. We have invited school teachers and social workers in Taiwan to participate in board game workshops, in the hope to deepen anti-drug education, help students understand the danger of drug addiction, and see the value of making the right choice.



Story-based prevention; recognize drugs in relationships



-  98% agreed that the "Path of Destiny" board game can help stimulate children's thinking.
-  98% agreed that the "Path of Destiny" board game can help schools and social welfare organizations promote anti-drug education.
-  97% expressed willingness in using the "Path of Destiny" board game as teaching material for learning activities, cases and visits.

■ Create a health ecosphere

In recent years, Cathay Life Insurance has endeavored to promote the concept of “prevention beforehand” and encourage citizens to stay healthy, thereby shortening citizens’ unhealthy life habits. Since 2018, we have proactively created and continuously upgraded the health ecosystem. In 2023, we launched a brand-new FitBack version which was upgraded and revised. In addition to diverse health tasks (e.g., walking, heart rate, sleep, etc.), it also cooperates with a total of 30 companies such as Uni-President, Garmin, and Decathlon to connect diverse life scenarios. It also provides brain health testing services through simple interactive games and continuous training in collaboration with the Industrial Technology Research Institute, so that it can take root in people's life. In addition, we guide people to recognize the importance of health management and develop the habit of exercise, thereby improving their physical condition and lowering the medical expenses incurred by society in general.

As of the end of 2023, a total of 1.02 million individuals participated in FitBack, garnering approximately 1.2 trillion steps, equivalent to reducing 175,000 metric tons of carbon emissions for the planet.



● “Every Step Counts” walking event

Improve public awareness on sustainability issues by combining walking events and public welfare support.

In 2022, we launched the Every Step Counts event, and attracted employees and the public to participate through the “walking activities for charity” slogan, raising public awareness and recognition on sustainability issues. We hope that users will keep fit and healthy by using FitBack, and at the same time receive discounts and rewards. Apart from general users, we also collaborated with ten subsidiaries of Cathay Financial Holdings to join in the event in 2023, inviting the public to accumulate health and achieve the goal of 40 billion steps together, and exerting more influence from every step. In addition, we continue to pay attention to green energy and rural development issues, and take practical actions to support two public welfare projects, so that their sustainable business model can bring about diversified and long-term benefits. More than 217 thousand participants took part in 2023, garnering 54 billion steps, and thereby successfully achieving the goal, while providing charity of NT\$6.7 million.



Every Step Counts NGO Documentary Film

Charity Cooperation Majia Township of Pingtung



The construction of solar power generation facilities will support the indigenous people in developing competency for industry in their communities, and increasing local employment opportunities. The energy revenue will be used for rural regeneration, women’s professional development, and tribal cultural heritage education.

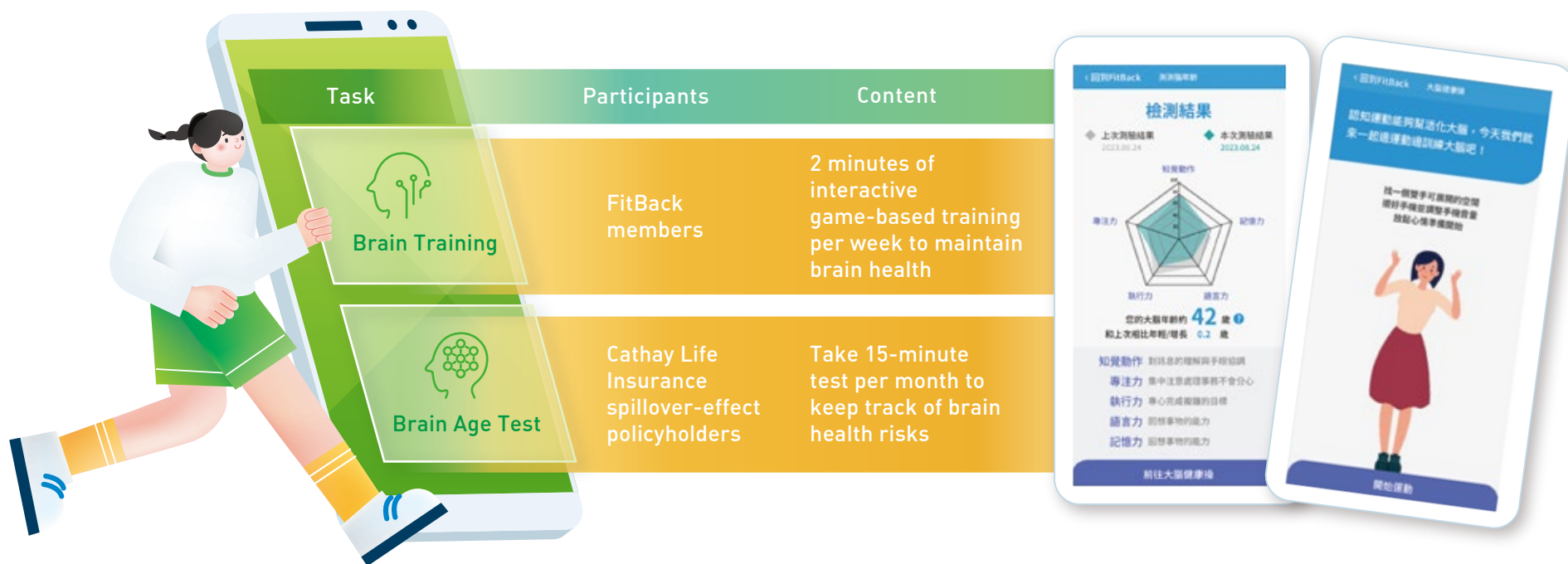


● **Cognitive function testing and empowering health services: Help people keep track of the risks and early signs of cognitive dysfunction and maintain good health**

In November 2023, the Cognitive Function Testing and Empowerment Health Service Program was launched in cooperation with the Industrial Technology Research Institute, covering two brain function training and testing services: brain training and brain age test. Among them, the brain age test has obtained medical evidence by the Kaohsiung Veterans General Hospital. A simple 15-minute test would allow doctors to quickly understand the status of cognitive function in four aspects: memory, perception and movement, concentration, and execution, and they would be able to keep track of the risks and early signs of dementia. As of 2023, 252 thousand participants took part in the Brain Training activity, and 29 thousand participants in the Brain Age Test.

● **Introducing Enterprise Version FitBack: Assist companies in implementing ESG strategies, and attach great importance to the promotion of employee health**

The enterprise version FitBack was launched in November 2023 to support group insurance customers in organizing and managing health promotion activities by automatically linking sports data to timely rewards. This increases employees' willingness in participating in the activities. By promoting the enterprise version FitBack, Cathay Life aims to assist the human resource or welfare units in organizing more effective activities, thereby encouraging more companies to provide care for employees' health and implement ESG actions.



2.1.2 Develop diversified spillover-feature insurance products

Spillover-effect products are insurance products that provide not only protection for policyholders, but also a health promotion management system which encourages the insured in implementing or strengthening health management concepts and behaviors. As a result, insurance can achieve both ex-post compensation and ex-ante prevention, thereby assisting the public in obtaining positive effects in health promotion.

■ The customized design of spillover-feature mechanism can meet different health requirements of policyholders.

In recent years, as people are more health conscious, the population who exercises regularly is on the rise. Coupled with the impact of COVID-19 pandemic, health maintenance has become an issue of concern of the public in general, as people take actions in maintaining their health. However, people pursue the concept of health concept in different ways. To meet customer needs, Cathay Life Insurance took lead in the industry in launching the second-generation spillover-effect products in 2022, switching from designated tasks that are common in the industry to a membership points mechanism, so that policyholders can choose multiple health tasks (including exercise, diet, sleep) according to their own preferences, and accumulate membership points for membership upgrade. Earning more membership points can raise their membership level and receive more rewards. Such games and integration to daily lives will accompany policyholders towards achieving the goal of living a healthy lifestyle.

■ Provide diversified spillover-feature insurance products with multifaceted protection to meet policyholder needs.

To meet the different insurance protection needs of people, Cathay Life Insurance continues to develop spillover-effect products with multiple protections, including major injuries/illnesses insurance, hospitalization insurance, cancer insurance, long-term care insurance, dementia insurance, life insurance. In 2023, we sold 383 thousand spillover-feature insurance products, delivering first year premium (FYP) of approximately NT\$10.56 billion, thereby maintaining a leading position in the insurance industry.



Cathay Life Insurance
Spillover-Effect
Insurance Policy

2.1.3 Providing thoughtful and caring services

■ In-kind benefits services

We formed an alliance with competent external cross-industrial service providers, leading the industry in launching in-kind payment-based products that provide two mutually-exclusive options, i.e., in-kind services or insurance premiums. Cathay Life Insurance is the first to provide precision medicine in-kind benefits for cancer insurance. Through genetic testing services, policyholders can develop personalized cancer treatments, with customized drug combinations for more effective cancer treatment.

■ Sub-health services


To encourage and accompany policyholders in the prevention of the three highs and health maintenance, Cathay Life Insurance has cooperated with outstanding local clinics to launch the I-Li-Ho - Love Your Health Project, assisting policyholders to regularly review their own health, and providing health management services. The trial launch of I-Li-Ho was conducted in Taoyuan in August 2022. In 2023, the scope of service gradually expanded to Hsinchu, Taichung, Tainan and other locations, providing services to a total of 4,700 people. I-Li-Ho is committed to providing warm health services, and has been well-recognized by customers. In the 2023 NPS survey, the health check-up service reached 86.4 points, while the health management service reached 70.6 points.



I-Li-Ho - Love & Health

■ Cathay Health Care Professional Training Program

Since 2022, we launched the Cathay Health Care Professional Training Program in cooperation with the 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. In addition, we encourage colleagues sharing health information with customers, to provide better services and professional knowledge. So far, we have trained a total of 626 sales agents.

 For more thoughtful services for the elderly, please refer to 2.2 Financial Health on P.53

2.1.4 Ensure the physical and mental health of employees

401-2 Principle 1

■ Create a safe workplace

● Occupational safety and management

Cathay Life Insurance passed the ISO-45001 and TOSHMS Occupational Safety and Health Management System certification in 2022 to promote occupational safety and health. It has set up an occupational safety and health committee in accordance with the law, comprising seven committee members, and the general manager as the chairperson. The committee meeting is held every quarter to keep track and promote the culture of creating a safe and healthy workplace. Cathay appoints 195 safety advisors, six occupational safety and health management administrators, and 522 first aid personnel throughout Taiwan, who regularly implement workplace safety inspections and emergency response measures. Furthermore, we also deploy 13 occupational health care personnel (nurses) at our offices in Taiwan, and conduct health education and health-promoting activities. Full-year workplace safety inspections reached 630 times, while on-site services of physicians and nurses reached 78 sessions and 224 sessions, respectively.

In addition, workplace environmental monitoring is conducted pursuant to the Enforcement Regulations Governing Workplace Environmental Monitoring. In 2023, the monitoring of CO₂ in 175 buildings met legal standards (less than 5,000ppm), and the passing rate was 100%. We will conduct monitoring continuously to protect employee health and ensure good indoor air quality.

● Safety and health education

In 2023, we have set up an external training assignment system, which combines a two-hour course on the digital learning platform and one-hour in-person occupational safety lectures for new employee education and training organized by the Occupational Safety and Health Administration (OSHA). Regular employees can participate in a one-hour on-the-job training every year through online courses on the Cathay e-learning platform. Our diversified digital learning avenues provide new safety and health knowledge to colleagues across Taiwan. A total of 33,421 people received annual training, including new employee training for 3,452 people, on-the-job training for 29,307 people, safety and health supervisor retraining for 173 people, and first aid personnel retraining for 489 people.

● Total loss due to occupational injury

Year	2021	2022	2023
Office staff/Field personnel			
Occupational injuries	1/4	1/5	10/35
Occupational deaths	0/0	0/0	0/0
Disabling injury frequency rate	0.10/0.07	0.01/0.08	0.16/0.58
Disabling injury severity rate	9/1	0/3	4/19

Note: The data in 2023 covers commuting accidents.

Promote physical and mental health of employees

Safe Workplace

Prevention of unlawful infringement at workplace

- An online questionnaire system for prevention of unlawful infringement at workplace has been set up to fill in the Hazard Identification and Risk Assessment Form for Prevention for Unlawful Infringement at Workplace and perform analysis on a regular basis. In 2023, 541 units were evaluated, and according to the statistical results, there were no significant risks at the workplace. We also conducted inspections and assessments on workplace configurations in Taiwan, and set up cameras at entrances and exits of office building driveways, and corners at the entries, staircases and hallways, improve lighting and maintain the air conditioning system for better ventilation at workplace, etc.
- In 2023, there were 11 cases of unlawful infringement during performance of duties, among which eight cases were general friction at workplace, two cases were verbal violence, and one case was physical violence. In addition to investigations, employee care and assistance (EAP) was provided during communication sessions, and zero tolerance of workplace bullying was continuously advocated for.

Promotion of Maternal Health Protection Plan

The Maternal Health Protection Plan is promoted via our Cathay Pregnancy Club, where we are kept informed of employees' regular prenatal care check-ups, health status and health advice, provide new parents with prenatal and postpartum gifts, so that new parents can gain peace of mind when taking care of their babies. Three new lactation rooms will be added in 2023, which bring about a total of 22 lactation rooms across all of our offices in Taiwan. This creates a convenient and friendly working environment for breastfeeding mothers. Our head office received the Excellence Award from the Department of Health, Taipei City Government. In 2023, 467 health care personnel were arranged to care for 534 pregnant and postpartum women.

Promotion of emergency first aid training

To improve employees' emergency care knowledge and skills for creating a safe workplace, we conducted 169 sessions of AED/CPR practical training on an annual basis in Taiwan, garnering 7,894 participants.



Physical health

Prevention and tiered management of health risk

- In 2023, the frequency of employee health examination increased to once every two years. The health examination was conducted in hospitals, thereby improving the experience. Meanwhile, ultrasound examination was added, and the quality of cancer screening was enhanced. Three packages, including comprehensive screening, cardiovascular disease screening and digestive screening, were provided for employees to choose from. The implementation of periodic health examination helps maintain employee health in the future.
- Through the health management system, the ten-year cardiovascular disease risk analysis is performed as part of the tiered management. Furthermore, physicians and nurses also provide health education for those with medium and high risks. In 2023, health education guidance was provided to 230 people.

Diversified health promotion activities

In addition to regular employee health check-ups, we also promote diverse health-promoting activities every year. A total of 16,550 people participated, of which 472 people received publicly funded vaccines, 752 people received screenings for four types of cancer, 4,741 people received the three-high testing, 1,082 people attended health promotion seminars, and 1,609 people joined physical fitness activities.



BMI management activities

We organize the Rich and Skinny Weight-Loss Competition every year to encourage employees to set weight loss goals accordingly. In addition, we would link this competition to a charity event by donating NT\$100 for each kilogram lost. We mostly focus on donation targets related to renewable energy issues. In 2023, all 6,084 participants lost a total of 16,757 kg.

Prevention of musculoskeletal-related injuries in workers

We have set up an online musculoskeletal-related questionnaire to identify confirmed cases of risk level 5, and ergonomic or health-promoting cases of risk level 4 which require improvement. As of 2023, health education guidance was provided for eight cases of risk level 5 and 63 cases of risk level 4.

Mental health

Employee Assistance Program (EAP)

The Employee Assistance Programs (EAP) offers a 24-hour helpline. In 2023, a total of 157 employees used the consultancy service; 90% of the users found it helpful in solving problems.

Prevention of illness caused by abnormal workload

We have set up an online questionnaire system for the burnout scale, which is integrated with an analysis performed by Hygeia's health management system, so as to identify high-risk cases for medical and health education. Through the Employee Assistance Program (EAP), we also provide psychological counseling and employee care. In 2023, there were 16 cases of risk level 4 and 261 cases of risk level 3 which underwent health education guidance.

2.2 Financial Health

Principle 1

Principle 3

With our vision to “combine insurance and technology to bring you closer to happiness [with smart, simple, and safe services],” Cathay Life Insurance continues to improve its financial services in terms of accessibility, usability and quality via technology to meet the financial needs of the elderly, youth and disadvantaged groups. In doing so, we satisfy people’s insurance needs and protect the happiness of every family, thus fulfilling our corporate mission to “shelter you like a big tree and make your life easier.”

2.2.1 Implement Financial Inclusion

To obliterate economic, physical, time and space barriers that expose individuals or families to personal risks, Cathay Life Insurance is committed to increasing the accessibility of our insurance products to improve people’s willingness to purchase insurance and facilitate insurance enrollment. We proactively work to build an inclusive financial environment. As an insurance company, we serve as a stabilizing force for our society.

■ Microinsurance

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 2023, such effective insurance contracts were provided to nearly 81 thousand individuals, reaching a total of NT\$32.2 billion. Through micro-insurance, more than 1,300 families have received the timeliest financial support.

In 2023, we won the **Excellent Performance Award**, and **Caring for the Physically and Mentally Challenged Award** in the Micro Insurance Contest held by the Insurance Bureau, Financial Supervisory Commission (FSC).



● Elder friendliness

The declining birth rate and the increasing rate of aging and unhealthy life expectancy in Taiwan have placed individuals, families, and the society under significant economic pressure, and imposed a massive burden on the healthcare system. As such, people's awareness of elderly care issues is increasing. Recognizing the needs of people for elderly care, Cathay Life Insurance continues to develop thoughtful services for older adults. By integrating them into different products for the elderly, and providing a comprehensive range of elderly services with the concept of "Products and Services," we work to help people enjoy a high-quality life in their golden years.

● Elderly protection products

Exclusive products for the elderly

As the average life expectancy of Taiwanese gradually increases while medical expenses are on the rise, insurance protection of the past for the elderly is no longer sufficient to meet their protection needs in the future. The elderly wish to switch to alternative insurance plans, but are often unable to successfully purchase insurance by themselves due to physical constraint. To help improve the protection network for the elderly, Cathay Life Insurance has launched the most comprehensive "insurance product specialized for the elderly," which provides cancer insurance, hospitalization insurance, surgery insurance, long-term care insurance, accidents, etc., with age limit up to 75/80 years old. We also eased the limitations on physical conditions to meet the insurance protection needs of more elderly people, and developed an "elderly product appropriateness assessment" before selling the insurance products, so as to protect the insurance rights of elderly customers. Since the launch of the product, a total of 125 thousand policies were sold as of 2023.

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 2023, there were a total of 267 thousand effective contracts, providing insurance coverage of approximately NT\$88 billion against personal risks.

● Thoughtful services for the elderly

In-kind benefits services

We formed an alliance with competent external cross-industrial service providers, leading the industry in launching in-kind payment-based products that provide two mutually-exclusive options, i.e., in-kind services or insurance premiums. If customers are in need of long-term care services, they can choose to convert cash benefits to care services provided by a professional long-term care service team, with in-home health care and companionship for those with physical/mental illness and in need of long-term care, thereby alleviating the burden on their families.

Elderly-friendly marketing materials

To make it easier for older readers to read, we not only provide exclusive products for the elderly that meet their requirements for protection plans, our sales documents (DMs) also adopt a font size and colloquial language that facilitate comprehension of the contents.

Integrated platform with exclusive resources for middle age and elderly people – "Flower of Life of Adults"

We developed the first elderly platform integrating resources for elderly people, including a library, canteen, 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.

As of 2023, the platform accumulated 1.75 million views, of which nearly 870 thousand participated in dementia prevention games that aim to encourage people to keep in mind the importance of dementia prevention.



 A Wonderful Life in the Golden Years

Long-term care lecture

In 2023, in cooperation with external professional long-term care institutions, we held 19 long-term care lectures, inviting middle-aged and elderly people from business units throughout Taiwan to participate, and providing education on the correct long-term care knowledge. This reduced the distance between the public and long-term care, and raise public awareness of long-term care and meet the needs of insurance protection.

Friendly Financial Hotline

To meet the financial service needs of elderly customers and socially disadvantaged groups, and to provide friendly financial services to the disabled, Cathay Life Insurance has upgraded the elderly care hotline to a friendly financial hotline to serve customers over 65 years old and disabled customers. 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 resources they need and kindly remind them of important matters to protect their rights and interests as policyholders. According to different scenarios (for example, physically handicapped, visually impaired), we provide customer service personnel with communication skills and situations that need more attention.

Post-youth care

Cathay Life Insurance integrates four common age-related diseases, including fractures, dementia, disability and cancer, in the relevant health education and after-care resources which are provided to customers when required. Apart from sales personnel, service centers and 0800 hotline services who will provide the information, interviewers stationed at 28 locations across Taiwan will provide policyholders with social care. During visitations, the corresponding information is provided based on the policyholders’ physical conditions and needs. This not only improves customer experience, but also ensures the health and safety of the elderly, thereby alleviating the burden of family members of those with elderly illness.

Cancer screening and care

In view that cancer is one of the top ten causes of death in Taiwan, Cathay Life Insurance mobilizes its business units throughout Taiwan in conjunction with the government policies and resources related to cancer screening (free cancer screening for those who are qualified for government subsidies), for which we send sales agents to invite policyholders to participate in cancer screening activities (colorectal cancer, oral cancer, cervical cancer, breast cancer) within the community, and assisting the public on early detection and early treatment. If cancer is diagnosed, we provide not only the first diagnosis cancer insurance premium, but also a cancer care package in cooperation with the Formosa Cancer Foundation. The package contains educational information covering care information, guide for cancer care, support services for cancer friends, and social resources, in the hope to accompany and support policyholders in fighting cancer. As of 2023, we organized a total of 65 cancer screening sessions.

USR Health Promotion Program

In 2023, we cooperated with the University of Taipei, with the theme of “Promoting Active Sports Academy for the Elderly; Light Up Health and Vitality of Urban Elderly,” where we organized physical fitness and health promotion activities to help elderly citizens who were 65 years of age and older to understand their physical conditions, and provided guidance for exercise modification. According to our test

data, the cardiorespiratory endurance, agility and muscle strength performance of the program participants were better than 75% people of the same age group after engaging in the health tasks for six consecutive months.



■ Student group insurance

Since 2017, we have offered National Student Group Insurance for seven consecutive years, providing insurance protection for K-12 students of educational level equal to or below senior high school/vocational school and kindergarten children, and protecting the personal safety of 2.9 million children, with a total insured amount of approximately NT\$3 trillion.

2.2.2 Combining Digital Technology

■ Optimizing financial services

Principle 1

Principle 2

In order to serve a wide range of customers around Taiwan, Cathay Life Insurance 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.

Online insurance enrollment

Since the end of 2014, we have launched online enrollment products, providing policyholders with convenient online insurance services. Customers can complete the enrollment process without dealing with sales personnel or uploading or downloading any documents. All of which are part of our effort in continuously providing better product portfolio. Apart from travel insurance, life insurance, annuity, health insurance, accident insurance and investment-linked insurance, in 2022, answering the call of the competent authorities in the promotion of protection insurance, we also offered micro insurance, petty amount whole life insurance, critical illness insurance and fixed term life insurance on the Retirement Preparation Platform. In 2023, we further launched the first online daily hospitalization expense insurance. Currently, a total of 17 products are available on the online insurance platform. The overall customer satisfaction with our digital services was 97% in 2023, and user satisfaction with our online insurance enrollment service has reached 97% for four consecutive years and 95% for young people under the age of 30.

Mobile/Electronic Insurance

Cathay Life Insurance began providing mobile insurance services in 2012, which integrate insurance enrollment, claims, premiums, and conservation 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 not only elevating service efficiency, but also reducing the use of paper for relevant documents and creating tremendous environmental benefits

(please refer to  1.1 Environmental Sustainability on p.37 for details).



● Online services

Smart Digital Customer Services

Since 2018, Cathay Life Insurance has launched the chatbot “Alpha,” which is available on Cathay Life Insurance’s website, app, Line account, EDM and short messages to help customers quickly solve all kinds of insurance issues, including insurance content and insurance policy inquiries, etc. In 2023, the number of smart digital customer service users was 2.76 million, the problem-solving rate was 97.4%, and satisfaction rate was 94.7%. 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.

Sky counter

We launched the first ever online proposer change, beneficiary change, and policy loan application. As long as policyholders log in the “Sky Counter” app of Cathay Life Insurance, they can make online appointments, arranging for multiple people in different locations to process insurance policy changes at the same time. The whole process is paperless and time-saving, and constitutes the only insurance policy service in the industry that remove restrictions on physical networks and counter businesses.

Virtual queuing

We implemented the virtual queuing mechanism which allows policyholders to check their waiting time after calling customer service hotline and choose to either wait online or make a reservation for the customer service officer to call back, enabling policyholders to manage their time more flexibly.

Internet phone call service

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

Complaint hotline

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

Easy-Call Travel Insurance

Cathay Life Insurance 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.

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.

Offline service



Friendly service environment

We have set up service bells or wheelchair ramps, posted guide dog friendly notices, and low-height counters and double seats at our service centers. Some service centers are also equipped with wheelchairs, and handrails in the restrooms to create a safe environment for disadvantaged groups.

In 2022, speakers and video magnifiers were installed at hotspots for elderly policyholders, so that the visually-impaired and hearing-impaired people can enjoy the same quality of services; in 2023, friendly facilities such as speakers, reading glasses, magnifying glasses, and blood pressure monitors were expanded to all external service centers to meet customer needs.

Listen to the disadvantaged with zero distance communication

Paying attention to the rights of hearing-impaired customers and new residents, sign language video translation and multi-language video translation services were established in our service centers in 2023, to improve accessibility of financial services and provide barrier-free communication for disadvantaged groups.

In cooperation with the Health Promotion Administration, all service centers have obtained the dementia friendly badge. Furthermore, we also formed a dementia protection network in the community with staff who are certified "Dementia Friendly Angels" to provide care to families with a dementia patient on a timely basis.

Most extensive service network

With 27 thousand sales agents of business teams and 304 business offices in Taiwan, Cathay Life Insurance provides friendly local services, for which customers can visit any of the 65 service centers across Taiwan and 24-hour OMO customer service centers. We jointly provide customers with high-quality and professional services through cross-channel service support and standby arrangement.

■ Innovative online services

The advancement of digital technology has significantly changed the behavior of consumers and made online activities the norm. In response to these changes, Cathay Life Insurance has developed convenient one-stop online insurance services. 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.

Free Assortment

Targeting young people with highly autonomous insurance needs, Cathay Life Insurance has developed the first personal insurance digital platform, called the “Free-choice Coverage,” to provide convenience for policyholders to freely choose a plan that meets both their budget and needs. Together with interactive demand analysis including customized insurance combinations, career advice, and financial planning calculators on the official website, we provide exclusive insurance combinations for all customer groups, in order to meet all types of protection needs. In 2023, the Free-choice Coverage website has garnered approximately 8.88 million visitors and processed up to 30 thousand applications. The overall customer satisfaction of the official website reached as much as 96%.

CVX platform

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 92 thousand cases were processed as of 2023.

Cathay groupins+

Cathay Life Insurance continues to promote the digitization of group insurance, where we created an efficient AI insurance platform “Cathay groupins+” to encourage companies to invite employees to join the health-promoting programs, FitBack and I-Li-Ho. Furthermore, we also launched the corporate spillover-effect group insurance policies to reshape new business models. Through the “Cathay groupins+” digital platform, customers can “pick, choose, and organize” online to meet individual needs, quickly obtain customized insurance quotes, and make an appointment for exclusive corporate consultation offline. In addition, Cathay Life Insurance has developed the first new O2O business model for corporate customers.

As of the end of 2023, Cathay groupins+ platform garnered nearly 630 thousand page views, and produced more than 700 customized group insurance quotes.

Sure n' Safe

Cathay Life Insurance cooperated with Cathay United Bank in developing a one-stop service for time deposit applications and an innovative business model, Sure n' Safe for purchasing injury insurance. The innovative digital insurance services bring about simple and smooth digital experience, and lower the entry barriers to insurance products so that more customers get to enjoy insurance protection, and we can thereby achieve the purpose of inclusive finance.

The overall service process was well-recognized by customers, leading to a net promoter score (NPS) of 73.1 points. As a result, in 2023, we won the Best Insurance Product Innovation Award from the international financial media, Asian Banking & Finance.

iSmart Variable Life Insurance

At the end of 2022, Cathay Life Insurance 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.



2.2.3 Principles of treating customers fairly

Principle 1

FS15

By upholding a customer-centered service philosophy, Cathay Life Insurance has created a friendly financial environment, and continues to keep pace with customer demand, proactively protecting customer rights and interests.

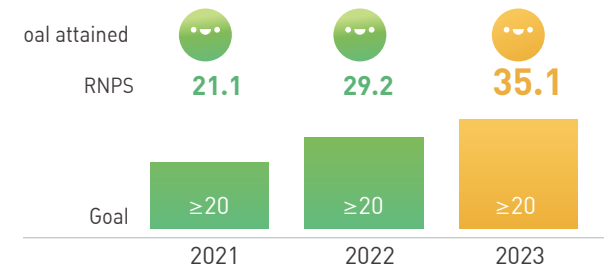
Principles of treating customers fairly

Cathay Life Insurance 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 Fair Customer Treatment Policies 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 Insurance’s sales personnel visited five million customers in large and small towns in Taiwan, and complete 20 million policy health check-ups. In addition, gaming interactions raised customer awareness of insurance. Moreover, the insurance limit for 600 thousand people was also raised. Meanwhile, Cathay Life Insurance also conveyed the concept of “Walk with You” to customers. In response to the World Kindness Day on November 13, 2023, and by adhering to the concept of “World Kindness, Love Cathay,” we invited the Mixed Disabled Troupe (including performers who were physically disabled, visually impaired, and hearing/speech impaired) to experience Cathay Life Insurance’s friendly service measures. Furthermore, seminars were held to collect feedback, so that we could continue to improve and provide more thoughtful services that meet user demands. Dedicating efforts in achieving outstanding performance every year, Cathay Life Insurance has been rated excellent (ranked top 25% among insurance companies) in terms of fair customer treatment by the FSC for five consecutive years.



Official Website of Cathay Life Insurance - Treating Customers Fairly Area

Better management of customer satisfaction



Cathay Life Insurance commissions external consultants to conduct policyholder net promoter score (NPS) and customer satisfaction survey each year. In addition to improving the “customer experience management mechanism” for refinement and optimization of customer experience, we also strengthen value-added services, and build competitive advantages, including health, digital and local advantages, which allow us to deliver better customer experience and become irreplaceable. Moreover, we also improve key service journeys that may affect customer satisfaction and NPS. In 2023, the overall customer satisfaction reached 98.8%; and net promoter score (NPS) reached 35.1, better than 29.2 in 2022, with positive growth for four consecutive years.

Promote financial education and enhance fraud prevention awareness

In cooperation with industry, government and academia, we developed the Fraud Defense Board Game to introduce board game activities, which combine education and entertainment, to local communities and schools. By playing these games, the public will become more aware of fraud prevention, shifting from “fraud detection” towards “fraud prevention.” Since 2019, the activities have garnered more than 15,000 participants, and were awarded the “2023 Excellent Financial Education Case” by the FSC. In 2023, we organized a total of 108 sessions, garnering a total of 8,683 participants.



For employees, 564 fraud awareness education sessions were held in 2023, with more than 20,000 people participating.

Game-based Campaign - Play to learn about fraud prevention

Feature 1
Fraud cases are authentic

Feature 2
Anti-fraud knowledge is applicable

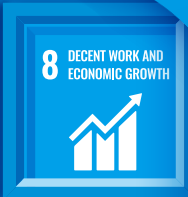
Feature 3
Learning process is interactive

- 96%** of the participants agreed that the Fraud Defense Board Game helped them better understand fraud methods.
- 95%** of the participants believed that the Fraud Defense Board Game enabled them to understand more about the countermeasures against fraud methods.
- 98%** of the participants stated that they were willing to disseminate anti-fraud knowledge to their relatives and friends.

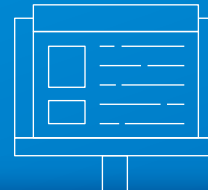


Performance highlights

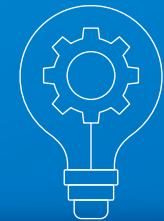
In 2023, a total of **10,053** volunteers received **59,195** hours of training.



In 2023, the total learning hours on the self-learning platform—Hahow reached **46,205** hours.



In 2023, the total corporate sustainability training hours reached **10,948** hours.



Chapter 3 3.1 Workplace Empowerment 3.2 Social Empowerment Empowerment

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.

Material Issues Management

Employee Rights and Benefits

Policy commitment	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.		
Management and actions	Established a comprehensive training system	Provide comprehensive benefit policies	Established a friendly work environment
Performance tracking/stakeholder engagement	<ul style="list-style-type: none"> Offer courses related to professional competencies, and utilize digital resources to allow employees to self-learn according to their individual planning. In 2023, the total learning hours on the on the self-learning platform—Hahow reached 46,205 hours; applicants for learning leaves reached 1,676. 	<ul style="list-style-type: none"> Provide a wide range of benefit policies related to protective, developmental, recreational, financial and service. 	<ul style="list-style-type: none"> Appointed six occupational safety and health management administrators, who regularly implement workplace safety inspections, as required by law. Appointed 13 occupational healthcare personnel (nurses) at our offices around Taiwan, who are responsible for organizing health-related activities, education and training. 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.



3.1 Workplace Empowerment

Please see P.137 of the appendix for employee structure.

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



Cathay Life Insurance has received the **Talent Training Award in the Taiwan Insurance Excellence Award** for **10** consecutive years, and is a **4** winner of the **BEST Award** presented by the U.S. Association for Talent Development (ATD), ranking fourth in the world in 2020.



Engagement score (5-point scale)

Cathay Life Insurance 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.



3.1.1 Talent Attraction

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



[Cathay Match Facebook page](#)



[Cathay Match Instagram](#)

■ Establishment of Office Talent Pool

Cathay Internship Program (CIP)

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

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 2023, 20.4% of CIP interns who completed the internship have become our employees.

"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 2023, we received 548 resumes, interviewed 46 applicants, and accepted 25 candidates. In other words, 8.4% of applicants received interviews and 4.6% were accepted.

Cathay Agile Program (CAP)

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

In 2023, 35 interns participated in the program and produced 31 project ideas for the Company to put into practice. As of 2023, a total of 30 former interns returned to work for Cathay, representing a reinstatement rate of 15%.

Career Diary

Cathay Life Insurance and City Wanderer have been continually organizing the Career Diary Challenge since 2017, with the hope to help students understand their future job career options through various activities such as exploring personal values, interviewing seniors, and participate internship experiential sessions. In 2023, with the theme of Career Confusion, the working experiences of alumni will be incorporated into the three-week event design, with the hope to build alumni loyalty to Career Diary, and successfully grow and expand our community on social media. The total number of applicants reached 236, and 180 people were selected to participate. The overall event satisfaction score was 4.6, the recommendation score was 4.5, while our community on social media reached 717,000 individuals.

Cathay Investment Manager (CIM) Project

Since 2016, Cathay Life Insurance 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.

For the 8th term CIM project in 2023, a total of 467 applications were received and five applicants were accepted into this project, among which one applicant will report to work in 2024 after finishing military service. A total of six people passed the 7th term CIM project after completing one-year training, among which five people got promoted as assistant managers.



[Career Diary Medium](#)

Field talent 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 Insurance 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 Insurance took a step further to launch the "π 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 2023, we had garnered 2,605 CAs 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 Insurance 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 Insurance 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 five years, there has been a considerable increase in the number of interns. To date, the number of interns has amounted to 2,802, of which 50.4% have become part-time personnel, and 5.7% 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 Insurance 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 2023, we held a total of 19 sessions of Big Dreams Market; 503 out of the 567 participating students completed training. As of 2023, 16% of the trainees had registered with Cathay Life Insurance.



[Tree Campus website](#)

3.1.2 Talent development & cultivation

401-1

404-1

404-2

Principle 1

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

In 2023, the turnover rate of head office staff was 5.87%, which lay within one standard deviation in the past three years. The retention rate of sales personnel reached 63.8%.

Diversified job rotation system

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

Cross-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 2023 amounted to 23.9% for specialized staff and 14.7% for administrative staff.

In addition, we arranged transfers of back office personnel to the recruitment or business development departments to further familiarize them with life insurance operations.

- No. of office-to-field transfers in 2023: 90 (14.8% 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 2023, 22.5% of all personnel contributed to this transformation process, which reached 33 departments.

■ 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.

As of 2023, we provided guidance to 102 managerial officers.

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 2023, more than 170 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 2023, a total of 15 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 821(Note 1) people to use the RPA software, and cumulatively replaced working hours by approximately 78 thousand hours per year (Note 2), thus considerably reducing working hours for process operations and effectively improving production capacity.

Note 1: In addition to Cathay Life Insurance’s internal employees, employees from the securities and futures subsidiaries also received training. In 2023, Cathay Life Insurance accepted the invitation from the Department of Accounting of National Taipei University for industry-academia collaboration in robotic process automation (RPA) software development.

Note 2: 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 2023, a total of 100 participants from 37 departments/offices received 7,534 hours of training in total.



Corporate Sustainability Education And Training

In addition to improving hard skills, cultivating the concept of corporate sustainability in employees is also a crucial soft skill. Since 2018, the “Corporate Sustainability Education And Training” has been included in the required courses by Cathay Life Insurance in order to make employees put ESG ideas into practice. In 2023, the total training hours reached 10,948 hours. The Sustainable Finance Manager certificate training course was organized in cooperation with the Taiwan Institute for Sustainable Energy, and a total of 60 managers and employees from 16 departments completed the training course, among which 97% of participants successfully obtained the Sustainable Finance Manager certificate. The participants include professionals from various sectors, and four focus areas were covered for the middle level and high level managers. With 40 hours training on theoretical courses and practical learning and experience sharing, the participants were enabled to improve the sensitivity on sustainable issues and ability on formulating forward-looking strategies.

■ Promoting self-learning

In order to meet the learning needs of diverse talents, Cathay Life Insurance 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 Insurance also offers one-day learning leave to those who reached certain learning hour targets. In addition, we also organized a learning event themed as Network Learning in 2023, with annual individual development plans (IDP) serving as the basis for personalized web-pushed courses to improve learning effectiveness.

In 2023, 1,676 people applied for learning leaves, and learning hours on Hahow amounted to 46,205 hours.

JoSeal co-learning platform

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

As of 2023, courses on JoSeal have been viewed over 6.09 million times. The number of interactions (including posts/comments, likes, and notes) has amounted to over 600 thousand times. More than 4,400 exclusive micro-course videos have been produced. All of which, the average satisfaction reached 95.6%.

MDRT Ambassadors sharing network

In 2023, approximately 50 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 487 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 12 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, diverse living, 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 175 course sessions, attracting a total of 181,391 people via live streaming. Each course has been viewed by more than 1,000 people on average.

3.1.3 Employee care

401-2

Principle 1

In addition to pursuing an all-around career development, Cathay Life Insurance 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’s shelter and live worry-free.

■ A friendly work environment -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 137 service channels for operations. As a result, not only messages within Cathay Group can be rapidly disseminated to solve problems quickly, Cathay's communication culture is also improved.

Other individuals, associations or groups can establish teams according to their contact needs. Cathay Group has established more than 5,286 teams in total to achieve faster and more effective exchanges.

- C-Drive (cloud file exchange platform)

Since its trial run in January 2021, a total of 5,005 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.

The platform matches nearly 30,000 cases a month, allowing nearly 4,500 meetings to be successfully scheduled every month, and reducing thousands of working days and paperwork.

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^{note} 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 1.2 Eco-Friendliness and Sustainable Homeland P.38

- Updating to Energy-efficient Equipment

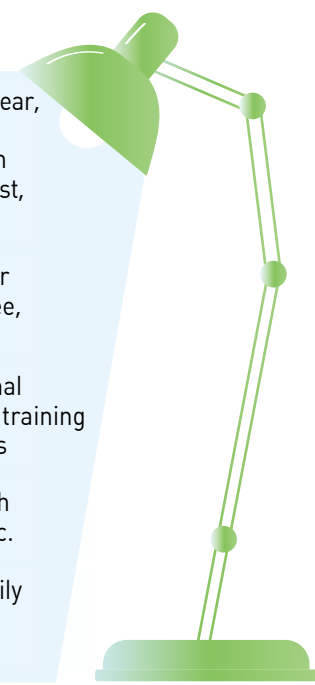
 Please refer to 1.2 Eco-Friendliness and Sustainable Homeland P.38

Employee Benefits

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

- Welfare framework

Financial	Bonuses for three major holidays (Chinese New Year, Dragon Boat Festival, and Mid-Autumn Festival), birthday gifts, wedding/funeral subsidies, children education subsidy, employee stock ownership trust, mortgage interest rate discount, etc
Protective	Parental leave, National Health Insurance, Labor Insurance, pension, employee welfare committee, employee health exam and health subsidies
Developmental	Foreign language learning subsidies, professional examination incentives and subsidies, overseas training opportunities, and on-the-job training incentives
Service	Senior employee rewards, resource sharing with affiliated companies, designated shop offers, etc.
Recreational	Travel allowance, year-end party subsidies, family activities, mountain-climbing exercise events, club subsidies, family day, etc



- LinYuan Group Employee self-payment group insurance

To speed up the application process of self-payment group insurance, employees of the group can apply online. After confirming their qualifications, the application for self-payment group insurance will be completed. It is more convenient in comparison with traditional paper applications, and more time-saving with faster speed, which ensure timeliness and meeting of people's needs in modern society. Since its launch of self-payment group insurance in January 2023, 12,405 employees and dependents have been insured.

3.2 Social Empowerment Principle 1

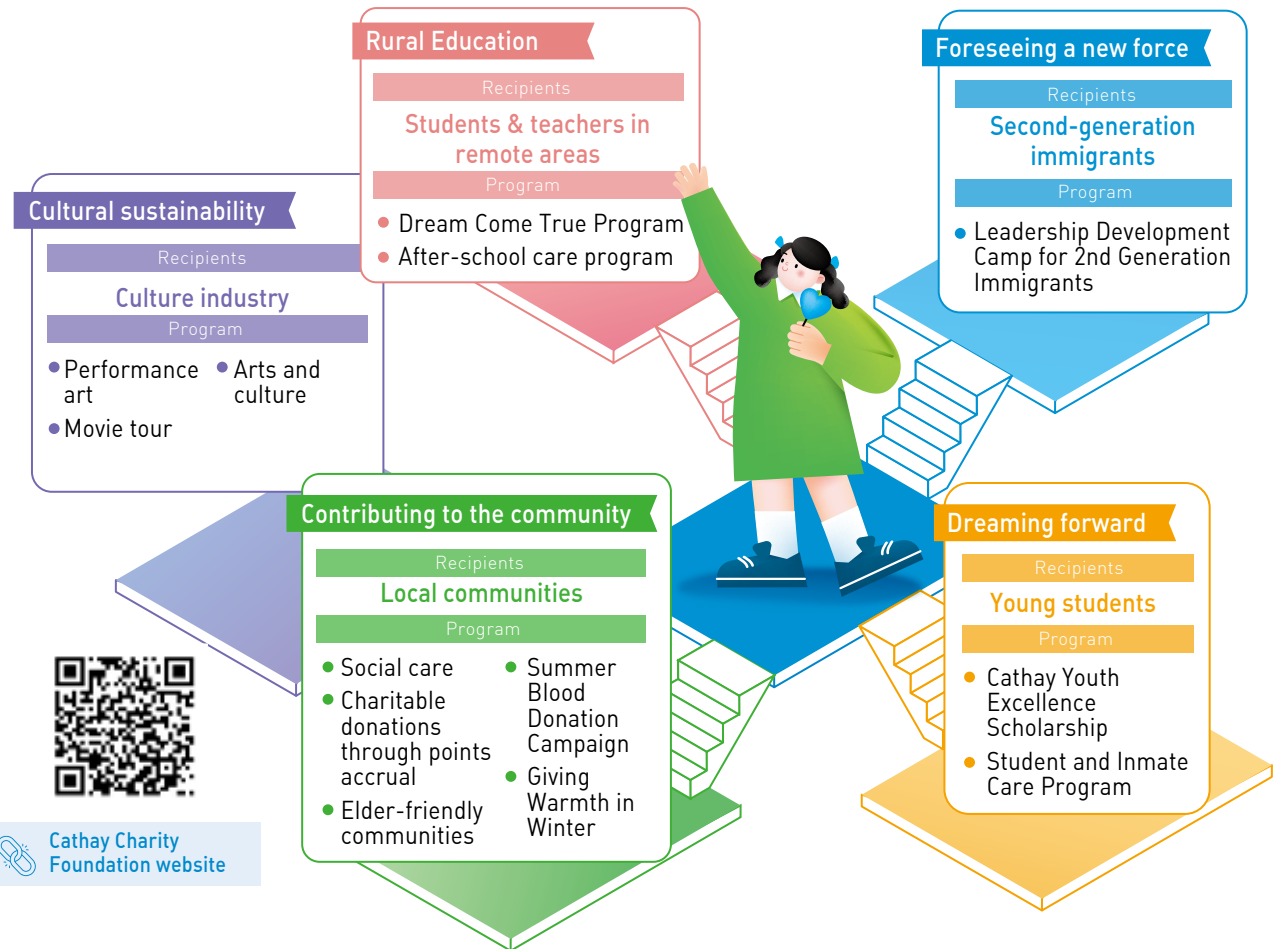
Upholding the belief that “happiness is bringing happiness to others,” Cathay Life Insurance has continuously utilized its core insurance competencies in conjunction with corporate volunteering and many other resources to create a stabilizing force in society. We offer support and care to people so that,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

Public welfare expenditure

Cash donation	30,095,372	Total NT\$ 62,531,764
Time contributed	31,669,325	
Management expenses	767,067	

Volunteer involvement

Year	Total number of volunteers	Volunteer hours
2021	7,664 participants	48,331 hours
2022	8,289 participants	62,315 hours
2023	10,053 participants	59,195 hours



3.2.1 Foreseeing a new force

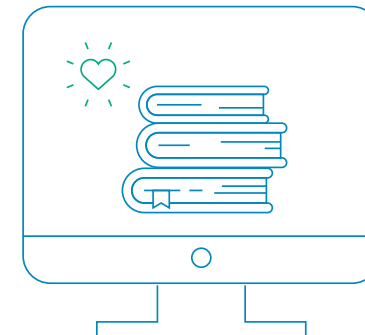
In a multi-ethnic environment, tolerance and mutual understanding are needed as cultures clash and fuse. In 2005, Cathay Life became the first company in the insurance sector to engage in new immigrant advocacy, assisting new immigrants to adapt to life in Taiwan. As the demand for second-generation 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.



■ Leadership Development Camp for 2nd Generation Immigrants

In 2023, high school students of the Leadership Class took charge for the first time to plan and hold the “Love Without Borders - New Immigrant Residents Cultural Market.” Visitors got to experience cultural painting, game design, mobile dining trucks, beverage production, etc., all of which were done by the young second-generation residents. The activity was held at the Tangbu Cultural Park in Wanhua District, Taipei City. More than 10 booths sold exotic cuisines of different countries, e.g., Vietnam, Malaysia, Indonesia, and Mainland China, as well as handmade products, and a Mango Pomelo Sago Beverage Truck designed by the second generation students. Southeast Asian toys and games were available for children. The activity attracted visitors to experience the cultures of different countries.

In 2023, a total of **1,170** participants received training.



3.2.1 Flipped learning

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



■ After-school Care Program

Since 2011, Cathay Life Insurance 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.



■ Dream Come True Program

Since 2013, Cathay has used funds of this program to support schools in rural areas, cultivating students' courage to pursue their dreams and take on challenges. It also extended the program to community development to foster co-prosperity for local communities. In 2023, for the 10th, 19 schools were selected, and 392 students were supported in realizing their dreams.

Furthermore, we began organizing Dream Come True Documentary Award 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 2023, eight videos were selected for the Dream Come True Documentary Award.

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



Cathay Charity Foundation
YouTube video

In 2023, we invested a total of
NT\$ **1.5** million and cared for
101 local students.

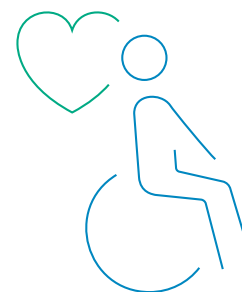
3.2.3 Dreaming forward

Cathay Life Insurance has lent a helping hand to a lot of young 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 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 Group and Academic Group. 97 recipients (groups) were selected, and scholarships totaling NT\$7.49 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 seven teams won this award.



In 2023, it toured across **14** schools and communities, and garnered **5,000** viewers.

■ 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 Insurance 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, junior and senior high schools and communities 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.

3.2.4 Contributing to the community

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



■ Social care

Many hold negative stereotypes about homeless people, as people believe that homeless people live on the streets because they are lazy and don't want to work. As a result, homeless people encounter many difficulties in finding a place to live and find a job. The Homeless Taiwan Association supports homeless people, providing companionship and skills training for homeless people, as well as linking interpersonal relationships to get them out of homelessness and loneliness.

Adhering to the concept of "happiness is giving happiness to others and helping people realize their dreams," the Cathay Charitable Foundation aims to support more new organizations meeting the needs of society. Ghost Festival offerings were donated to the Homeless Taiwan Association to support the homeless in reintegrating into their communities. We hope to help the homeless who encountered hardship life, and give them a chance to come back to a normal life, be accepted by society once again, and live with dignity and hope.

■ Charitable donations through points accrual

The Cathay Charitable Foundation cooperated with TreeBuy to assist the sheltered workshop of Yu-Cheng Social Welfare Foundation to raise for 500 sets of Moon Festival gift boxes handmade by students. The gift boxes will be donated to low-income elementary and junior high school students in Taipei City and New Taipei City, so that they can enjoy a heartwarming Moon Festival. 500 sets of gift boxes were raised with the support of Cathay Charity Foundation and Cathay Group's employees and kind-hearted people. These gift boxes will be donated to disadvantaged students through teachers at Lu Jiang Elementary School, Wuku Junior High School and Shin Min Junior High School, so that they can receive care and love from Cathay Group before the Moon Festival.

The rising raw material costs and impact of inflation have reduced consumers' purchasing power. In particular, sheltered workshops that sell New Year gift boxes are facing unprecedented pressure on their operating conditions. Under such circumstances, by adhering to the business philosophy of "happiness is giving happiness," the Cathay Charitable Foundation works to collaborate efforts from all walks of life on the TreeBuy charity platform. This not only increased employment in sheltered workshops, but also provided support to disadvantaged groups.

Through the above activities, the Cathay Charity Foundation continues to attach great importance in supporting the development of sheltered workshops, and is committed to helping disadvantaged groups. Our dedicated efforts not only provide more opportunities and support for the sheltered workshops, but also care to society.



■ Summer Blood Donation Campaign

Considering that blood shortage occurs every summer, our 2023 Summer Blood Donation Campaign was held in May to strengthen blood source. By collecting blood donated by Cathay's employees and policyholders, as well as members of the public, we hope to help stabilize blood availability in Taiwan, which would best promote social sustainability and achieve win-win.

Feedback from volunteers

People often feel a bit nervous when they donate blood for the first time. But the staff's patience, explanations and assistance made me feel reassured. During the blood donation process, I felt that I was participating in a meaningful activity to help those in need. After blood donation, I felt that I had really did something that will benefit society, and the sense of accomplishment is beyond words.

24 years of donation drives have yielded exceed 63 thousand bags of blood.



■ Elder friendliness

To improve the phenomenon of "elderly loneliness," Cathay Life Insurance is dedicated to becoming a catalyst for community mutual assistance and local eldercare. Continuously leveraging the collaboration among industry, government, and academia, it has established "Cathay Happiness Farms" in rural areas. The focus is on enhancing the physical, mental, and financial well-being of the elderly. Through local partnerships and utilizing local resources and advantages, the initiative develops local characteristics. This not only enhances the elderly's sense of accomplishment but also fosters microeconomic development within the community. Four Cathay Happiness Farms have been established in the north, central, south, and east regions of Taiwan. In 2023, over a hundred volunteers participated in activities caring for the elderly at Cathay Happiness Farms, accumulating more than 200 volunteer hours.

■ 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 22 years by now. In 2023, we organized 128 events, and donations from colleagues of the Group are sent to every corner in Taiwan.

Volunteers visited a total of 128 elementary schools in rural areas and surprised over 10,600 children with heartwarming Christmas events.



3.2.5 Cultural sustainability

Cathay Life Insurance attaches great importance to sustainable development of cultural diversity in Taiwan, supporting Taiwanese culture by investing in performance art, movie tour, arts and culture, and sports talent cultivation. By exerting influence, Cathay Life Insurance helped spread the unique beauty of Taiwanese culture.

■ Performance art

Cathay has supported Cloud Gate for 28 years, and jointly organized Cathay Arts Festival Dancing with Cloud Gate. The event sets a record as “the world’s biggest dance event,” bringing international dance and performance art and culture to the heartlands of urban and rural towns, and become part of people’s lives.

Nearly **300** performances and tours have been held, garnering more than **2.66** million audience.



■ Movie tour

Cathay joined the Formosa 3D Movie Tour Project since 2022, supporting Beautiful Taiwan Association to bring about Taiwan’s ocean landscapes, humanities and industries, and life stories to remote areas by use of the 3D movie car. In addition, the Taiwan Forest School video will be screened in every project event, advocating anti-drug and school safety. Meanwhile, volunteers will be recruited to help students in remote areas get to know various issues.



In 2023, it toured across **166** schools, influencing **23,132** students.



Arts and culture

Cathay Life Insurance has been promoting art and cultural activities for a long time, and has held the National Oil Painting Contest and Exhibition for 48 consecutive years, encouraging children to express their creativity by building a bridge between children and the beautiful world, as well as discovering young potential painters.

Nearly **400** groups of families participated in outdoor sketching in 2023, with a total of **56,800** artworks.





Performance highlights

Cathay Life Insurance is the only insurance company on TWSE's List of Companies with Better Institutional Investor Stewardship Disclosure for every term.



Specific quantitative positive impact of sustainable investment on the environment and society.

In the past two years, the accumulated carbon absorption was equivalent to approximately **240** Da'an Forest Parks.

In the past two years, the improvement of social welfare benefited approximately **80,000** people.



Chapter 4 4.1 Responsible Investment

Sustainable Finance

Material Issues Management

Sustainable Financial Investment

Policy commitment	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.			
Management and actions	Establishment of accountable unit	Establishment of accountable unit	Stewardship measures	Sustainable investment actions
Performance tracking/stakeholder engagement	<ul style="list-style-type: none"> Since 2015, we have voluntarily complied with the Principles for Responsible Investment (PRI). 	<ul style="list-style-type: none"> In 2016, we established a responsible investment working group. In 2022, we established a dedicated unit to take charge of overseeing and planning responsible investment matters. 	<ul style="list-style-type: none"> Interact with investee companies through dialog, engagement, and exercise of voting rights. 	<ul style="list-style-type: none"> The amount of sustainable-related investment amounted to NT\$1.3 trillion in 2023, which increased by 1.1% compared with that of 2022. Quantitative effectiveness of sustainable investment influence



4.1 Responsible Investment

Principle 1

Principle 3

Responsible investment exerts positive impact on finance and serves as a stabilizing force for society. It is also one of our core competencies for increasing the long-term value of assets. Cathay Life Insurance thus established the Responsible Investment Working Group and set up a comprehensive responsible investment system. Cathay Life Insurance's total assets exceed NT\$8.5 trillion (NT\$7.6 trillion of which is investment assets), accounting for about 1/4 of Taiwan's overall life insurance industry, and making us one of the largest institutional investors in Taiwan. Through Cathay Life Insurance's core competency of investment, we can properly utilize the funds of shareholders and policyholders to establish a sustainable investment mechanism, taking 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.

4.1.1 Sustainable Investment Mechanism

From 2015 onwards, Cathay Life Insurance 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 Note 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, 2022 and 2023.



2023 Cathay Life Insurance Responsible Investment and Stewardship Report

■ Establishing the Responsible Investment Working Group

Cathay Life Insurance is the first insurance company in Taiwan to establish a responsible investment working group. At the end of 2016, the front, middle and back offices of Cathay Life Insurance's investment teams jointly established the Responsible Investment Working Group, with the senior executive of the equity investment department as the team leader. In 2022, we established a dedicated responsible investment planning unit, for which we set up goals as well as yearly implementation plans in order to advance and improve our sustainable investment project. As of 2023, there were three dedicated responsible investment specialists, and all have obtained sustainable finance-related licenses^{Note}.

Note: All personnel are Certified Expert in Sustainable Finance, among which, two hold the CFA Certificate in ESG Investing.

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 internal 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 in the required training courses for new employees in investment teams.

In 2023, a total of **331** Cathay employees participated in the internal ESG training courses and external conferences, with average training hours of **177** minutes per person. Of which, a total of **281** employees participated in the education and training courses organized by Cathay Life Insurance, and the average training hours stood at **172** minutes per person.

Cathay Life Insurance Responsible Investment Working Group

The first dedicated unit

3 The first dedicated unit

- First insurance company in Taiwan to establish a RI working group in 2016
- Established a dedicated unit for RI matters in 2022
- 100% responsible investment personnel hold the CFA Certificate in ESG Investing.
- ESG database and analysis tools linked to the investment information platform
- Plan annual stewardship activities, including engagements and exercising of shareholder voting rights.
- Participate in international initiatives and activities, connecting with international investors to exert collective influence.

Selected

The only insurance company selected four times

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

Taiwan Sustainable Investment Award

2023 Taiwan SIA

- ★ Influential Institution Award
- ★ Corporate Engagement Award - Gold

Investors Climate Action Plan (ICAP)

2023 ICAPs

Won the best practice examples in the latest standards for "Investment" and "Investor Disclosure"

Education and Training

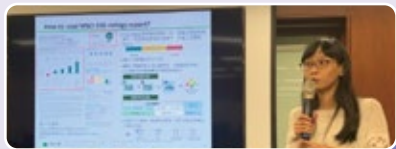
Investment Manager (including basic level managers and mid-/high-level managers)

- ✓ Share the latest ESG trends and potential investment opportunities in work reports and weekly investment meetings irregularly.



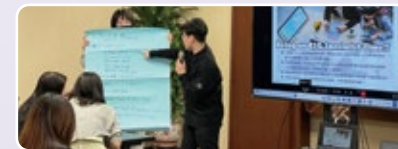
Courses for new employees

- ✓ Education and training for new employees of the investment team covering responsible investment.
- ✓ The theme covers: Introduction to ESG basic concepts and internal responsible investment mechanism



Responsible investment education and training courses

- ✓ Organize two responsible investment education and training courses every year, and arrange workshop entitled "Being an ESG specialist times!"
- ✓ Conduct online ESG training for all investment teams once a year.
- ✓ The theme covers: ESG trends, climate change, nature and biodiversity.



Responsible Investing E-News

- ✓ Issuance of CLIMATE PLUS, a monthly e-newsletter on responsible investment.
- ✓ Topic: International climate initiatives, ESG policies and guidelines, and industry carbon reduction trends.



■ Establishing ESG directions and policies

We not only comply with the Investment and Lending Exclusion Policy established by Cathay Financial Holding, 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\$6.7 trillion.

Securities

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

Stocks and bonds

- ESG risk review procedures
- Investment and Lending Exclusion Policy of the Group
- Investment Management Principles for Sensitive Industries

Funds and Outsourcing

- Actively managing trustees

Corporate lending

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

Real estate

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

■ Complying with International Standards

Pursuant to the Global Sustainable Investment Alliance (GSIA), CFA Institute and the Principles for Responsible Investment (PRI), in 2023, Cathay Life Insurance formulated a framework consisting five responsible investment measures and six PRI to continuously pay attention to sustainability issues and take various relevant actions 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 Insurance 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 procedures

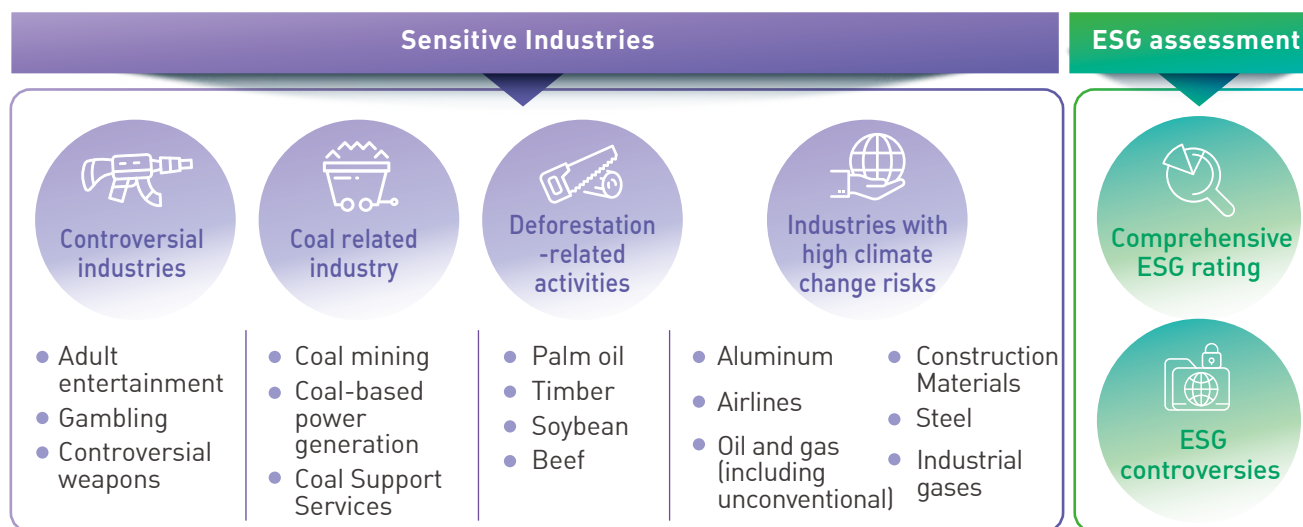


Exclude controversial investments

We comply with Cathay FHC’s Investment and Lending Exclusion Policy and Cathay Life Insurance’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 exclusion list.

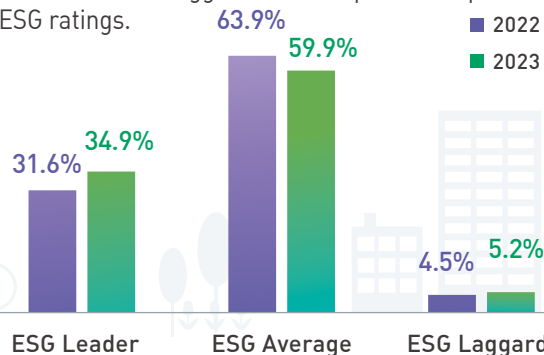
Carefully considering the ESG performance of investment targets

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 Insurance 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., continual monitoring and tracking, sell, or hold). Furthermore, we conduct a comprehensive ESG review of existing investment targets every September.



In 2023, we completed a full review of our listed equities, corporate bonds, financial bonds and government bonds with potential ESG risks, totaling 317 cases. In addition, we removed four investment targets from the list of potential investee companies after considering business and ESG performances. Investment teams covered ESG assessments for the research reports of individual stocks. There was a total of 1,248 research reports in 2023.

In addition, after reviewing the ESG distribution status of self-owned positions including listed equities, corporate bonds, financial bonds and government bonds in 2023, Cathay Life Insurance actively engages with investee companies to keep track of their ESG progress, and select investment targets with better ESG performance for asset allocation. Therefore, we see rising percentage of Cathay Life Insurance’s investment positions ranked as ESG leaders. In addition, the ESG rating agencies expanded the scope of targets in 2023. Since 50% of the companies initially rated was ranked ESG laggards, many of the investee companies lagged behind as they were rated for the first year. As such, the proportion of the Company’s positions ranked as ESG laggard increased slightly. In the future, we will continue to engage with companies ranked as ESG laggards and help them improve their ESG ratings.



Evaluating counterparty ESG

Cathay Life Insurance is convinced that it is possible 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.

Dialogue

Cathay Life Insurance communicates with senior management, investor relations departments, or CSR units of investee companies via telephone conferences, forums, investor seminars, or attendance 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 **4,350** participants took part in 2023 and a total of **2,254** visits to **675** companies were made, averaging **3.3** visits per company.

Engagement

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

For this reason, in 2018, Cathay Life Insurance, 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 Insurance and investee companies and realize an ideal common good, thereby translating our “financial” influence into a “mass” effect.

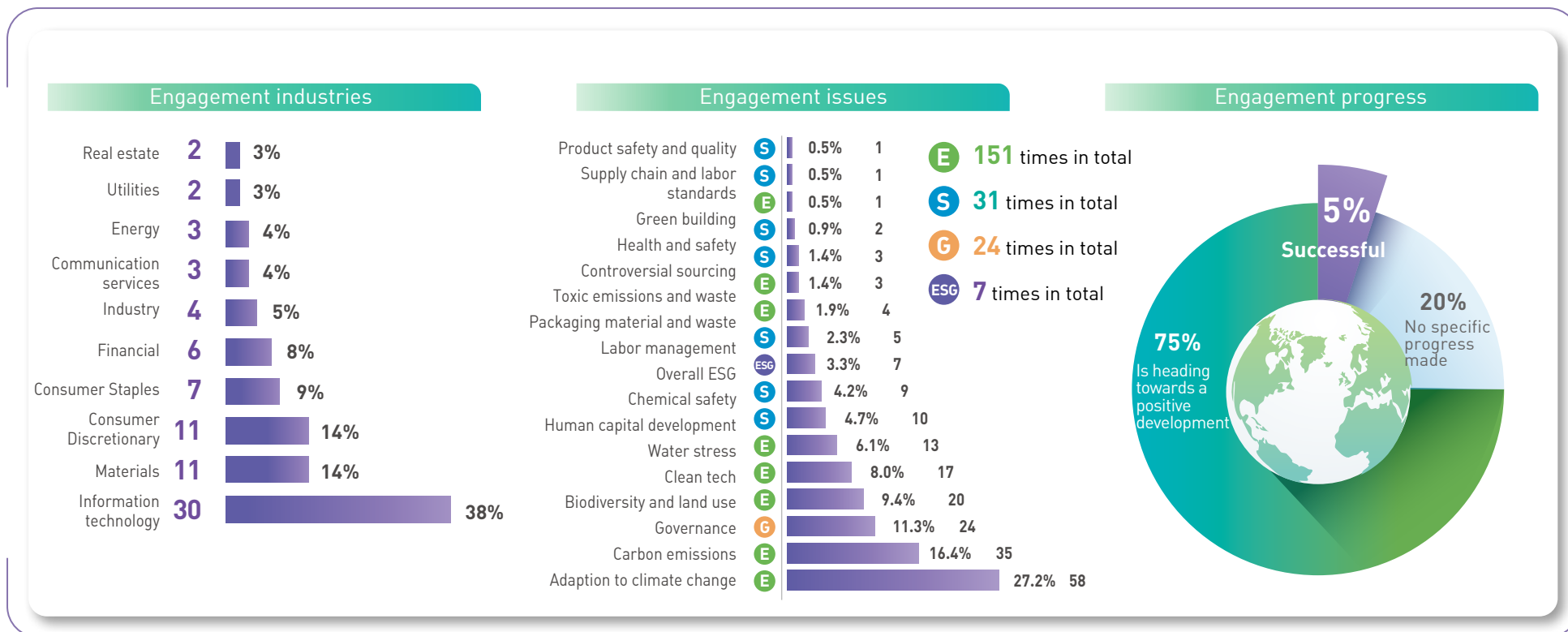
Recognizing the impact of extreme weather and climates brought by climate change on companies, as well as the importance of ESG issues, we choose “climate change” and “enterprise ESG information disclosure and ESG rating improvement” to be our main engagement themes.

• One-to-One Individual Engagement

Cathay Life Insurance analyzes the sustainability progress of enterprises based on the main engagement aspects, classifying investee companies into four levels of sustainability readiness (ESG Awareness, ESG response, ESG improvement, and ESG enhancement). The engagement contents are customized, while the Company joins hands with enterprises for mutual growth, with the hope to become mutually trusting partners and ESG partners, consulting and discussing with investee companies.

 Please refer to p. 28 for Participation in International Initiatives and Engagements.

In 2023, through one-on-one engagements, Cathay Life Insurance communicated with 79 enterprises on 17 material ESG issues for a total of 213 times. The main engagement targets were enterprises from industries of “information technologies” and “raw materials”; the main issues for communications were “climate change adaptation,” “carbon emissions,” “corporate governance,” and “biodiversity and land use.” The engagements could help us understand a company’s actions in adapting to climate change, and the progress of sustainability in main economic activities. Therefore, Cathay Life Insurance discussed not only the company’s carbon reduction plan, but also response measures for low-carbon transition. This allowed us to learn about the limitations and difficulties in the company’s adaption to climate change or during the carbon reduction process, and provided suggestions. Meanwhile, the company was encouraged to conduct inventory and disclosure with reference to the Guidelines for Determination of Sustainable Economic Activities.



• Collective Engagement

With the development of sustainability issues, environment, society and corporate governance have become major principles for company operations. As a leader in sustainable finance, Cathay Life Insurance not only pays attention to the business prospects of investment targets, but also attach great importance to the ESG performance of investee companies. Meanwhile, we hope to support companies that focus on sustainable development through our own investment, encouraging investee companies to gradually improve their ESG performance, so as to jointly achieve sustainability and create a positive economy in the future.

Since 2023, the MSCI has been extending Taiwan's ESG Rating to small and medium-sized companies that are of MSCI Taiwan IMI index constituent stocks. Since the companies included in the credit ratings list for the first time generally do not know that they are included, do not understand MSCI methodology, or do not know how to improve their ESG rating, Cathay Life Insurance specially organized the "Keys to Mastering Corporate Sustainability and Insights Into the Global ESG Ranking Exchange Seminar," given its leading position in Taiwan's engagement activities. In addition to inviting MSCI experts to share assessment methodologies for ESG ratings and controversial events, and communicate with the MSCI on ESG rating, inviting role models to share their practical experiences to improve ESG ratings, and leading participants to gain insights into the MSCI ESG Methodology can gradually improve the companies' MSCI ESG rating. Meanwhile, Cathay Life Insurance also gathers capacities from industries in Taiwan so that companies can effectively respond to environmental and policy risks in the future. Furthermore, this will also allow the world and international institutional investors see Taiwan's efforts in aligning with the call for sustainability.

Please refer to [Activity Website](#) for details.



Voting

Cathay Life Insurance has 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. In principle, we support sustainability-related proposals such as strengthening investee companies' capability to develop long-term value, as well as mitigating major environmental and social risks. At the same time, we will support the climate-related proposals that are "in line with the Paris Agreement emission-reduction targets," with the hope to guide companies in taking more concrete actions on climate change. Meanwhile, we pay attention to proposals involving labor disputes, diversity and equality, and human rights issues that may exert significant impact on society. We promote respecting different genders and ethnic groups within enterprises, keeping in line with international human rights standards, and making substantial contributions in eliminating inequality in society. However, we do not support unreasonable proposals with contents that obstruct the sustainable development of investee companies.


 Environmental Litigation - Case Study

Environmental factors considered

Climate change

Appeal

Require the firm to disclose the framework to assess whether relevant lobbying is consistent with climate-related goals

Background

Although Company M made a strong climate commitment, it was also one of the group members that impeded climate policies, and had not strategically exerted its influence in promoting climate policies for corporate transition.

Based on the following reasons, Cathay Life Insurance supported a shareholder proposal of Company M in “requiring the firm to disclose the framework to assess whether relevant lobbying is consistent with climate-related goals.”

- The company did not disclose whether it assessed the consistency of its climate goals and policy influencing activities of the organizations in which it participated.
- Although the board stated that the company did not always agree with the positions of the industry or associations it participated, the company had not yet described the strategies when misalignments occurred between its direct and indirect lobbying activities, and its climate commitments.
- The disclosure of lobbying activities lags behind that of its industry peers, and did not include the total amount spent on lobbying or membership fees.
- This shareholder proposal was supported given that it was not considered to be overly burdensome or prescriptive, and shareholders would benefit from better transparency in the direct and indirect climate lobbying and plans to reduce the impact of any risks that may be identified.

Environmental factors considered

Nature and bio-diversity

Appeal

Require the company to disclose the use of packaging materials and reduction of plastic waste

Background

As plastic pollution becomes more severe, various countries are imposing taxes on plastic packaging that contains little recyclable materials, and adopting policies to reduce the percentage of plastics in disposable products in stages, so as to enhance plastics recyclability and reduce the use of plastics. As the public is concerned about the rise in plastic pollution, the increased use of plastic packaging may bring about financial, operational and reputational risks to the company.

Based on the above and following reasons, we agreed with Company A’s shareholder proposal to “disclose the use of packaging materials and reduction measures of plastic waste.”

- Unlike leading industry peers which have set plastic waste reduction goals and committed to promoting recyclable, reusable or compostable plastic packaging, Company A had not set the goal to reduce overall plastic packaging.
- Although Company A recently disclosed the use of single-use plastics in the global operations networks, it did not include plastics used by third-party merchants, which may account for 60% of Company A’s sales.
- Considering rising global concerns about the impact of plastic pollution, and certain jurisdictions may implement regulations which limit single-use plastic packaging, this proposal would help shareholders in assessing whether the company had conducted the appropriate risk management related to the use of plastics.

Although this proposal was not passed in 2023, it received 32.3% support. In response to advocacy groups and investors, the company stated in the sustainability report released in July 2023 that the total amount of single-use plastics used in its delivery centers for packaging orders declined by 11.6% compared with 2021. It also stated that it was replacing plastic padded plastic shipping bags with recyclable alternatives.


 Society-Related Proposals - Case Study

Environmental factors considered

Diversity, equity and inclusion in the workplace

Appeal

Require the company to disclose gender/racial pay gaps

Background

The U.S. Department of Labor and the OECD both pointed out that for effective measurement of income inequality, companies are required to disclose the median of unadjusted pay gap (to assess equality of high-paying career opportunities), and the adjusted pay gap (to assess whether equal pay for equal work is achieved). Company A only disclosed the data of unadjusted pay gap, but did not disclose the median of unadjusted pay gap. Meanwhile, 44 leading companies are already committed to provide relevant information.

Based on the above and the following reasons, Cathay Life Insurance supported the shareholder proposal of Company A to “require the company to disclose the gender/racial pay gaps.”

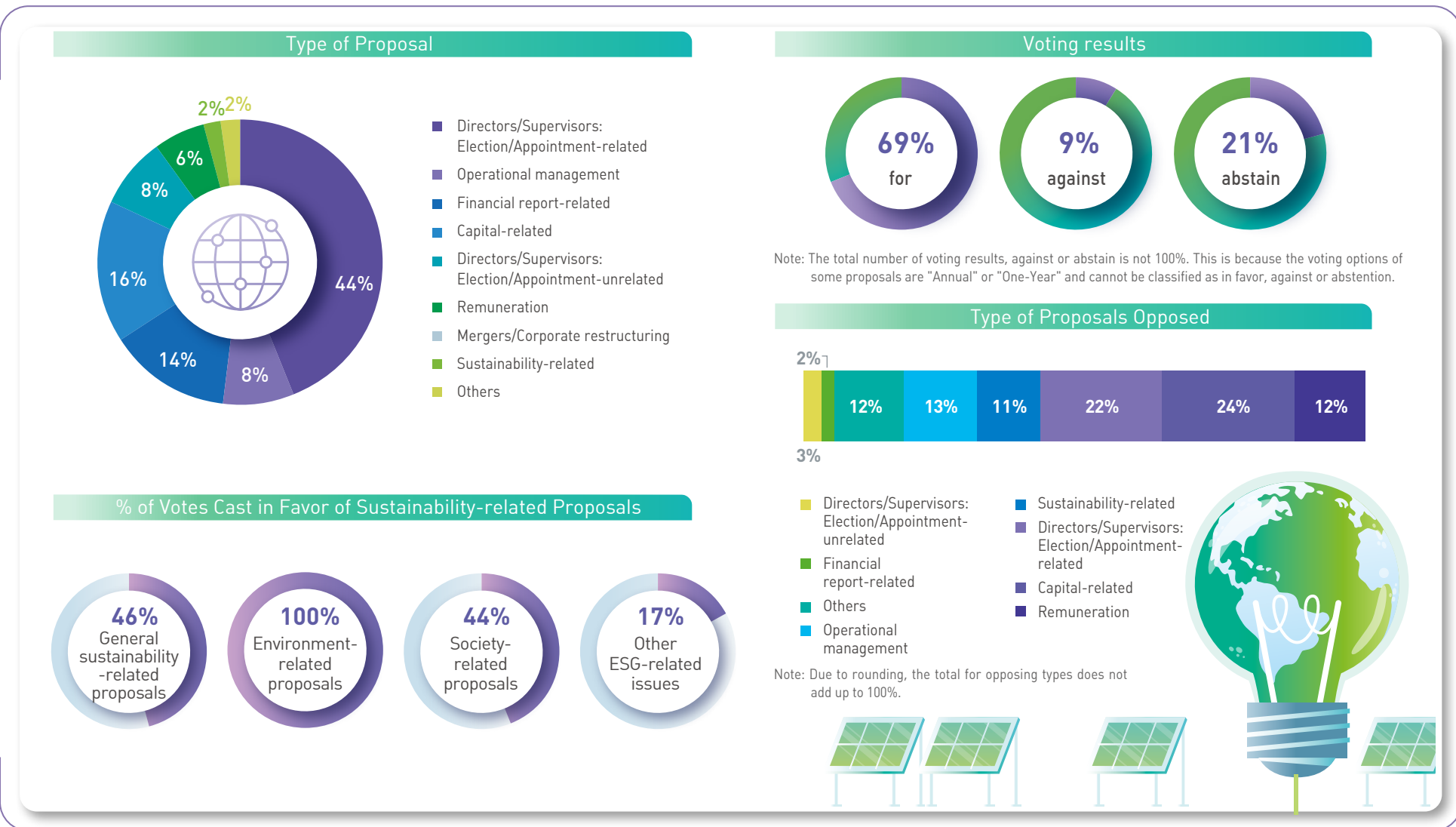
- Recently, Company A faced lawsuits and fines for labor law violations, including wage theft, violation of equal pay for equal work, and discrimination against black and female employees during recruitment.
- Better disclosure of equal pay would enable shareholders to understand the progress of company diversity and inclusion initiatives, providing shareholders with information on how the management effectively assesses and mitigates risks that may arise from unfair treatment.

Company A’s shareholders proposed to disclose race and gender median pay gap for the third consecutive year. The proposal received shareholder support of 25.8% in 2021, and 28.8% in 2022. In 2023, although the proposal was not passed, it received support of 29.2%, which was the highest over the past three years. This indicated that shareholders were more aware of these proposals. The support for such proposal 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  [2023 Cathay Life Insurance Responsible Investment and Stewardship Report](#)

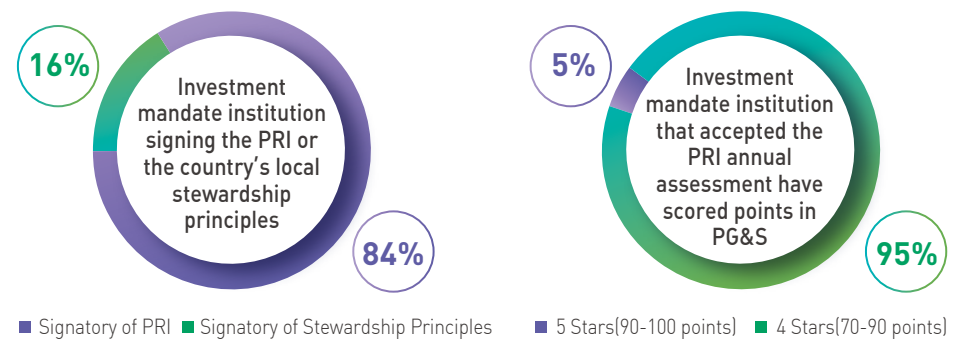
In 2023, Cathay Life Insurance attended 222 shareholders' meetings and voted on a total of 1,770 proposals. Of which, we voted in favor of all environment-related proposals. The voting results are as follows:



● Investment mandates

We take signing the Principles for Responsible Investment (PRI) into consideration for mandate partner evaluation to ensure that Cathay Life Insurance’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 mandated assets of discretionary investments to Cathay Life Insurance in 2023, 100% of them were signatories to the PRI or local stewardship principles. In addition, about 95% of the asset management companies outsourced institutes that accepted the PRI annual assessment Note 2 had received four stars (4/5) for Policy Governance and Strategy (PG&S), and 5% of the outsourced units received five stars. The full score for this item was 100 points, and Cathay Life Insurance’s outsourced units received an average score of 86 points, as opposed to the median score of all signatories to the PRI for this item of approximately 60 points (three stars).



Note 1: The investment mandates in the article refers to outsourcing institutions that conduct actual transactions for Cathay Life Insurance’s entrusted positions in 2023.
 Note 2: The Policy Governance and Strategy mainly assess the signatory’s overall approach to responsible investment (including responsible investment policies, reporting and disclosure, voting & engagement, climate change and sustainable behavior, etc.)
 Note 3: The statistics on the right are applicable to outsourced institutions that accepted the PRI annual assessment (accounting for 84% of outsourced assets). Institutions that did not include institutions that have signed the Stewardship Principles.

Cathay Life Insurance’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 Investment and Lending Exclusion 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 Insurance’s assets are managed by units that attach greater importance to ESG risks and opportunities.

● Promotion of Responsible Investment

Since natural disasters cause severe economic and insurance losses, institutional investors with large amount of financial assets must also bear the risks of various industries. Cathay Life Insurance understands the importance of promoting ESG and climate change to stakeholders, working together to achieve mutual growth and develop towards sustainability and green economy in Taiwan. Therefore, by communicating ESG concepts with companies, we ensure that the students and companies are informed of ESG impact on corporate operations, understand the importance of ESG, and finally implement ESG actions. Meanwhile, Cathay Life Insurance also shares practical experiences of responsible investment with industry peers, with the hope to promote the implementation of responsible investment and create a positive cycle within the investment industry.



November 18, 2023 Shared Cathay Life Insurance’s sustainable finance and climate change strategies with students in the How IT Works SMART lecture



September 8, 2023 Shared Cathay Life Insurance Responsible Investment practices in the 13th Hit Fintech Autumn Summit

4.1.2 Sustainable Investment Actions

Principle 1

Principle 3

In addition to constructing a comprehensive system and procedures for responsible investment, Cathay Life Insurance also leverages its financial power to invest in projects related to environmental sustainability and improvement of social development. Through active investment, the financial institutions not only promote industrial innovation and transition, but also sustainable economic development, leveraging the financial power, and create value together to achieve social sustainability in business.

■ Thematic Investing

● Investment in accordance with Cathay FHC's 5 sustainable themes

Cathay FHC has set five sustainable themes since 2017, including low carbon, infrastructure, water resources, aging society and health, and community and inclusive finance. The related investment amounted to NT\$ 1.3 trillion in 2023, which increased by 1.1% compared with that of 2022.

Low-carbon Investment

To respond to climate risks and strengthen the investment portfolio climate resilience, Cathay Life Insurance adopts a low-carbon transition strategy for its investment portfolio. We proactively invest in the low-carbon green energy industry. As of 2023, our total investment in low-carbon and green energy reached NT\$241.3 billion, of which NT\$30 billion will be invested in the industries related to the government's "12 Key Strategies." The investment projects include solar photovoltaic (1. Wind power/ Photovoltaics), power grid equipment (4. Power Systems and Energy Storage), energy saving technology development (5. Energy Saving), waste recycling (8. Resource Circulation and Zero Waste), public transportation (10. Green Lifestyle), green bonds (11. Green Finance) and other projects in response to the government's strategies to achieve net-zero transition by 2050.

Note: The Items in parentheses refer to projects and their names of the government's "12 Key Strategies." NT\$30.5 billion here does not include an accumulated renewable energy credit balance of approximately NT\$3.7 billion by the end of 2023.



• Renewable energy

Cathay Life Insurance continues to invest in renewable energy projects. In addition to answering the call of the government's key strategies for net-zero transition, we hope to play a key role in narrowing the gap between renewable energy supply and demand, supporting more Taiwanese companies in obtaining green electricity.

Solar power

Cathay Life Insurance focuses on solar energy as the core aspect of its green power development. Initially, we made investments, and then moved on to forming joint ventures, before consolidating all solar plant under our management and renaming the establishment Cathay Power. We increased our shareholding in Cathay Power to 70%, and became the first insurance service provider to establish a solar power subsidiary. Cathay Life Insurance continues to accumulate power generation assets and operating experience through making direct investment in solar energy projects and reinvestment in our subsidiary Cathay Power. As of 2023, the actual investment amount totaled NT\$4.28 billion, with installed capacity with grid connection of 458.9MW.

Offshore wind power

In addition to proactively investing in solar power plants, Cathay Life Insurance also established an offshore wind farm evaluation team to focus on the risk assessment of offshore wind power. After stringent evaluation of investment risks, it tapped into offshore wind farms for the first time in 2023, and become a priority contract negotiation target for Ørsted Greater Changhua - Northwest Offshore Wind Farm Project pertaining to a 50% share release. The endeavor works to achieve stable capital returns in the long term for the life insurance industry, taking into account its sustainable energy development strategy.



• Green buildings

Cathay Life Insurance'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 new constructions obtained building permits since 2023 have to obtain the green building certification or LEED certification. As of the end of 2023, we had invested NT\$69.1 billion in green building financial development.

Water resources

Cathay Life Insurance pays consistent 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 Insurance 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 2023, our total investment in water resource reached NT\$6.7 billion.

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, eradicate poverty, and help adapt to the impact brought by climate change, is therefore a key to perpetuate sustainability. Cathay Life Insurance 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 2023, our total investment in infrastructure reached NT\$765.5 billion.

Aging society and health

Cathay Life Insurance 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 2023, our total investment in aging and health reached NT\$422.5 billion.

Community and inclusive finance

Upholding our philosophy of being "people-oriented," which is incorporated into our core competencies of investment, Cathay Life Insurance 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 2023, our total investment in community and financial inclusion reached NT\$2.3 billion.

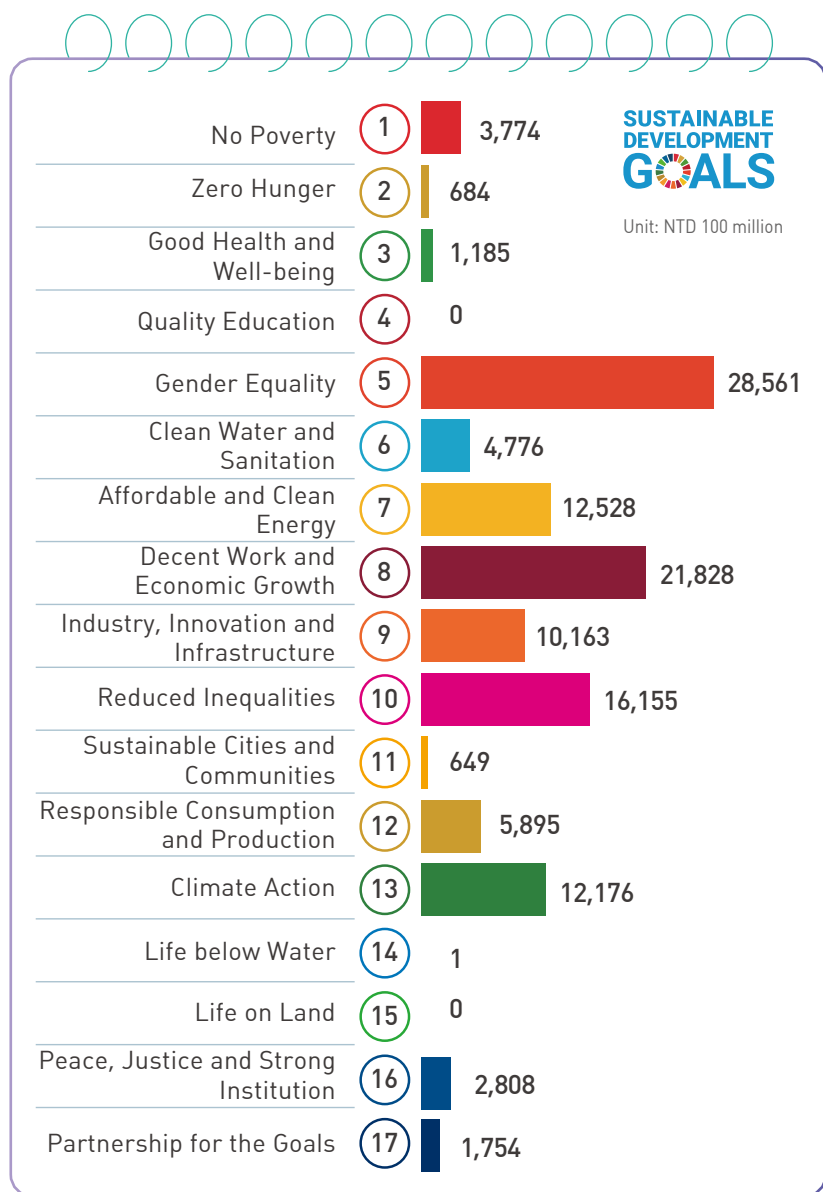
● Investment linking to 17 Sustainable Development Goals (SDGs)

The United Nations adopted the 2030 Agenda for Sustainable Development in 2015, proposing 17 world SDGs for moving towards sustainable development. It provides guidance on the decision-making, investments and actions for central governments, local governments, enterprises, citizen groups and others in the next 15 years, so that "every country achieves sustained, inclusive and sustainable economic growth, and decent work for all," jointly creating a world involving sustainable production, consumption and use of natural resources including air, land, rivers, lakes, groundwater and ocean.

Cathay Life Insurance has financial assets are all over the world. As a citizen of earth, we deeply realize the importance of the 17 Sustainable Development Goals (SDGs) on "economic growth," "social progress" and "environmental protection." Before making an investment, we would carefully evaluate whether the investee company can solve specific social or environmental issues and adhere to the 17 SDGs. By use of the MSCI SDG Alignment Tool, we would review whether the operations or products of domestic and foreign listed stocks and corporate bond underlying assets (excluding sustainability-related bonds) are aligned with the SDGs. As of the end of 2023, domestic and foreign listed equities and corporate bonds investment portfolios were most connected to SDG 5: Gender Equality, SDG 8: Decent Work and Economic Growth, SDG 10: Reduced Inequalities, SDG 7: Affordable and Clean Energy, and SDG 13: Climate Action.

Note: The same investment target may correspond to more than one SDG.





Note: The same investment target may correspond to more than one SDG.

■ Impact investing

To strengthen the positive impact on society or the environment, Cathay Life Insurance incorporates the four core aspects for considerations in investment decision-making. With reference to impact investment defined as “intentional, measurable, cross-asset and financially rewarding” by the Global Impact Investing Network (GIIN), we select investment targets that can directly solve specific social or environmental issues for investment. In addition, for specific measurement of contributions of investee companies, Cathay Life Insurance refers to the international framework in evaluating investee companies’ substantial and positive influences on the environment and society, followed by performing inventory on the performance of impact investment.

● Defining asset scope:

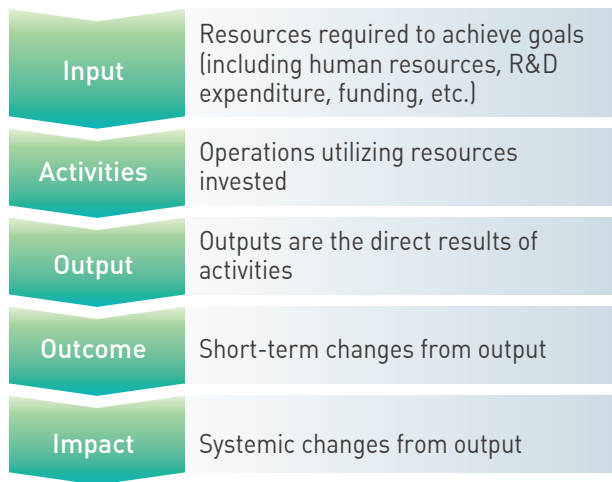
Considering that impact investment has features that are of cross-asset, and measurability, asset types such as sustainability-related bonds, private equity investments, and impact funds are used as basis for the calculation of impact investment assessment scope and performance.

● Evaluation method:

To effectively explain the impact goals and intention of contributing to positive and eventual social and environmental solutions, Cathay Life Insurance refers to the “impact investment” jointly defined by CFA Institute, GSIA and PRI in 2023, and measures the social and/or environmental impacts by use of the Theory of Change and the “IRIS+ Thematic Taxonomy” framework published by GIIN. Meanwhile, we also use the 17 SDGs to match with impact projects of the Theory of Change:

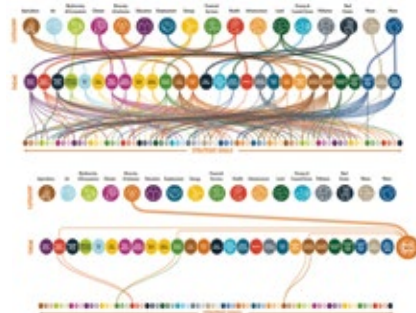
- Impact investment involves the Theory of Change, which requires credible explanation on investor contribution or catalytic role.
- Impact investment shall be measured based on the impact measurement and management indicators that have been publicly recognized, such as IRIS+ launched by GIIN, or other environmental and social impact indicators such as the Global Reporting Initiative (GRI) or Future-Fit Business Benchmark.

THEORY OF CHANGE



IRIS+

IRIS+ differentiates 17 impact categories, 28 themes and over 50 detailed evaluation indicators in impact investment. Corresponding to specific categories and themes based on the connotation of impact investment, the investment performances are based on the recommended detailed evaluation indicators.



Source: IRIS+ Thematic Taxonomy

SUSTAINABLE DEVELOPMENT GOALS



● Impact investing results:



The main green bond development projects cover investments in renewable energy, energy efficiency, clean transportation, green buildings, and wastewater management, etc.



In addition to direct investment of green bonds and social bonds, Cathay Life Insurance also invests in sustainability bonds related to green investment and social impact investment plans, and encourages substantial investments in the country or on social and environmental improvement issues.

■ Sustainability bonds recognized by the TPEX



By investing in social bonds for basic services, Cathay Life Insurance improves the lives of disadvantaged groups, provides affordable housing, improves residential housing problems, and develops basic services, helping the country or companies to exert a positive influence on society.






























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

As of the end of 2023:
Amount of impact investing reaching **80.7 billion**

- The influence on the environment or society

Cathay Life Insurance calculates the environmental and social contributions of investments based on the impact reports issued by investee companies, or data directly provided by investee companies. In the future, we will continue to assess the feasibility of expanding measurable impact investment results. Meanwhile, the environmental or social indicators will be adjusted depending on the current situation.

IRIS + Categories	IRIS + Themes	Corresponding SDGs	Environmental or social indicators — contributions from the Company's investments (Cumulative amount in 2022-2023)	
 Energy	Energy Access	   	CO ₂ equivalent avoided	46,339 Mt CO ₂ e
			Number of households benefiting from renewable energy	235,807 Households
 Pollution	Pollution Prevention	  	Annual volume of wastewater treated	10,525,772 Cubic meters (tons)
 Water	Sustainable Water Management	 	Annual water conservation	6,215,359 Cubic meters (tons)
 Education	Access to Quality Education	  	Students benefiting from lunch subsidies	49,682 Head count
 Real Estate	Affordable Quality Housing	  	Number of beneficiaries of affordable housing	819 Head count/households
 Financial Services	Financial Inclusion	  	Number of beneficiaries from improving the lives of disadvantaged groups	20,908 Head count
 Health	Access to Quality Health Care		Number of beneficiaries from improving health insurance	11,556 Head count

Note: Taking into account data availability, the impact calculated in the table below cannot cover all impact investment positions.

For relevant cases, please refer to the  2023 Cathay Life Insurance Responsible Investment and Stewardship Report

■ Sustainability-Linked Bond (SLB)

In addition to impact investing, Cathay Life Insurance 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 integrate sustainable development into their operational decisions and business models. The SLBs invested by Cathay Life Insurance come with a sustainable development target of achieving 100% greenhouse gas reduction. They support companies in implementing carbon reduction in business operations. As of 2023, the investment amount totaled NT\$7.5 billion.

■ Taiwan's Sustainability-Related Economic Activities - Investment and Financing Economic Activities

To exert financial influence and lead the net-zero transition of Taiwan companies, we refer to the Guidelines for Determination of Sustainable Economic Activities applicable to the financial and insurance industry, which is still under planning (described below using taxonomy). The key performance indicators (KPI) of the Company's investment and financing economic activities are disclosed as a basis for investment or financing assessment and decision-making in the future.

Meanwhile, the Company uses information such as the industry types of the Directorate General of Budget, Accounting and Statistics and main business operations disclosed in the annual reports of Taiwanese companies to screen out listed companies whose operations may be applicable to classification of economic activities (i.e., the existing technical screening criteria) for engagement as Cathay Life Insurance's investment targets. We encourage the companies to follow the Guidelines for Determination of Sustainable Economic Activities, and assess the main economic activities or projects publicly disclosed in the sustainability reports, annual reports or company website, taking into account the feasibility of "eligible" and "aligned" situations to help stakeholders better understand the sustainability level of their taxonomy. The financing part cooperates with the "Green Finance Action Plan 3.0-Assisting in the Development of Enterprise ESG Data Platform Project" of Join Credit Information Center, encouraging voluntary completion of questionnaires by our financing credit clients, or assisting in the submission of relevant data with the consent of corporate customers.

Investment Economic Activities

Description of Investment Assets	Amount (NT\$ million)
Total assets (A) ^{Note 1}	6,258,157
Investment assets not included in the taxonomy (A1) ^{Note 2}	794,645
Investment assets included in the taxonomy (A2)	5,463,513
Investment assets not eligible to the taxonomy (B1) ^{Note 3}	5,338,143
Investment assets eligible to the taxonomy (B2)	125,370
Investment assets not aligned with the taxonomy (C1)	116,932
Investment assets aligned with the taxonomy (C2) ^{Note 4}	8,438

Key Performance Indicators (KPI) of investment economic activities	%
Eligible ratio pursuant to the taxonomy (B2)/(A2)	2.3%
Aligned ratio pursuant to the taxonomy (C2)/(A2)	0.2%
Percentage of aligned/eligible economic activities pursuant to the taxonomy (C2)/(B2)	6.7%

Note:1: Financial assets measured at fair value through other comprehensive profit or loss, financial assets measured at amortized cost, investments using the equity method, financial instruments at fair value through profit or loss, investment of real estate - properties and buildings

Note:2: Denominator exclusions include derivatives, real estate mortgage-backed securities, and claims of governments, central banks, and supranational organizations

Note:3: Numerator exclusions include overseas enterprises, financial industries, non-financial industries not applicable to classification of economic activities (industries that have not yet met technical screening criteria for sustainable economic activities), unlisted companies, indirect investments, etc.

Note:4: Covering sustainability-related bonds (including those issued in the financial industry); ESG funds that comply with Jin-Guan-Zheng-Tou-Zi No. 1100362463 and Jin-Guan-Zheng-Tou-Zi No. 1100365536; listed companies consistent with classification of economic activities; investment real estate and forward-looking economic activities that comply with Guidelines for Determination of Sustainable Economic Activities - Construction and Real Estate Industry Indicators.

Financing Economic Activities

Description of financing assets	Amount (NT\$ million)	Key Performance Indicators (KPI) of financing economic activities	%
Total financing assets (a)	245,344	Consumer finance	
Financing assets not included in the taxonomy (a1) ^{Note 1}	0	Eligible ratio pursuant to the taxonomy (b2)/(a2)	0.74%
Financing assets included in the taxonomy (a2)	245,344	Aligned ratio pursuant to the taxonomy (c2)/(a2)	0.002%
Financing assets not eligible pursuant to the taxonomy (b1) <small>Note 2</small>	239,787	Percentage of aligned/eligible economic activities pursuant to the taxonomy (c2)/(b2)	0.29%
Financing assets eligible pursuant to the taxonomy - consumer finance (b2)	1,827	Corporate finance	
Financing assets eligible pursuant to the taxonomy - corporate finance (b3)	3,730	Eligible ratio pursuant to the taxonomy (b3)/(a2)	1.52%
Financing assets not aligned pursuant to the taxonomy (c1)	1,821	Aligned ratio pursuant to the taxonomy (c3)/(a2)	1.52%
Financing assets aligned pursuant to the taxonomy - consumer finance (c2) ^{Note 3}	5	Percentage of aligned/eligible economic activities pursuant to the taxonomy (c3)/(b3)	100%
Financing assets that aligned pursuant to the taxonomy - corporate finance (c3) ^{Note 4}	3,730		

Note:1: Denominator exclusions include derivatives, real estate mortgage-backed securities, and claims of governments, central banks, and supranational organizations

Note:2: Overseas enterprises, financial industries, non-financial industries not eligible pursuant to the taxonomy (industries that have not yet met the technical screening criteria for sustainable economic activities), unlisted companies, i.e., items excluded in the numerator.

Note:3: Include green building housing loans, electric vehicle loans, and other green loans or sustainability linked loans with third-party certification or relevant labels that comply with the Guidelines for Determination of Sustainable Economic Activities - Construction and Real Estate Industry Indicators.

Note:4: Include loans calculated based on the eligibility and alignment of financing targets, other green loans or sustainability linked loans with third-party certification or relevant labels, and forward-looking economic activities.





Performance highlights

Received the highest rating (Excellent) in the Corporate Governance System Assessment organized by the Corporate Governance Association in Taiwan for **3** consecutive terms.



Became the first life insurance company to obtain the new version of **ISO/IEC 27001:2022** certification in Taiwan and continued to align with international information security standards.



Obtained both **BS10012** and **ISO29100** personal data certifications.



Chapter 5 Governance

- 5.1 Corporate Governance
- 5.2 Sustainability Governance

Core philosophy

Corporate governance is the cornerstone of corporate sustainable operation. In response to rapid change in the financial market and emerging risks and threats, Cathay Life Insurance not only establishes a rigorous framework of corporate governance, but also refines risk management organizations and mechanisms by strengthening the competencies of the Board of Directors and enhancing the leadership capabilities of the management team, so as to protect the rights of Cathay stakeholders, including shareholders, employees, and clients.

Material Issues Management

Corporate Governance and Operation Integrity	Policy commitment	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.		
	Management and actions	Compliance with Governance 3.0 - Sustainable Development Roadmap	Sound corporate governance structure	Strengthen competencies of the Board of Directors
	Performance tracking/stakeholder engagement	<ul style="list-style-type: none"> 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. Cathay Life Insurance is the company that received the highest rating (Excellent) in the Corporate Governance System Assessment organized by the Corporate Governance Association in Taiwan for three consecutive terms. 	<ul style="list-style-type: none"> Adopt dual-track governance by independent directors and supervisors. Appointed corporate governance officers to assist directors in executing related affairs, in order to improve board efficiency. 	<ul style="list-style-type: none"> Established the board performance evaluation system. In 2023, there were 37 evaluation items, and the overall evaluation results exceeded standards. Organized continuing education of the Board of Directors. In 2023, each director received an average of 13.6 hours (higher than the six hours of training as required by law). The Board of Directors proactively participated in meeting discussions, and the overall attendance of Directors was 98.3% (excluding proxies) in 2023.
Legal Compliance and Response	Policy commitment	We 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.		
	Management and actions	Establishment of accountable unit	Establish the compliance management system	Regulatory compliance education and training
	Performance tracking/stakeholder engagement	<ul style="list-style-type: none"> Establish a dedicated regulatory compliance unit. 	<ul style="list-style-type: none"> Establish the compliance management system. 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. Legal compliance self-evaluation and self-inspection were conducted twice a year. 	<ul style="list-style-type: none"> Regularly issue monthly newsletter "Regulatory Compliance Auditing and Information Security Monthly." Conducted online legal compliance tests two times every year. We conduct regulatory compliance online courses for internal employees and field workers. In 2023, the number of trainees was 29,694. The total training hours reached 273 thousand hours.
Integrated Risk Management	Policy commitment	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.		
	Management and actions	Establish the Risk Management Committee	Complying with International Standards	Comprehensive risk management system
	Performance tracking/stakeholder engagement	<ul style="list-style-type: none"> Establish the Risk Management Committee under the Board of Directors. Quarterly meetings are convened to submit reports to the Board of Directors. 	<ul style="list-style-type: none"> Establish a comprehensive risk assessment process, goals, and response plans through enterprise risk management (ERM) to align with Insurance Core Principles (ICP). 	<ul style="list-style-type: none"> Obtained the new version of ISO/IEC 27001: 2022 and aligned with international information security standards. Establish a rigorous information security management framework, and no significant information security event was found in 2023. Establish a comprehensive personal data management system. There was no significant personal data infringement event in 2023.

5.1 Corporate Governance

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Principle 1

Principle 3

Cathay Life Insurance upholds the core value of Integrity, Responsibility, and Innovation, and aims to 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 Insurance was the company that 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. As a subsidiary of Cathay Financial Holdings, Cathay Life Insurance supported Cathay Financial Holdings in being selected as a constituent stock of the DJSI Emerging Markets Index and DJSI World Index for six consecutive years since 2018, indicating that Cathay Life Insurance is one of the top scoring companies in the world in terms of corporate governance performance.

5.1.1 Corporate Governance Structure and Operation

- 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.
- In January, the Taiwan Institute of Ethical Business and Forensics was commissioned to conduct an external evaluation of Board performance.
- In average, the actual attendance rate of the board of directors, training hours, internal performance evaluation results and diversification policy all exceed legal requirements.

■ 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 TWSE's 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. 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.



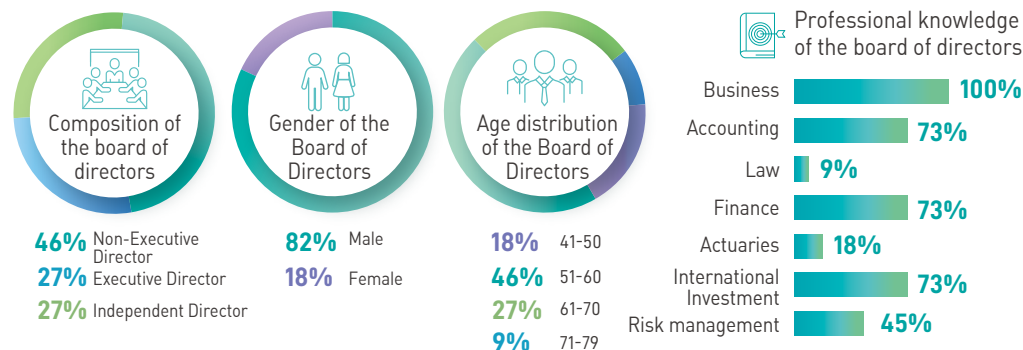


Board Diversity and Operation

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 for effective decision-making of the board of directors.

In 2023, **11** board meetings were held, for which one meeting was held every 1.1 months in average.

The overall attendance of directors was **98.3%** (excluding proxies).




● Board performance evaluation and professional education

2023 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.

● 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.

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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 meeting
- Understand proposals before the meeting, and participate in board discussions
- Interaction with management team
- 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



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 Insurance's Transactions Other than Loans with Stakeholders.

5.1.2 Strengthening Risk Management

Cathay Life Insurance 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 and independent directors, while 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) were invited to participate in committee discussions. 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.

In response to diversified external risks, Cathay Life Insurance developed a risk map with reference to international trends and methods of industry peers in order to monitor the Company's risk structure. We integrated both internal and external risk identification, we identified 9 quantitative risks and 33 qualitative risks including six major categories (Environment, Politics and Economics, Society, Governance, Health and Technology). Through the annual risk survey by questionnaire, we can gain understanding of the multi-faceted decision-making and strategies of responsible units, senior managers and external stakeholders, review the adequacy of control measures and continual monitoring, and strengthen the forward-looking risk management.

Table: 2024 Qualitative Risk Map Results

Ranking	1-year risks		5-year risks	
1	Politics and Economics	Political and economic risks	Social risks	Alignment with the international accounting standards
2	Social risks	Alignment with the international supervision system	Politics and Economics	Political and economic risks
3	Politics and Economics	Monetary and fiscal policy risks	Social risks	Alignment with the international supervision system
4	Politics and Economics	Economic fluctuation risks	Governance risks	Capital adequacy risk
5	Social risks	Alignment with the international accounting standards	Social risks	Risks of declining birthrate and aging population

● Politics and Economics category:

- Political and economic risks, as well as economic fluctuation risks, for the one-year and five-year periods are important. In the short term, given global uncertainties due to high inflation and market fluctuations caused by the U.S. presidential election, the monetary and fiscal policy risks were ranked third for the one-year period.
- Considering that the monetary and fiscal policies are formulated by the central bank and the government based on the current economic situation (inflation, employment, etc.), they are usually time-based, on rolling review, and have a relatively low risk impact on the Company in the five-year period.

● Social risk category:

- In response to alignment with IFRS 17 by 2026, the risk of compliance with the international accounting standards was ranked first for the five-year period. After alignment, the accounting and solvency systems will be based on fair value valuation. In addition, the market interest rate at the time of alignment will also exert a one-time impact on financial reporting.
- The aforementioned factors also reflected the capital adequacy risk related to governance. Considering the Company's familiarity with present regulations, and uncertainties due to changes in the ICS system and new regulations, the Company must strengthen the monitoring of risk factors of capital adequacy indicators. Therefore, for the five-year period, the Company will pay more attention to this risk item.
- The five-year risk of declining birthrate and aging population ranking improved, which was mainly due to increase in average age of the Company's main customer groups, and continual rise in average life expectancy of the population. Changes in demographic structure will affect insurance demand, and bring about long-term challenges for the Company's business operations, product promotion and experience analysis.

In addition, climate-related and nature-related risks were included in the environmental risk category. They had lower ranking compared with other risk categories (natural disasters and extreme weather events were ranked 14th, failure to mitigate climate change was ranked 18th, failure to adapt to climate change was ranked 19th, natural resources and biodiversity (including pollution incidents) were ranked 25th).

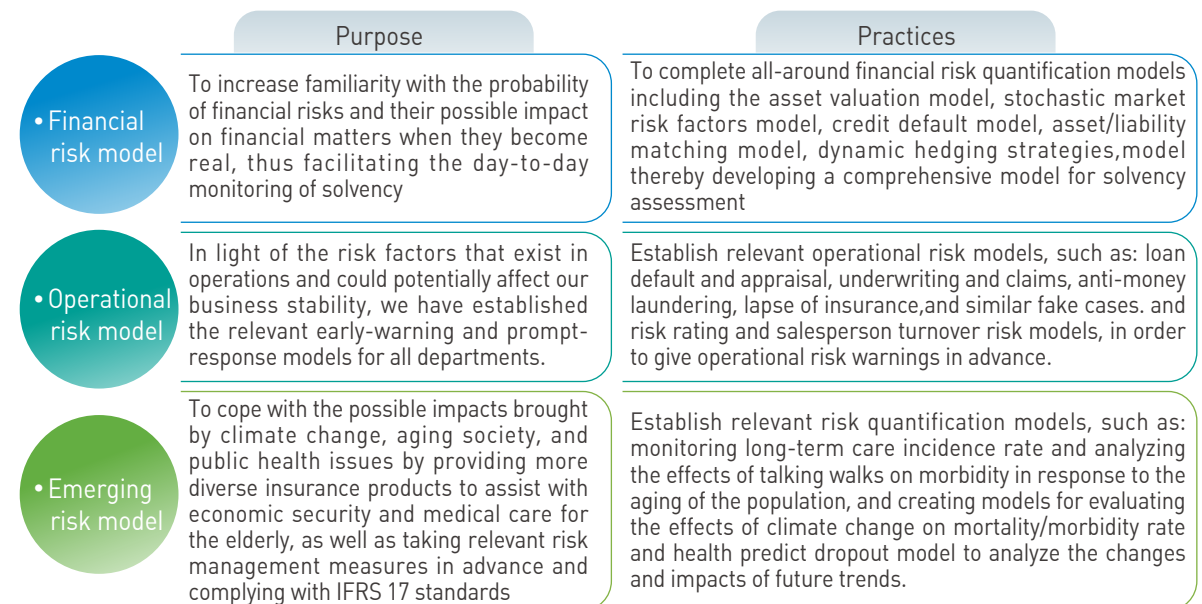
■ Complying with International Standards

Cathay Life Insurance improved its professional technology and risk management skills by obtaining relevant experience via international exchanges in the past years. It voluntarily participated in trial 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 in Taiwan’s life insurance industry, which have been approved, 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 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 Insurance has been collaborating with experts and academics from various countries and working in various disciplines in establishing quantitative models for financial risks and emerging risks for the purposes of establishing an effective risk control mechanism and drawing up response plans. As of the end of 2023, we have developed 44 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 Insurance has established an emergency response and operations resumption mechanisms. To confirm the appropriateness and feasibility of the mechanism, the Company 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 Insurance became the first insurance company in Taiwan to receive ISO 22301 certification in 2021, with the largest business scope. We will continuously strengthen operation and management mechanism in a comprehensive manner provide uninterrupted and convenient services.

■ Personal Data Security

● Sound personal data management system

Cathay Life Insurance 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 leakage, 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.



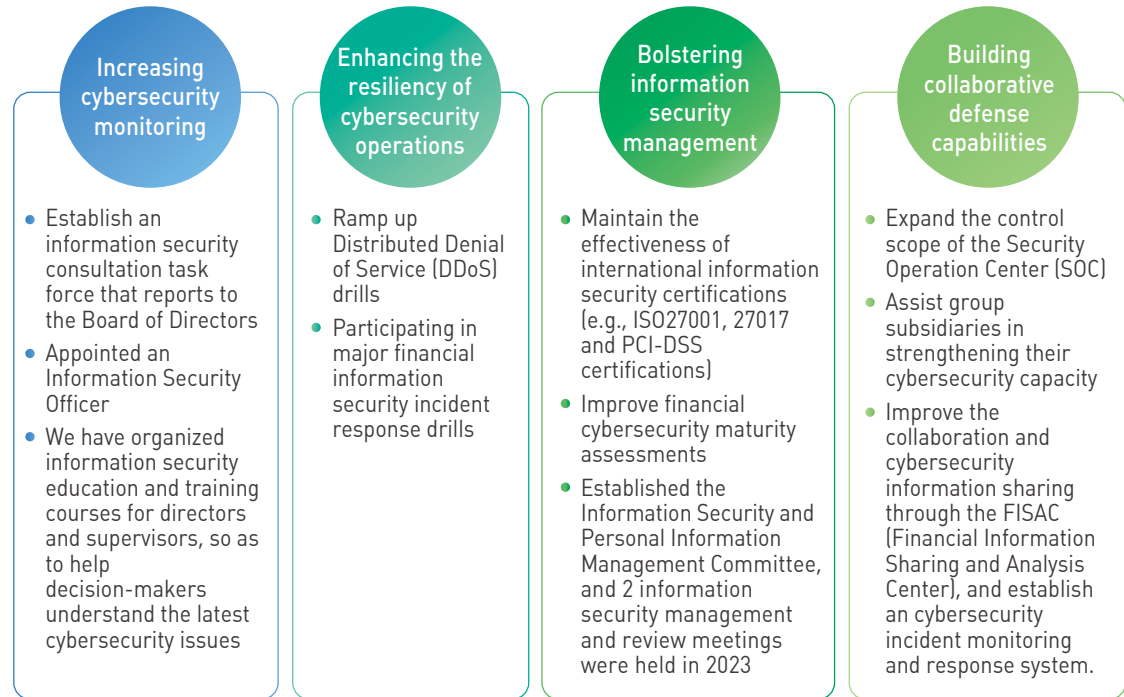
● Continually strengthen response measures to personal data incidents

Cathay Life Insurance 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 2023, there were no material personal information misuse incidents, and only eight cases were mainly the result of sales agents neglecting to inform customers of third parties. Meanwhile, we will continue to step up education, training, and promotion for service personnel, in order to reduce personal information breach incidents.



Information Security

Cathay Life Insurance’s IT security governance system 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, by use of the NIST cybersecurity framework, we established a cybersecurity architecture for in-depth defense, monitoring and deployment, covering identification, protection, detection, response and recovery actions. We adopted an ex-ante preparation, in-process investigation, and post-hoc monitoring approach, with the hope to ensure continuous system operations and data security. Furthermore, in response to the Financial Cyber Security Action Plan 2.0, we place emphasis on increasing cybersecurity monitoring, enhancing the resilience of financial operations, bolstering information security management, and building collaborative defense capabilities. In doing so, we ensure the resilience of cybersecurity, thereby creating a secure environment for the development of financial services. Since 2007, Cathay Life Insurance gradually obtained international certifications, including ISO/IEC 27001 Information Security Management System, ISO27017 Cloud Security Control System, Payment Card Industry Data Security Standard for the refining of information security management system, enhancing our ability to defend and protect. With that, Cathay Life Insurance becomes an insurance company that has obtained the most international information security-related certifications. We also continue to cultivate personnel from the Information Security Department to acquire the necessary professional skills, and obtained four new personal information security certifications in 2023. We have accumulated 55 information security certifications in total. Under such a rigorous information security management framework, we found no significant information security event in 2023. We also obtained the new version of ISO/IEC 27001 in 2022; and became the first life insurance company to obtain the new version of certification in Taiwan, which was part and parcel of our effort in aligning with international information security standards.



To embed information security concepts among all employees, we provided all employees with three hours of information security promotion courses, we organized 176 information security training courses to enhance employee awareness. Based on the results from “Social Engineering Exercise,” we conducted training on various topics for 71 employees, and 14 information security personnel participated in 560 hours of professional training courses. A total of 29,735 employees received 89,567 hours of training in 2023.

Information security course content

- 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

5.1.3 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 Cathay FHC's president is linked to business indicators, financial indicators, risk management, internal control, and corporate sustainability indicators.

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

5.1.4 Operation Integrity

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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.

■ Regulatory Compliance

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

In 2023, we continued to optimize our Legal Compliance Management System and integrated it with the enforcement systems of other insurance companies to improve compliance performance.

● Mechanisms

- 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 2023, 225 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.

● Training

- 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: The number of trainees was 29,694. The total training hours reached 273 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: The number of trainees was 29,694. The total training hours reached 478 thousand hours.

● Overseas supervision

- 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.

2023 material penalties and improvement measures: None

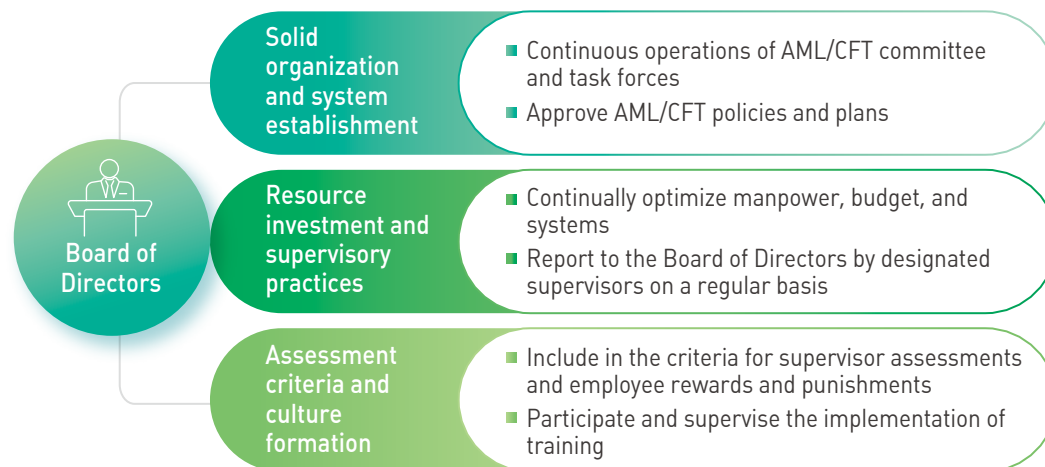
Note 1: Material penalties are cases with cumulative fines of more than NT\$3 million.

Note 2: For other fines and improvement measures,

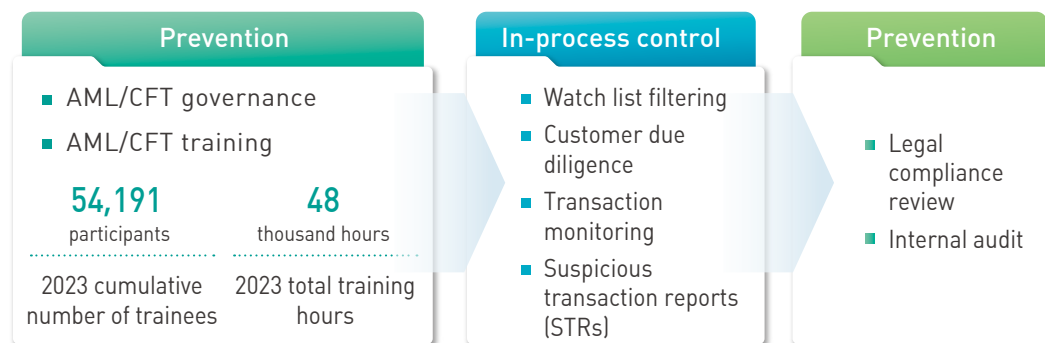
 please refer to page 112 of Cathay Life Insurance’s 2024 Annual Report.

■ AML/CFT

In addition to developing a comprehensive AML/CFT policy, Cathay Life Insurance has also established an Anti-Money Laundering and Counter-Terrorist Financing Committee. Through the participation and directions of senior executives, along with the cooperation of task forces across departments, and external advisories, we continue to optimize our AML/CFT risk management mechanism and support the government’s promotion of AML/CFT. All employees 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:



5.2 Sustainability Governance

Principle 1

Principle 3

Climate change worsens the frequency of extreme climate events, which is one of the major factors that threatens species survival and leads to biodiversity loss, thereby exerting an influence on human activities. In face of the impact of climate change, promoting “Nature Positive” has become as important as promoting net-zero emissions. Cathay Life Insurance continues to deepen the TCFD recommendation projects, integrating climate risks with the existing risk management framework, and improving scenario analysis. With the risk identification and inventory of TNFD initiative, we gradually introduce nature-related risk assessment and trial applications, strengthen corporate resilience, and respond to future climate- and nature-related challenges in collaboration with all stakeholders.

5.2.1 Climate-/Nature-Related Financial Disclosures (TCFD/TNFD)

A global risk report from the World Economic Forum (WEF) in 2024 pointed out that the top-five most severe global risks in the next ten years are all associated with climate change, nature and biodiversity issues. Confronted by the increasingly harsh impact of climate change and biodiversity loss, Cathay Life Insurance has been actively developing and responding to climate- and nature-related risks and opportunities. In June 2018, Cathay FHC signed agreements in support of Task Force on Climate-related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB), and joined the Task Force on Nature-related Financial Disclosures (TNFD) in August 2022. The following describe Cathay Life Insurance’s climate- and nature-related actions in terms of “Governance,” “Strategy,” “Risk Management,” and “Metrics and Targets.”



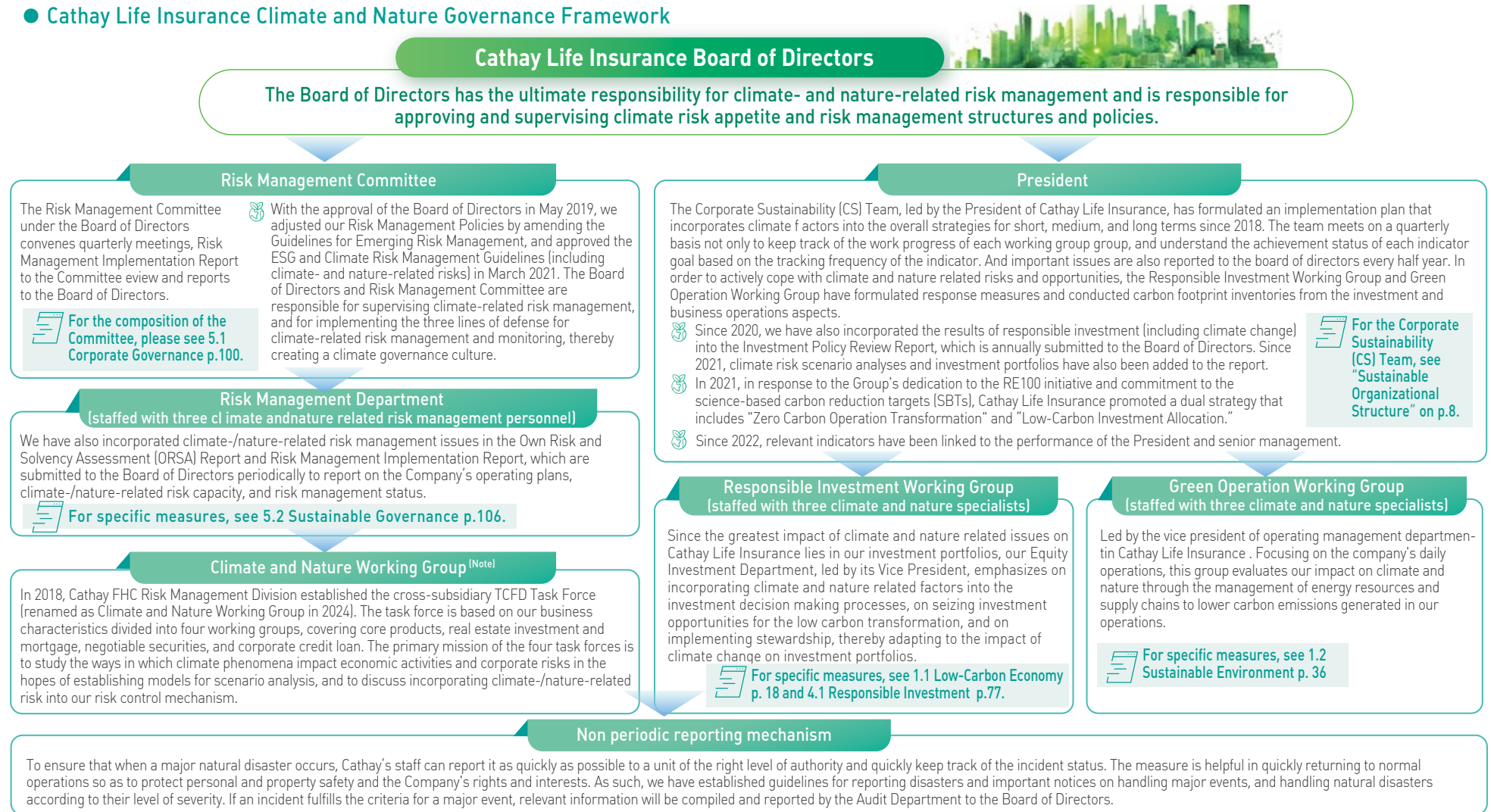
Did you know about TNFD?

The TNFD recommendations are designed to help organizations to report and act on evolving nature-related issues, provide decision makers in business and capital markets with better quality information that improves enterprise and portfolio risk management. The ultimate goal is to support a shift in global financial flows toward nature-positive outcomes. Based on the successful experience with the TCFD, the TNFD framework is consistent with the TCFD recommendations and ISSB’s IFRS standards, with governance, strategy, risk management and metrics and targets as the four pillars to be adopted and applied by enterprises. However, TNFD recommends that the assessment of nature-related issues for companies needs to take into account dependencies and impacts on nature, emphasize on human rights of indigenous peoples, local communities and affected stakeholders, focus on the disclosure by “regions,” and deepen the concept of value chain assessment. In addition to climate change, land/freshwater/ocean use change, resource use/replenishment, pollution/pollution removal, and invasive alien species/removal are also drivers of nature change.



■ Governance

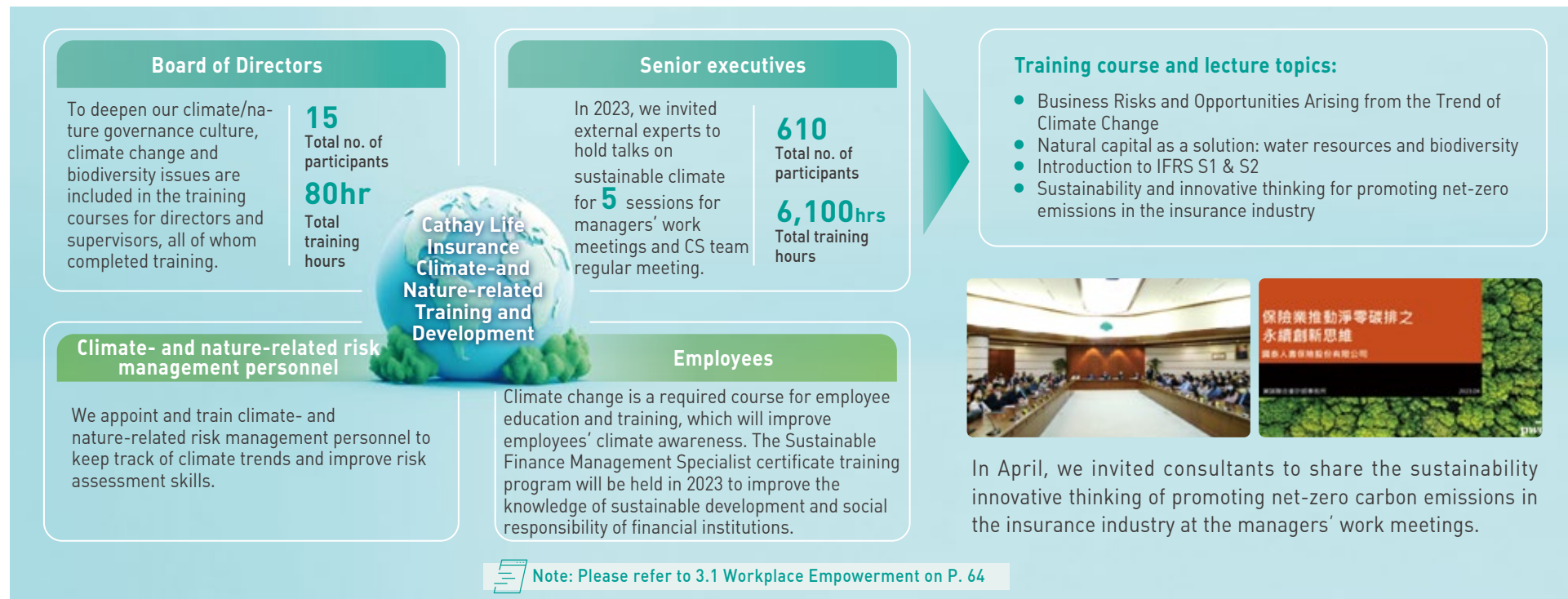
● Cathay Life Insurance Climate and Nature Governance Framework



Note: Sustainability Disclosure Standards in June 2023, comprising "IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information," which is the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain, as well as "IFRS S2 Climate-related Disclosure," which is the first thematic standard setting out requirements for entities to disclose information about climate-related risks and opportunities. As the Company takes over the supervision of the Task Force on Nature-related Financial Disclosures (TCFD) in 2024, the original TCFD Working Group was renamed as the Climate and Nature Working Group in consideration of the increased global attention on nature and biodiversity issues.


● Climate- and nature-related training and development

Cathay Life Insurance's emphasis on climate- and nature-related issues is deeply embedded in our core corporate culture. Each year, we provide internal training and development, topic presentations, and communicates with external institutions to combine internal and external resources and technologies, in order to raise the climate awareness of Cathay employees and strengthen climate- and nature-related risk management.



● Linking climate change indicators and goals to performance assessment mechanisms

To align with international trends and facilitate effective climate governance, Cathay Life Insurance 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 since 2022 to enhance management. We also supervise the progress of the performance periodically, linking to the remuneration policies. We implement rolling adjustments to the aforementioned performance indicators and goals every year according to external trends and policy developments.

 For key climate indicators and goals, see p. 123.

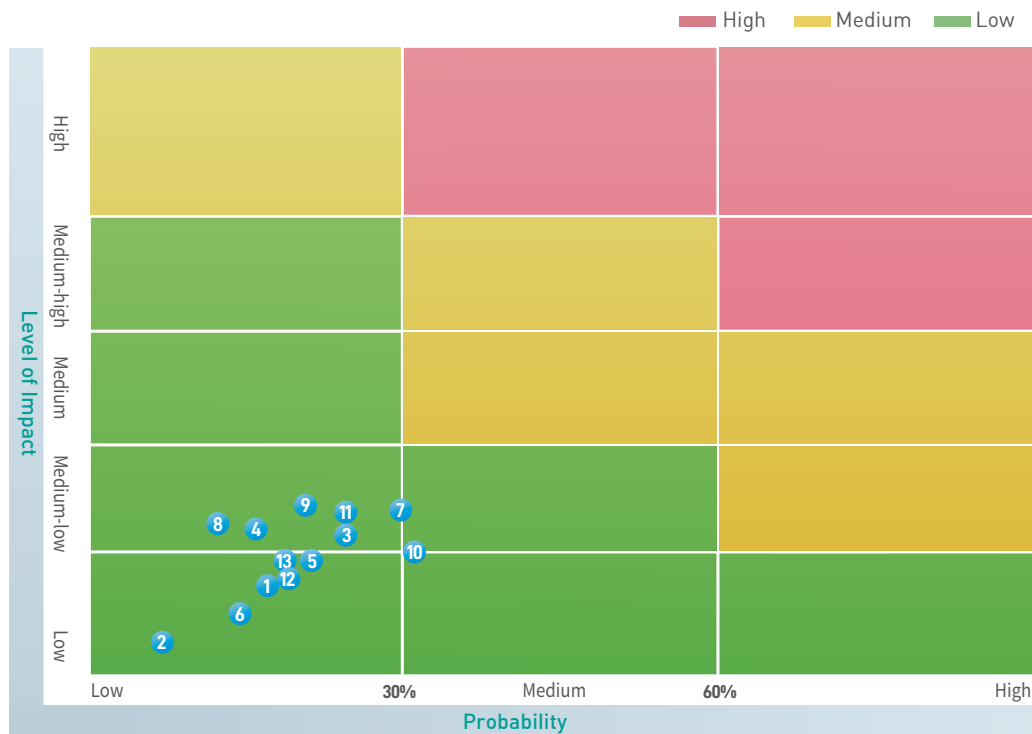
Strategy

For the ranking results of climate- and nature-related risks in the risk map, please refer to 5.1 Corporate Governance on P.101

Identify climate- and nature-related risks and opportunities

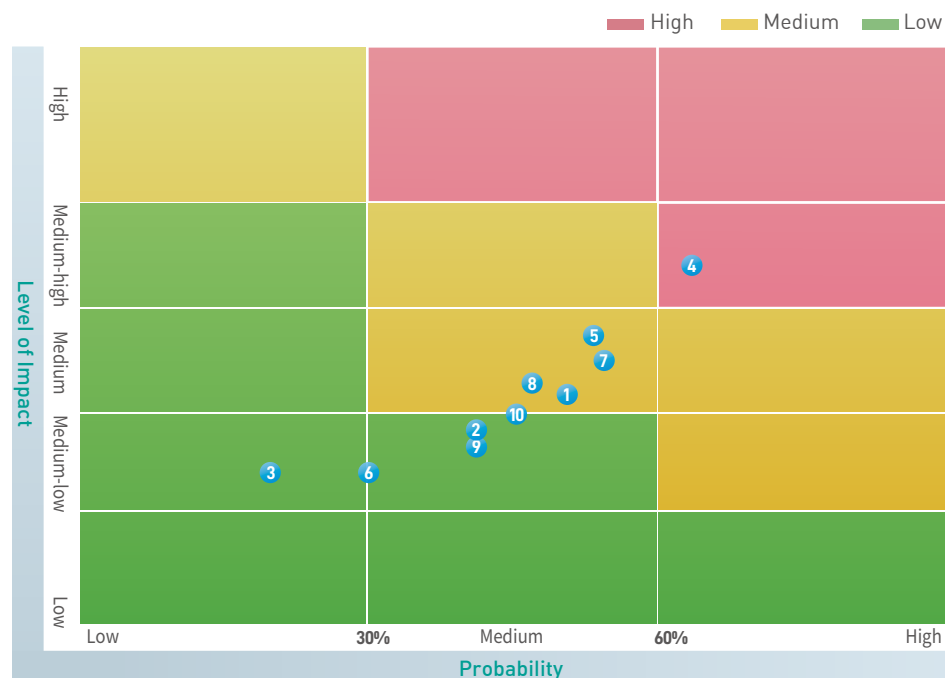
After understanding the overall risk profile, the climate- and nature-related work group and CS team members cooperate with relevant units in conducting a more comprehensive risk and opportunity assessment on climate- and nature-related issues to identify the financial impact that arise from climate- and nature-related issues, as well as its significance ranking. After reviewing climate- and nature-related risks and opportunities, only the “development of innovative green services” is assessed as a major opportunity as shown in the figure below:

Cathay Life Insurance Climate- and Nature-related Risk Matrix



- Operations Investments and loans Insurance products
- 1 Risks of climate- and nature-related litigation or penalties (Operations)
- 2 [Cooperation with Cathay FHC] The engagement mechanism (including risk management) failed to meet expectations of external stakeholders (e.g., financial supervision) (Investments and loans)
- 3 Changes in customer preferences for investment and financial products (Operations, Investments and loans, Insurance products)
- 4 Transition risks due to policy uncertainties (Operations, Insurance products)
- 5 Risks that arise from promotion of green investment and financing, and insurance products (Investments and loans, Insurance products)
- 6 Risk of stakeholder dissent due to climate strategies (Operations, Investments and loans)
- 7 Increase in credit and market risks from high-emissions investment portfolios (Investments and loans)
- 8 Risks arising from inconsistency between sustainability commitments and actual management and actions (Operations, Investments and loans, Insurance products)
- 9 Predicament of company operations in low carbon transition (Insurance products)
- 10 Intensified climate hazards causing an increase in losses on fixed assets (Operations, Investments and loans)
- 11 Extreme weather and climate causing operational risks to the Company, and investee and financing companies (Operations, Investments and loans)
- 12 Nature-related physical risks faced by investee and financing companies (Operations, Investments and loans)
- 13 Nature-related transition risks faced by investee and financing companies (Operations)

Cathay Life Insurance Climate- and Nature-related Opportunities Matrix



Operations Investments and loans Insurance products

- 1 Establish a management mechanism to fulfill sustainability commitments and improve customers' trust. Operations Investments and loans Insurance products
- 2 Deepen climate- and nature-related risk management mechanisms to protect customer rights and interests. Operations Investments and loans Insurance products
- 3 Improve loss prevention and operational resilience of business sites. Operations
- 4 Develop green innovative services to enhance customer loyalty and strengthen brand value. Operations Investments and loans Insurance products
- 5 Transition to net zero in real estate and energy service management to increase real estate value. Operations
- 6 Exert financial influence through initiatives and engagements, and develop climate- and nature-related innovative finance together with engagement companies. Investments and loans
- 7 Develop business opportunities and services for carbon-related issues. Operations
- 8 Expand climate innovation and nature-based investment and financing opportunities. Investments and loans
- 9 Develop climate innovation and nature-based insurance products and services. Operations Investments and loans Insurance products
- 10 Improve employer brand loyalty. Operations

Overview of the main climate- and nature-related risks and opportunities

The results of this year's risk assessment are all ranked as low risks, with the top three risks listed as follows:

Risk ranking	Risk category	Risk items	Potential financial impact	Corresponding existing risk	Influence	Duration of impact	Scope of impact on the value chain
1	Transformation	7 Increase in credit and market risks from high-emissions investment portfolios	Governments around the world are intensifying their supervision of carbon emissions. As such, carbon-intensive industries are facing carbon pricing and renewable energy use requirements, which have led to an increase in low-carbon transition costs, decline in prices of securities issued or rise in default risks, thus reducing the Company's income and values of assets we are investing in.	Market Credit	Investments and loans	Medium and long term	Downstream
2	Physical	10 Intensified climate hazards causing an increase in losses on fixed assets	Natural disasters, such as rise in sea level, typhoons, floods, extreme temperatures and droughts, caused by climate change may result in higher real estate maintenance costs or increased real estate damages for the Company, investee and financing companies, which thereby affect the Company's profit.	Operation Market Credit	Operations Investments and loans	Medium and long term	Midstream and downstream
3	Transformation	9 Predicament of company operations in low carbon transition	The Company may encounter transition costs due to low carbon transition, or further incur more transition costs if the transition process fails to successfully develop related services, thereby lowering customer willingness in doing business transactions with the Company.	Reputation	Operations Insurance products	Medium and long term	Midstream and downstream

- This year’s assessment results cover only one major opportunity item:

Opportunities ranking	Opportunity items	Potential financial impact	Influence	Duration of impact	Scope of impact on the value chain
1	4Develop green innovative services to enhance customer loyalty and strengthen brand value.	Driven by the net-zero transition, the Company has accelerated the development of innovative green services, and improved system efficiency by strengthening the existing digital technologies, e.g., optimization of APP, and development of innovative electronic and mobile services. The Company can therefore steadily move towards achieving the goal of net-zero operations, and meet the diverse service needs of customers, thus increasing their willingness in engaging in business transactions with the Company.	Operations Insurance products	Short-term, mid-term and long-term	Midstream and downstream

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

● Forward-looking scenario analysis

For further quantitative assessment of the Company’s high carbon emission investment portfolio and the risk of increased loss in fixed assets caused by climate disasters, Cathay Life Insurance adheres to the ESG and Climate Risk Management Guidelines, while the risk management department is responsible for conducting the annual climate scenario analysis, which will be submitted to the Board of Directors after review by the Risk Management Committee.

Instead of financial forecasts, the scenario analysis results are estimated based on the combination of various assumptions under specific scenarios by using existing data to simulate the potential financial influence. Therefore, it requires consideration for uncertainties in data and modeling. Please refer to **Data and modeling limitations**.

Cathay Life Insurance develops and continually optimizes scenario analysis of the investments, insurance, operations and other core businesses, and formulates climate strategies based on the scenario analysis results, so as to measure the financial impact of climate change and improve the resilience of the Company’s strategies. For the investment business, drought scenario analysis is used for measuring investee companies’ degree of dependency on nature-related issues. The implementation of scenario analysis of each core business is described as follows.



Data and modeling limitations

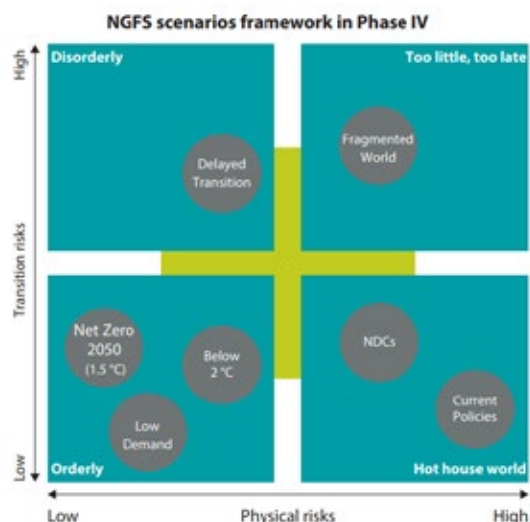
- The data is limited by the extent of disclosure by investee companies, and collection and cleaning of MSCI database.
- The modeling limitations are classified into data or methodology. Taking the MSCI CVaR model as an example, due to insufficient amount of reliable and computable data sources, the physical value at risk cannot be used for estimating the losses from supply chain interruptions and the amount of property insurance loss recovery. It should be noted that the methodology of transition value at risk has the assumption that all carbon reduction costs turned into climate technology opportunities would be different from the actual situation (carbon reduction costs, such as carbon taxes and carbon offset credits, are not equivalent to technology investments).

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, equipment, and operating capacities, which may lead to the loss of asset value for investors. Cathay Life Insurance introduced a model developed by the MSCI to measure the Climate Value-at-Risk (Climate VaR, CVaR)^{Note 1} of listed equity, bond and sovereign bond investment portfolios under three different transition and temperature scenarios, CVaR)

- Description of NGFS scenario

Cathay Life Insurance selected the 2050 Net-Zero Emissions scenario, which meet both the global consensus of net-zero emissions and its own carbon reduction goals. In addition, with reference to stress testing of central banks in the U.K. and France which are designed with scenarios such as orderly and disorderly transition, and no additional actions, we selected the delayed transition scenario with disorderly transition, and the NDCs scenario which keeps the existing policies unchanged to explore the financial influence of three different types of transition and temperature scenarios on the Company.



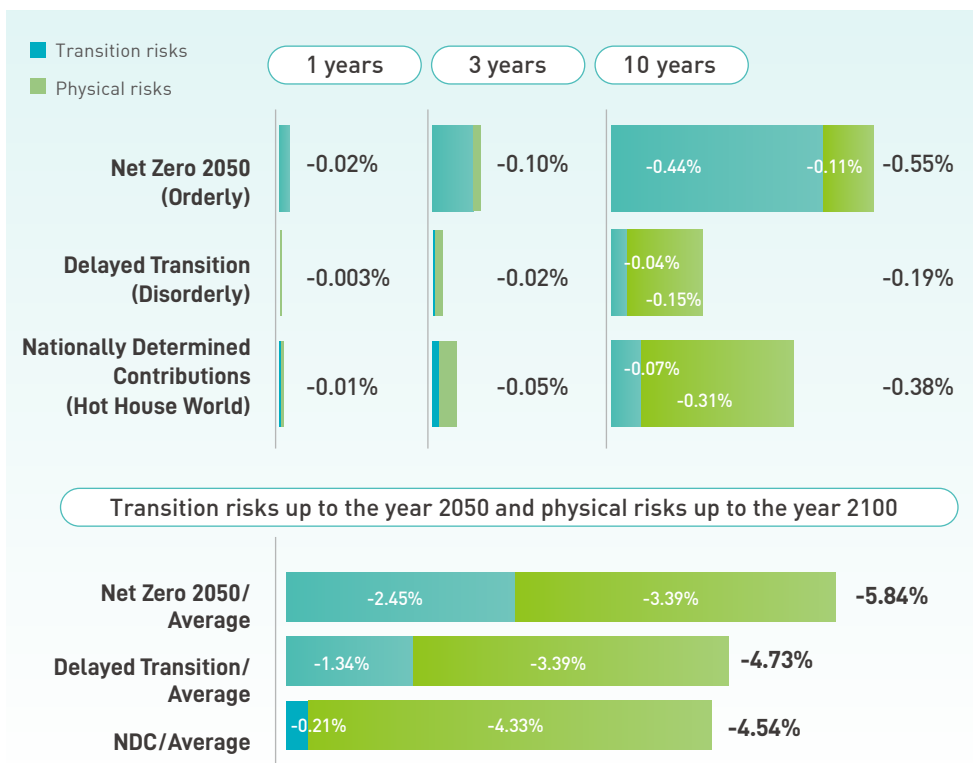
Source: NGFS Climate Scenarios for central banks and supervisors, November 2023

NGFS scenario	Net Zero 2050	Delayed Transition (Disorderly)	Nationally Determined Contributions (Hot House World)
Degrees of warming by the end of century	1.5°C	2°C	3°C
Scenarios and assumptions	Make climate policies in advance and implement them gradually. We expect to achieve net zero emissions and limit temperature increase to 1.5°C by 2050. Physical and transition risks - medium risks	Assuming that the scenarios will remain the same before 2030, there may be high transition risks as transition costs may surge by the sudden promotion of strong emission reduction policies after 2030.	Transition risks may be the lowest, but the physical risks may be the highest if the scenario only covers existing national policies, without new actions on carbon reduction.
Real GDP growth (2020-2100, CAGR)	2.0%	2.0%	2.0%
Global Energy use portfolio (2050, based on electricity generation fuel)	RE 94% Nuclear power 3% Gas 3% Coa 10%	RE 94% Nuclear power 4% Gas 3% Coal 0%	RE 80% Nuclear power 3% Gas 16% Coal 1%
Maximum carbon storage per year (MtCO ₂ /yr)	8,779	5,926	5,342
Carbon price (2050)	672.7	621.9	34.1
Year with maximum GHG emissions	2020	2020	2025
GHG emission reduction (2020-2050, CAGR)	-11.7%	-8.1%	-1.2%
Description of transition risks	[Medium Risk] Timely and orderly implementation of climate policies	[High Risk] Delayed and abrupt implementation of climate policies	[Low Risk] Implement the existing commitment to the nationally determined contributions, without new actions on carbon reduction
Description of physical risks ^{Note 2}	[Medium Risk] Average climate change scenario	[Medium Risk] Average climate change scenario	[High Risk] Extreme climate change scenario

- Listed stock and bond investment portfolio analysis results using MSCI CVaR scenarios

Based on the MSCI’s model database under the NGFS scenario, the CVaR results in specific years in 2023 (the next one year, three years, ten years, and until 2050)^{Note 3} can be used for analyzing the downside risks of climate change on company stock and bond values. According to scenario analysis results of “transition risks up to the year 2050 and physical risks up to the year 2100,” the loss of each scenario represent 4%-6% of the investment portfolio, of which the one-year, three-year and ten-year periods have little loss due to relatively short periods. Therefore, the overall risk and loss are still controllable.

- 2023 equity and bond investment portfolios (excluding sovereign bonds) analysis results using the MSCI CVaR scenarios

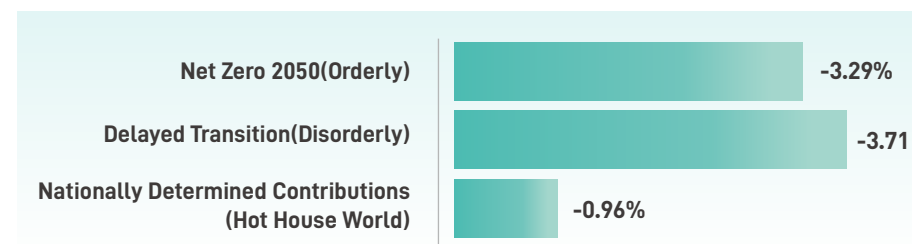


- Sovereign bond investment portfolios analysis results using the MSCI Sovereign CVaR^{Notes 4,5} scenarios

As MSCI added a new method to measure the CVaR of sovereign bonds in 2022, Cathay Life Insurance has expanded the scope of assessment of securities investment by sovereign bonds. 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.

We see evident loss in the delayed transition scenario. This is mainly because the Company’s investment portfolio has allocated for more long-term U.S. Treasury bond positions, and among the three scenarios, the 20-year and 25-year U.S. Treasury yield curve rates are the highest under the disorderly transition scenario. However, regarding the overall performance of the three scenarios in 2023, the loss of sovereign bonds accounts for 3%-4% of the investment portfolio, and the overall transition risk and losses are still controllable.

- 2023 sovereign bond investment portfolio analysis results using the MSCI CVaR scenarios



Note 1: Climate Value-at-Risk (CVaR) refers to the discounted cost accumulatively borne by investment portfolios in the future, with transition risk up to the year 2050. Analysis of physical risks up to the year 2100. Please refer to the [MSCI website](#) for details.

Note 2: 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).

Note 3: To comply with the IFRS S2 Climate-related Disclosures: The estimated financial influence from climate-related risks of individuals in the short, medium and long term is calculated by using the MSCI underlying data.

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 December 29, 2023; (2) The MSCI data covers 55% of the overall sovereign bond investment portfolio.

- Impact of water stress on expected losses in specific investment positions

With reference to the TNFD recommendations, the ENCORE tool was used for nature-related dependency and impact analysis, which comprehensively examine the investment and financing positions and percentage of each industry, as well as the impact dependency score. We identified the key industries exposed to nature-related risks as the “integrated oil, gas and petrochemical industry,” and among all industries, “food and beverage manufacturing” is the most dependent on natural capital. After further analysis of the driving factors of ecosystem services from the food and beverage manufacturing industry and integrated oil, gas and petrochemical industry, it is found that among all factors that rely on ecosystem services, the “water resources” issue is the main source of investment and financing risks.

■ Very high ■ High ■ Medium ■ Medium-low ■ Low ■ No data.

Name of Group Sensitive Industries	Dependency	Impact	Percentage of total investment and financing positions (%)
	Water	Water use	
Oil and natural gas	High	High	5.68
Food and Beverage Manufacturing	Very high	High	2.94
Mining	High	Very high	1.19
Chemical raw materials, fertilizers, nitrogen compounds, plastic/rubber raw materials and man-made fiber manufacturing	Medium	High	0.83
Construction materials (including cement)	Very high	High	0.20
Fossil fuel-based electricity generation and coal-related industries	Medium	Low	0.15
Agriculture/Forestry/Fishery/Animal husbandry	Very high	Low	0.03
Aviation	Medium	High	0.02

Note 1: The percentage of risk exposures is the aggregate amount of all risks in domestic and foreign stocks/bonds, unlisted OTC stocks, short-term notes and other non-cash securities positions, as well as business credit lines in the industry as a proportion of total risk exposure. The position was in March 2024.

Note 2: ENCORE provides the degree of dependency and influence of each industry on various natural capital assets and driving factors.

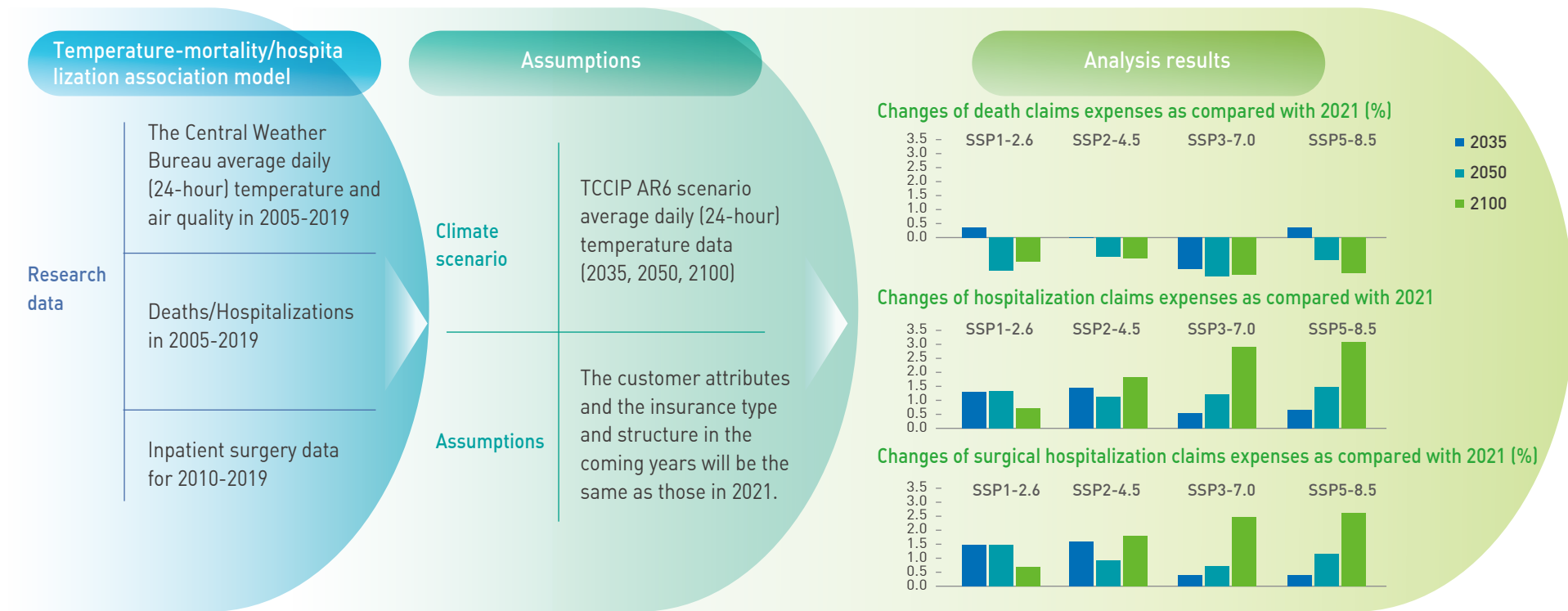
Therefore, Cathay Life Insurance adopts the Drought Stress-Test Prototype Tool of the United Nations Environment Program Finance Initiative (UNEP FI) for quantitative analysis, which covers the “integrated oil, gas and petrochemical industry” and “food and beverage manufacturing industry,” assessing the drought risks for investments in risky countries, including the amount of expected loss in Brazil, China, Mexico and the U.S. under the scenario of once-in-a-century drought that lasts for five years. The assessment finds that the losses in the food and beverage manufacturing industry and the integrated oil, gas and petrochemical industry represent 0.84% and 0.49% of the net value, respectively. We see limited impact from drought hazards on investment positions of related industries.

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 Insurance utilized historical data (2005-2019) related to weather, air quality, 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 mortality rate and hospitalization rate from all causes, and further discuss surgical hospitalization from all causes. This will help us estimate the future changes in expenses due to life insurance 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. Since the Taiwanese people are more adaptable to high temperatures than to low temperatures, assuming that our customer structure remains the same, the assessment results of extreme scenarios by the middle and end of this century are as follows:


- The rising temperatures will slightly reduce Cathay Life Insurance’s overall death claims expenses by 1%, which is not a major financial impact for insurance claims.
- The rising temperatures will drive up Cathay Life Insurance’s overall hospitalization claims expenses by 1%-4%, and inpatient surgery claims expenses by 1%-3%, as the utilization of medical services will generally increase in tandem with the rise in temperature.

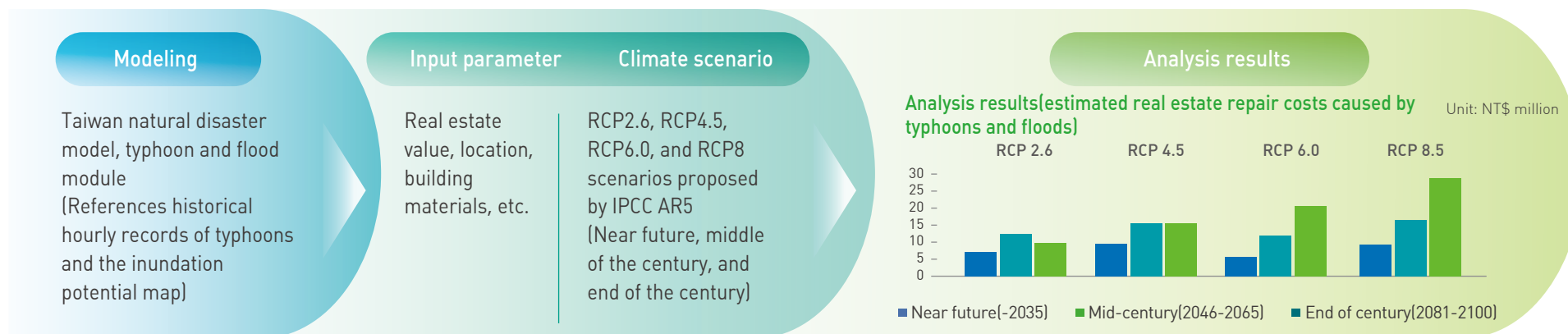


• Risk response measure

According to domestic and international studies, climate change may increase the severity of extreme weather events (such as rainstorms and typhoons), and even accelerate the spread of infectious diseases. Despite limited domestic research data, we mainly focus on research related to rising temperatures, and will continue to improve and understand the climate risks of personal insurance products. We implemented the "FitBack health promotion plan" to encourage people to exercise more, and improve their health. We also launched the "Every Step Counts campaign" to mitigate climate impacts, and provided resources to remote areas to assist people in planning personal insurance for risk transfer.

Operations - Self-owned real estate

To understand the impact of climate change on self-owned real estate, Cathay used scenarios RCP2.6, RCP4.5, RCP6.0, and the most severe RCP8.5 proposed in the IPCC for simulations of climate impact. We also used the typhoon and flood module of the natural disaster model jointly developed with academic institutions to analyze the potential damage to self-owned real estate caused by typhoons and floods in different periods in the near future (-2035), middle of the century (2046-2065), and end of the century (2081-2100), which we used as an important basis for formulating our business continuity management mechanisms and asset allocation strategy. The results of the financial losses due to building damage caused by typhoon and flood under the RCP8.5 scenario, the average annual loss at the end of the century would increase by NT\$30 million compared with the baseline (2023). Nevertheless, to mitigate the impact of climate change on real estate, Cathay Life Insurance has set up a continuity management mechanism  (for relevant actions, please refer to 5.2 Sustainable Governance Risk Management on P.121), while the real estate management department already established emergency response procedures, and acquired insurance for real property with higher asset value, so as to mitigate relevant risks and reduce losses.



In summary, by reviewing the main businesses of Cathay Life Insurance through the identification of climate- and nature-related risks and opportunities, and analysis of forward-looking scenarios, we determined the materiality of relevant risks and opportunities. We also take assessment results of relevant scenario analyses 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.

● **Climate strategies and action plans**

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


- 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's operations are all controllable; however, we may be confronted with severer losses in scenarios of direr global warming.

The data and results of scenario analysis can help verify the appropriateness of the current development direction for climate strategies, and serve as an important basis for the formulation of climate strategies, to strengthen the Company's climate resilience, and create long-term value for stakeholders.

On the basis of understanding the possible risks and financial losses caused by climate change, we have also taken into consideration the tightening domestic and foreign climate policies and regulations, and international initiatives and investors paying close attention to the financial industry's own operations (Scope 1 and 2) and carbon reduction commitments and strategies and other factors investment assets (Scope 3). We expect that in addition to our own efforts to adapt to climate change, we can also exert financial influence to guide, support and promote the development of new technologies, and ultimately help reduce climate change impact. Based on these goals, Cathay Life 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 Insurance 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.


Zero Carbon Operation Transformation strategies and action plans

Cathay Life Insurance 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 on its way to achieve net zero emissions. We also proactively exert our asset influence to help industry make progresses in energy transition.

 Please refer to 1.2 Sustainable Environment on P.38

Low-carbon investment allocation strategies and action plans

In the face of the impact of climate change and the acceleration of global low-carbon transformation, Cathay Life responded to the global net-zero trend by setting a scientifically based reduction path based on the temperature method formulated by SBTi. Through the "low-carbon investment allocation" strategy, supplemented by three major action plans which are green capital, green engagement and green business, we work to manage the climate change risks of the investment portfolio and seize opportunities for low-carbon economic transformation.

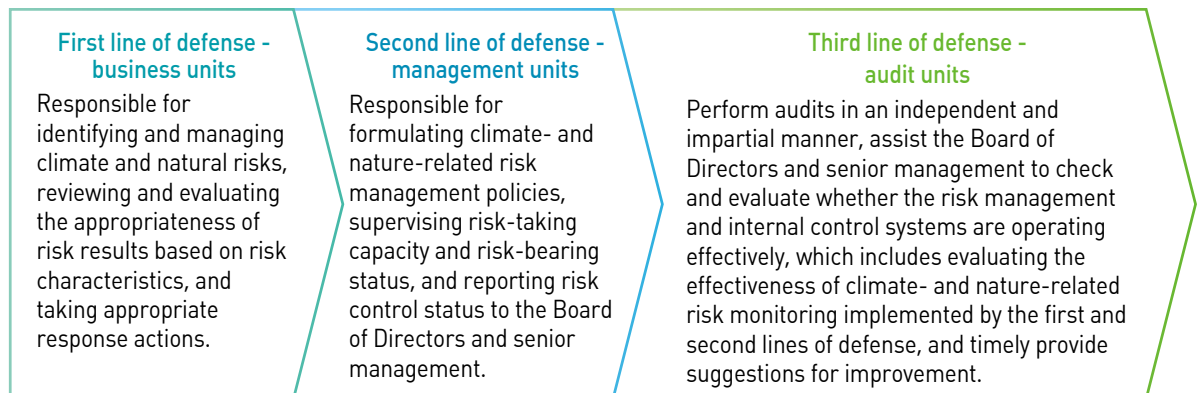
For more information,  please refer to 1.1 Low carbon economy on P.18



■ Risk management

Cathay Life Insurance believes that climate change and loss of biodiversity will aggravate existing risks. In order to systematically manage climate- and nature-related risks and establish a comprehensive climate and nature risk management procedure, we established the "Guidelines for Emerging Risk Management" in 2019 to include climate change and nature 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- and nature-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 related exposure limit indicators

Cathay Life Insurance 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 exposure limit indicators corresponding to the risk appetite to manage climate change and ESG risks.

Management of Group Sensitive Industries

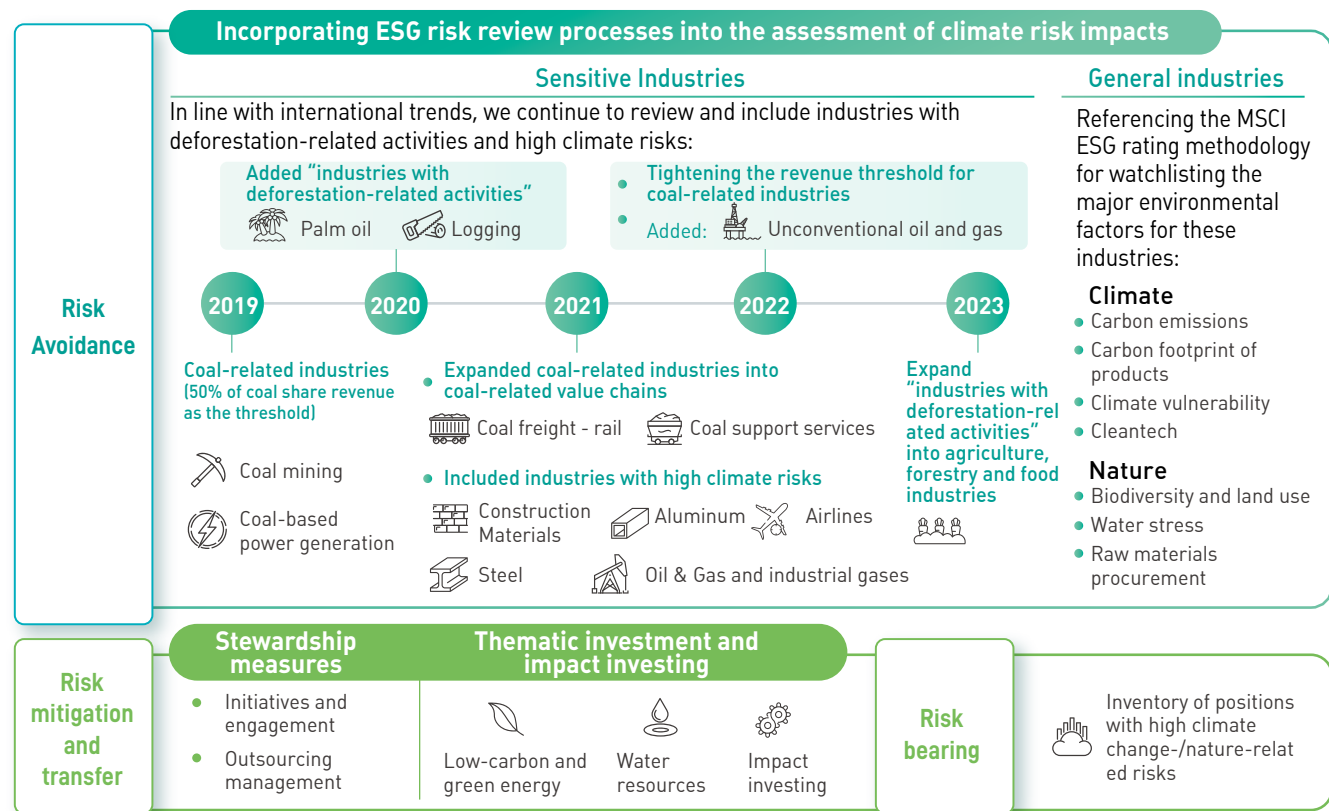
In line with the Group's sensitive industry management and quotas, we refer to external institutional information and international trends, and conduct standardized management of securities investments for industries which will suffer operational or financial impacts from climate change, environment and society. We periodically review the use of our investment and credit extension limits based on the sensitive industries list.

Country risk management of the Group

In line with the management measures of the Group's country risk levels and limits, we refer to international institutional data to select and incorporate countries with higher ESG risks into the national risk control mechanism.

● 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. In addition, protecting the natural ecosystem and biodiversity is also key to preventing the aggravation of climate change. As such, we will gradually incorporate nature-related factors into our consideration. 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- and nature-related risks to ensure the reasonableness of risk bearing.



Note: For Cathay Life's progress in coal divestment, please refer to 1.1 Low-Carbon Economy on P.19

Incorporating ESG risk review processes into the assessment of climate-/nature-related risk impacts

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

- Established Investment Management Principles for Sensitive Industries.

We distinguish non-investable industries for our watch list management according to factors such as how industries impact climate and nature, the severity of climate change risks affecting the industries, their degree of preparedness in facing climate change and the ability to manage nature, and the proportion of operating income generated from the business project.

1. Industries with high climate risks

Since "phasing out coal" has become an international consensus in achieving carbon reduction goals and combating climate change, Cathay Life has taken the lead in incorporating coal-related industries (coal-based power generation, coal mining, coal freight - rail and coal support services, etc.), and other industries that have a high impact on the climate (integrated oil and natural gas, oil and natural gas exploration and production, industrial gas, construction materials, aluminum, steel, airlines) in the list of sensitive industries.

2. Deforestation-related activities

Cathay Life included logging and palm oil in the list of sensitive industries in 2020, so as to mitigate the risk of land degradation by reducing deforestation. In the past two years, Cathay Life has continued to explore issues regarding nature and comprehend the impact of biodiversity changes and biodiversity loss, which may result in a potential crisis on the economy and sustainable life cycle. In view of this, the management scope expanded into the agriculture, forestry and food industries in 2023, while management actions shall comprise land-use change, supervising companies that produce and use commodities causing deforestation, including beef, soy, palm oil, and timber products, in order to prevent and reverse land degradation and prevent biodiversity loss.

- Referencing major environmental issues for general industries

Cathay has referenced information provided by MSCI ESG research institutions and determined key climate- and nature-related issues, including material climate change factors such as carbon emissions, green building, cleantech, product carbon footprint, climate change vulnerability, as well as natural capital factors such as biodiversity, land use, water resources, and raw materials procurement. 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.



Please refer to 4.1 Sustainable Finance P.80

Stewardship measures

- Initiatives and engagement

In addition to exerting our influence through participating in international initiatives, and organizing forums or conferences 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. Furthermore, considering that the loss of biodiversity will have an irreversible and serious impact on the earth's ecology, we also engage investee companies in nature-related issues. Since natural issues are relatively widespread and are still developing, when engaging companies, we adopt the three stages of "perception, recognition, and proactive implementation," allowing enterprises to start from perceiving their own impact or dependence on nature, then recognizing the importance of natural issues, and finally being able to proactively manage nature-related risks, and implement it into business operations.

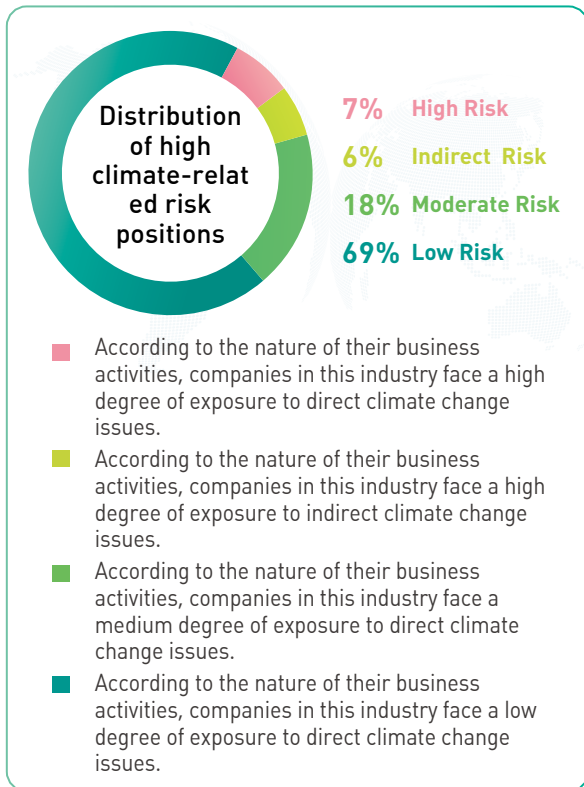
- Asset manager mandating and monitoring

We take signing the Principles for Responsible Investment (PRI) into consideration for mandate partner evaluation to ensure that Cathay Life Insurance'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.

Inventory of positions of high climate change-related and high natural capital risks

- Inventory of positions with high climate change-related industries

Based on the MCSI ESG methodology, Cathay Life Insurance identified the impact levels of major climate risks on the core businesses of investee companies. In 2023, inventories found that 7% of our equity and corporate bond investments involve high climate risks, which remained comparable with the previous year. The climate risks were thereby, deemed controllable.



- Inventory of investment with high natural capital risks and related to frontier deforestation

The TNFD's disclosure guidelines for the financial industry recommend disclosure on investment assets in industries with substantial natural dependence and impact, and investment assets located in sensitive regions.

Investments with high natural capital risks

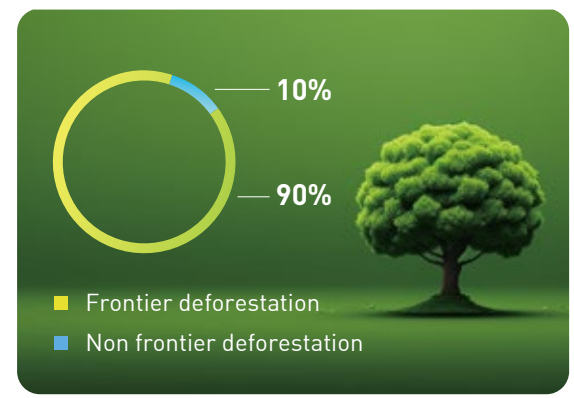
Based on the MCSI ESG methodology, Cathay Life Insurance identified the impact levels of natural capital factors on the core businesses of investee companies. In 2023, inventories found that 21% of our equity and corporate bond investment positions involve high nature-related risks. Considering that many industries have high nature dependency and impose impact on nature, natural risk positions will be higher than climate risk positions, and we will continue to monitor them in the future.



- According to the nature of their business activities, companies in this industry face a high degree of exposure to direct natural capital issues.
- According to the nature of their business activities, companies in this industry face a high degree of exposure to indirect natural capital issues.
- According to the nature of their business activities, companies in this industry face a medium degree of exposure to direct natural capital issues.
- According to the nature of their business activities, companies in this industry face a low degree of exposure to direct natural capital issues.

Investment related to frontier deforestation

Since agricultural expansion is one of the main causes of global deforestation and biodiversity loss, we have chosen industries highly related to frontier deforestation as a priority as per the TNFD recommendation on disclosing operations of investee companies in sensitive regions. Management of investment in agriculture, forestry and food-related industries is potentially of great significance. If management and monitoring are inadequate, there will be risks of deforestation. In 2023, we used the MSCI tools to take inventory of the percentage of stocks and corporate bonds highly related to deforestation and found that it amounted to 10% of the overall stock and corporate bond investment portfolio.



Note: The MSCI tool determines whether a company has three physical assets or more operating within 1.5 kilometers of the frontier deforestation region.

● Climate physical and nature sensitive region risk exposure management

Climate change-induced flood risk exposure

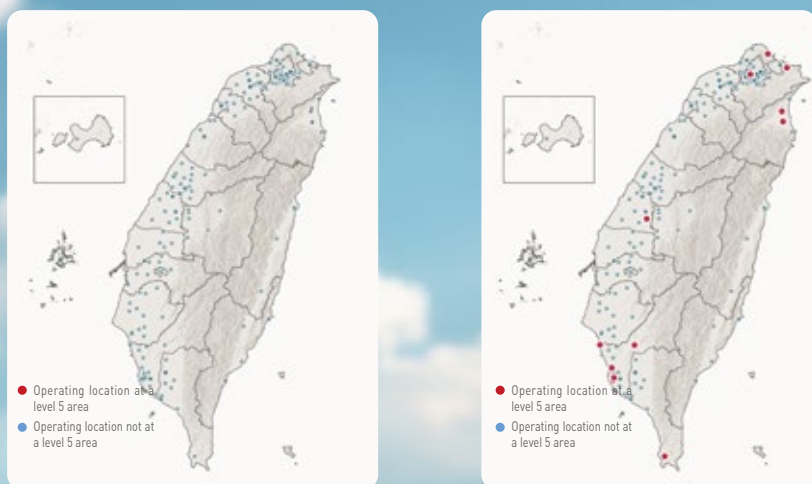
We have prepared a risk heat map of projections for the end of the century based on flood risks identified in AR5 scenarios of NCDR, in which flood hazard is divided into five levels. Areas with level 5 hazard vulnerability are all areas that rank in the top 20% in terms of hazard vulnerability. Areas with the highest level flood risk are compared with business locations and locations of housing mortgage customers. After examining the physical risk of flooding during the base period (1976-2005) and the future period (2036-2065) in the RCP8.5 climate scenario at Cathay's business locations and locations of housing mortgage customers at the end of 2023, the flood risk was deemed controllable.

- Regions exposed to high flood risks in Taiwan

- Ratio of regions with high risk of flooding

	Base period (1976-2005)	Mid-century future estimate (2036-2065)
Business Sites	0%	6.19%
Housing mortgage balances	0.29%	5.67%

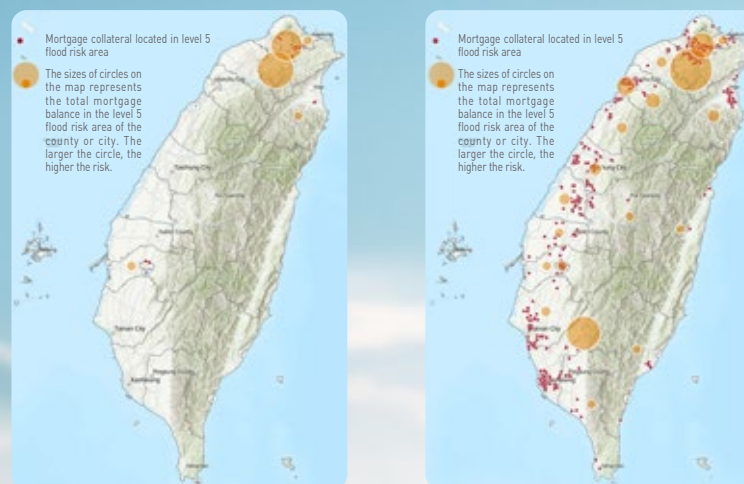
Distribution of operating locations



Base period (1976-2005)

Mid-century future estimate (2036-2065)

Distribution of mortgage collateral and balances



Base period (1976-2005)

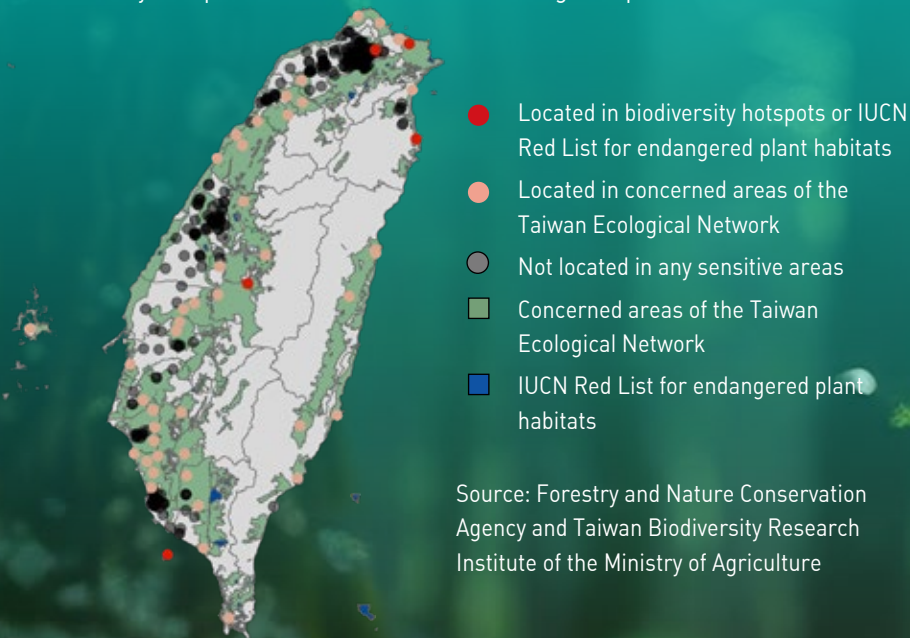
Mid-century future estimate (2036-2065)

- Business Continuity Management

We established guidelines for reporting disasters to ensure that when a major natural disaster occurs, our staff can report it 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.

Identification of distribution of operating sites in regions sensitive to nature

Taiwan's mid- and high-altitude mountainous regions already contain state-owned forest compartments and the Central Mountain Range Conservation Corridor, which provide good protection for rich biological resources. However, flatlands and low-altitude mountainous areas are facing conservation pressure and lack of a comprehensive system for conservation areas. As one of the largest real estate investors in Taiwan, Cathay Life Insurance refers to the LEAP –Locate approach to evaluate whether its operating bases are located in a sensitive area, including biodiversity hotspots, concerned areas of the Taiwan Ecological Network, and IUCN Red List for endangered plant habitats. Five sites were identified to be located in biodiversity hotspots or IUCN Red List for endangered plant habitats.

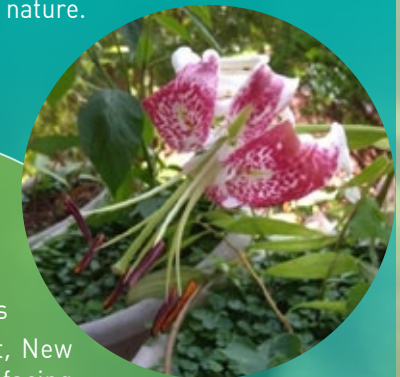


Source: Forestry and Nature Conservation Agency and Taiwan Biodiversity Research Institute of the Ministry of Agriculture

Note: The hazard risks in nature-sensitive areas recommended by the indicators of TNFD v.1.0 refer to locations where assets/activities directly operated by an organization are in contact with nature, e.g., important areas of biodiversity.

• Ecological protection and restoration activities

During the TNFD analysis process, we paid attention to the impact of biodiversity loss on the natural environment. Therefore, we proactively engaged in various public welfare sponsorship activities to support local restoration plans and protect the affected biodiversity hotspots, in the hope to stop and reverse biodiversity loss, and promote positive growth of nature.



Restoration of fairy lilies


environment in Pingxi District, New Taipei City. However, they are facing a serious conservation crisis due to past human development. The Cathay Charitable Foundation cooperates with Pingxi Elementary School to assist the school in renovating the rehabilitation base that has been built for more than 20 years, which is an important milestone for the sustainable development of Pingxi's ecology.



Indicators and goals

Key climate- and nature-related indicators and goals

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 Insurance supports the RE100 initiative, in which it is committed to using 100% renewable energy for all operating bases in Taiwan by 2030. Furthermore, Cathay Life Insurance 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. Regarding nature-related issues, the action plans to reduce water usage are adopted based on the TNFD recommendations to avoid or reduce the nature-related impact or dependency at operating locations, and at the same time achieve better operational efficiency and cost reduction. Cathay Life Insurance uses water consumption per capita as its key nature-related indicators and goals, with continual tracking on the achievement status.

 For governance framework for monitoring and reporting, please refer to P.107.

	Indicator	Baseline year	Short-term goals 2024	Medium-term goals 2025	Long-term goals 2030
Operations	Water consumption per capita	-	12.67 kWh	12.5 kWh	11.95 kWh
	Percentage of renewable energy use	-	25% for the current year	50% for the current year	100% for the current year
	Growth of solar panel capacity installed for self-use in Cathay buildings	2020	Up by 400%	Up by 425%	Up by 1,000%
	Scope 1 and Scope 2 emissions (Metric tons CO ₂ e)	2020	Down by 11.5%	Down by 21%	Down by 42%
Investment aspect	Carbon reduction path of investment portfolio	-	2026:S1+S2: 2.68°C S1+S2+S3: 2.79°C		
	Growth of low-carbon and green energy investments	2020	Increase by 21%	Increase by 35%	Increase by 50%
	Engagement Action	-	Engage with key domestic companies accounting for 45% carbon emissions of investment portfolio	Engage with key domestic companies accounting for 50% carbon emissions of investment portfolio	Engage with key domestic companies accounting for 55% carbon emissions of investment portfolio
	Take over management of coal-related industries gradually	-	(2022 setting) No new investments are allowed in the coal mining, coal freight - rail, coal support services and coal-based power generation companies that do not meet the criteria for active transformation with revenue proportion exceeding 30%.	No new investments are allowed in the coal mining, coal freight - rail, coal support services and coal-based power generation companies that do not meet the criteria for active transformation with revenue proportion exceeding 20%.	In OECD countries, no new investments are allowed in the coal mining, coal freight - rail, coal support services and coal-based power generation companies that do not meet the criteria for active transformation with revenue proportion exceeding 5%.
	Take over management of unconventional oil and gas ^{Note} industry gradually Note: Covering extra heavy crude oil (such as oil sands), shale oil, and liquefied natural gas (LNG) extracted from unconventional fossil fuels.	-	No new investments are allowed for companies with revenue percentage over 50% from unconventional oil and gas companies that do not meet the criteria for active transformation.	No new investments are allowed for companies with revenue percentage over 30% from unconventional oil and gas companies that do not meet the criteria for active transformation.	In OECD countries, no new investments in companies whose revenue exceeds 20% from unconventional oil and gas, and which do not meet the criteria for active transformation.

Verification of climate strategy resilience

To fulfill its commitment of net-zero carbon emissions by 2050, Cathay Life Insurance 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 goals, i.e., “green energy” and “expand the support for green finance” under the “percentage of renewable energy use” and “growth of low-carbon and green energy investments” 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 Indicators and Goal Performance - Percentage of Renewable Energy Use	Monitoring and comparison	<p>To implement the zero-carbon operation transformation strategy, Cathay Life Insurance 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>Baseline year for assessing annual electricity consumption is adopted for 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 2023 percentage of renewable energy use was set at 10%, while the actual percentage of renewable energy use was 11.5% in 2023. By comparing the target completion status, Cathay Life Insurance 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 Indicators and Goal Performance for the Future - Growth of Low-carbon and Green Energy Investments	Trend Analysis	<p>Cathay Life Insurance's low-carbon investments mainly focus on securities investments and green buildings:</p> <ul style="list-style-type: none"> • Negotiable securities: Analyze the historical results of low-carbon investment assets as a percentage of securities assets in 2018-2022. 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. • Real estate: 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. • According to the results, Cathay Life Insurance can achieve the goal of "growth in low-carbon and green energy investment of 21% by 2024, 35% by 2025 and 50% 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)

 Please refer to 1.1 Low-Carbon Economy P.18

In addition to verifying strategic resilience through the above methods, the Company also adopts scenario analysis to verify whether the climate strategies and actions in response to climate change, can help the Company resist or recover in the face of potential impacts brought about by different climate scenarios. A climate resilient strategy can help companies effectively mitigate and adapt to the financial and operational implications caused by climate change.

Verification method

To comply with the Group's planning, we refer to the Guide to Climate Scenario Analysis for Domestic Banks to conduct quantitative analysis of climate-related investment and financing risk exposures in sensitive industries, in order to verify climate resilience from current risk exposures. This risk management mechanism ensures the controllability and acceptability of the financial impact of asset portfolios under different climate scenarios.

Verification results


For Cathay Life's sensitive industry investment and financing risk exposures (according to the Group's regulations) under the climate scenario simulations, including orderly transition by 2050, disorderly transition and no policy, the expected loss ratio to net value is 0.06%-0.33%, i.e., relatively limited impact, indicating that Cathay Life's current strategies and asset portfolio of sensitive industries are climate resilient.

Note: The position was in November 2023.


● Key climate change indicators

When developing key climate management indicators, Cathay Life Insurance realizes that there are limitations in climate indicators and tools (e.g. coverage, data availability and time frame, and uncertainties in methodological development). However, these indicators are valuable reference for governance, policy and risk management.

- In terms of business operations, key climate change indicators include the total power usage index, electricity and water use index.

Please refer to  1.2 Environmental Sustainability on P.36 for details.

- In terms of investment, key climate change indicators cover the "investment and financing portfolio carbon emissions". Considering the data availability of the investment portfolio, internal carbon management tools are used to help the investment team monitor investee companies' carbon emissions, and oversee and measure the changes in investment portfolio carbon emissions.

Please  refer to 1.1 Low-Carbon Economy on P.24 for details.

Appendix

Medium and Long Term (2025-2030) Goals

Sustainability Theme	Strategic Direction	Medium and Long Term (2025-2030) Goals
Climate	Low-Carbon Economy	<p>Science Based Target - Carbon reduction path of investment portfolio</p> <ul style="list-style-type: none"> • 2026: S1+S2 temperatures of listed equities and corporate bonds: 2.68°C; S1+S2+S3: 2.79°C <p>Gradually adjust the investment barrier for coal-related industries and coal companies that do not engage in proactive transition. 諾</p> <ul style="list-style-type: none"> • No new investments are allowed for coal mining, coal mine railroad transport and coal-related auxiliary services with revenue percentage over 20%, and do not engage in proactive transition. (2025) • For the coal-related industries in OECD countries, no new investments are allowed for coal mining, coal mine railroad transport and coal-related auxiliary services with revenue percentage over 5%, and do not engage in proactive transition. (2030) <p>Gradually withdraw from the unconventional oil and gas industry, which does not engage in proactive transition.</p> <ul style="list-style-type: none"> • No new investments are allowed for unconventional oil and gas industry with revenue percentage over 30%, which does not engage in proactive transition. (2025) • For OECD countries, no new investments are allowed for unconventional oil and gas industry with revenue percentage over 20%, and does not engaged in proactive transition. (2030)
	Sustainable Environment	<p>Engagement initiatives</p> <ul style="list-style-type: none"> • Engage with three to five domestic and foreign climate and nature-related initiative activities, and study the viability of climate change and nature-related international organization that campaign for responsible investments. • Engage with key domestic companies accounting for 50% carbon emissions of investment portfolio. (2025) • Engage with key domestic companies accounting for 55% carbon emissions of investment portfolio. (2030) <p>Low-carbon and green energy investments</p> <ul style="list-style-type: none"> • Increase in low-carbon investment amount by 35% using 2020 as the baseline year. (2025) • Increase in low-carbon investment amount by 50% using 2020 as the baseline year. (2030) <p>Green energy</p> <ul style="list-style-type: none"> • Renewable energy usage of 100% in the headquarter. (2025) • All business locations in Taiwan use renewable energy for 100% of their power, and business locations worldwide will use renewable energy for 60% of their power. (2030) • Adopt energy management systems in 41 of the Company's key self-owned buildings. (2025) • Manage 80% of the annual electricity usage. (2030) • Install solar panel capacity for self-use in Cathay buildings, which is an increase of 2,500% in comparison with that in 2020. (2025) • Install solar panel capacity for self-use in Cathay buildings, which is an increase of 3,750% in comparison with that in 2020. (2030) • Lower electricity consumption by 500,000 kWh, which is equivalent to a decrease of 0.89% in comparison with that in 2024. (2025)

Sustainability Theme	Strategic Direction	Medium and Long Term (2025-2030) Goals
Climate	Sustainable Environment	<p>Green Operations</p> <ul style="list-style-type: none"> • Implement the commitment to SBT carbon reduction. (Scope 1 and 2). <ul style="list-style-type: none"> -Based on the 1.5 °C scenario, carbon emissions will be reduced by 21% compared with 2020. (2025) -Based on the 1.5 °C scenario, carbon emissions will be reduced by 42% compared with 2020. (2030) -2025 Scope 3 emissions reduction target. • Conservation of water resources <ul style="list-style-type: none"> -Water consumption per capita of 12.5 KL. (2025) -Water consumption per capita of 11.9 KL. (2030) • Waste reduction <ul style="list-style-type: none"> -Amount of waste per capita of 25.3 kg. (2025) -Amount of waste per capita of 22.9 kg. (2030) • Mobile office <ul style="list-style-type: none"> -Continue to adopt VDI OA, completing an estimation of 30% installations appropriate for colleagues which are compliant with new planning. (2025) -Continue to adopt VDI OA, completing an estimation of 90% installations appropriate for colleagues which are compliant with new planning. (2030) • Carbon label <ul style="list-style-type: none"> -Reduce carbon footprint of products by using digital services and other methods, and pledge to complete carbon footprint inventory for all major products by 2025. -Reduce carbon footprint of products by using digital services and other methods, and pledge to complete carbon footprint inventory for all major products by 2030. • Workplace Transformation <ul style="list-style-type: none"> -Addition of nine new types of workplaces in comparison with 2020. (2025) -Addition of 19 new types of workplaces in comparison with 2020. (2030) • Green Procurement <ul style="list-style-type: none"> -Ratio of green procurement: 50%. (2025) -Ratio of green procurement: 80%. (2030) <hr/> <p>Green real estate</p> <ul style="list-style-type: none"> • Launch green leasing initiatives for commercial office buildings in six metropolitan areas, providing at least 15 million kWh green electricity services each year. (2025) • Launch green leasing initiatives for commercial office buildings in Taiwan, providing 20 million kWh green electricity services each year. (2030)

Sustainability Theme	Strategic Direction	Medium and Long Term (2025-2030) Goals
Health	Health Promotion	<p>FitBack</p> <ul style="list-style-type: none"> • 1.4 million members participate in the health-promoting plan. (2025) • 2.4 million members participate in the health-promoting plan. (2030) • Assist 1.05 million members in health management, and the total monthly participants reaching 15.93 million members. (2025) • Assist 1.8 million members in health management, and the total monthly participants reaching 24.31 million members. (2030) • The number of walking steps accumulated reduces carbon emissions by 293,000 mt. (2025) • The number of walking steps accumulated reduces carbon emissions by 697,000 mt. (2030)
		<p>Increase the insurance amount of health insurance for citizens</p> <ul style="list-style-type: none"> • Annual coverage in medical insurance (daily hospitalization coverage $\geq 2,000$), the number of insured users reaching 100 thousand medical insurance policyholders.
		<p>Employee health</p> <ul style="list-style-type: none"> • Continue to improve health-promoting events, maintaining the number of employees with normal BMI at 53% and above. (2030) • Provide Employee Assistance Programs (EAP) to assist 80% employees to maintain physical and mental health. (2025) • Provide Employee Assistance Programs (EAP) to assist 85% employees to maintain physical and mental health. (2030) • The number of walking steps by employee accumulated in Every Step Counts reducing carbon emissions of 4,240 metric tonnes. (2025) • The number of walking steps by employee accumulated in Every Step Counts reducing carbon emissions of 9,540 metric tonnes. (2030) • Maintain the effectiveness of ISO 45001. • General employee cancer screening rate reached 85%. (2030)
		<p>Sustainable Campus Project</p> <ul style="list-style-type: none"> • Teacher recommendation for anti-drug activity reaching 80%. (2025 and 2030) • Holding anti-drug activities in 1,500 schools. (2025) • Holding anti-drug activities in 1,600 schools. (2030) • Anti-drug activity in the army, navy and air force reaching 2.6 million people. (2025) • Anti-drug activity in the army, navy and air force reaching 3.4 million people. (2030)
		<p>Care for sub-health customers</p> <ul style="list-style-type: none"> • Health care services reached 6,500 persons. (2025) • Expand the scope of sub-health services to help customers actively restore health-related quality of life. (2030)
		<p>Elderly care</p> <ul style="list-style-type: none"> • Promote elderly care activities in collaboration with NGOs and schools to strengthen social support, and provide care for 1,200 elders. (2025) • Provide diversified physical and mental health services in cooperation with partners from different industries to fulfill the requirements of the golden years. (2030) • Policyholders aged 55 years or older that acquired the A&H insurance reaches 25%. (2025) • Policyholders aged 55 years or older that acquired the A&H insurance reaches 30%. (2030) • Cumulatively cultivated 65% of salespeople and 50% of back-office personnel to obtain health care certification (Dementia-friendly angels). (2025) • Cumulatively cultivated 80% of salespeople and 60% of back-office personnel to obtain health care certification (Dementia-friendly angels). (2030)

Sustainability Theme	Strategic Direction	Medium and Long Term (2025-2030) Goals
Health	Financial Health	<p>Guardian of customers' assets</p> <ul style="list-style-type: none"> Use financial planning tools to help build feasible and stable investment portfolios, with the number of beneficiaries for using financial planning tools reaching 800,000 people. (2025) Connect with the Group's wealth management platform to provide a more consistent customer experience and better user satisfaction. (2030) Total insurance premiums making up for the ideal retirement savings rate of income of citizens under the age of 65 constituting 6%. (2025) Total insurance premiums making up for the ideal retirement savings rate of income of citizens under the age of 65 constituting 16%. (2030) Provide friendly pre-underwriting care services before elders purchase insurance products, with phone visit contact rate of 100%. Minimize customer fraud risk, with the cumulative number of participants in the physical fraud prevention education campaigns reaching 3,500 people. (2025) Minimize customer fraud risk, with the cumulative number of participants in the physical fraud prevention education campaigns reaching 6500 people. (2030) In response to new fraud techniques, participate or organize at least one "new anti-fraud measure," which is promoted by the public sector or by the Company itself.
		<p>Financial Inclusion</p> <ul style="list-style-type: none"> Customer satisfaction with digital service experience reaching 80% or higher. Total number of customer services provided by smart assistant amounted to more than 2.7 million times per year. (2025) Expansion of intelligent voice in financial and insurance services, reaching 85% of the total services in the customer service center. (2030) The problem-solving rate of the smart assistant stands above 90%. 99% of customers acquiring life insurance products by use of digital insurance methods. Continue to launch new innovative products or services for financial inclusion, cumulative at least 2 projects. (2025) Continue to launch new innovative products or services for financial inclusion, cumulative at least 3 projects. (2030) The number of insured persons of group occupational disaster insurance reaching more than 300,000 people. The number of beneficiaries of insurance for micro and small businesses reaching more than 90,000 people. (2025) The number of beneficiaries of insurance for micro and small businesses reaching more than 120,000 people. (2030)
Empowerment	Workplace Empowerment	<p>Employee Reskilling</p> <ul style="list-style-type: none"> Provide digital training to 50% of employees (vary according to annual training programs). 90% of ESG basic online course completion coverage rate.
		<p>Employee Upskilling</p> <ul style="list-style-type: none"> Satisfaction rate of 4/5 for annual job dedication training. 85% of employees will achieve a score of 4 or higher on a 360-degree performance assessment.
		<p>A workplace of Diversity, Equity and Inclusion</p> <ul style="list-style-type: none"> Retain 80% of employees taking parental leave. 60% of employees are female. 35% of STEM talents are female. Overall female employees with managerial positions: 40%. Female employees with senior managerial positions: 25%. Female employees with entry-level managerial positions: 45%. DEI online course completion rate reaching 90%.

Sustainability Theme	Strategic Direction	Medium and Long Term (2025-2030) Goals
Empowerment	Social Empowerment	<p>Youth Empowerment</p> <ul style="list-style-type: none"> Improvement score for basic academic and non-cognitive skills in the Community Empowerment Base Program reaching four points or higher. Satisfaction score of CIP courses/events reaching four points or higher. (2025) Satisfaction score of CIP courses/events maintaining at four points or higher. (2030) Recognition score of CIP enterprise reaching four points or higher. (2025) Recognition score of CIP enterprise maintaining at four points or higher. (2030) Recommendation score of CIP enterprise reaching four points or higher. (2025) Recommendation score of CIP enterprise maintaining at four points or higher. (2030) Willingness score of CIP participants in joining the financial industry in the future reaching four points or higher. (2025) Willingness score of CIP participants in joining the financial industry in the future maintaining at four points or higher. (2030) Improvement score for cognitive skills in each industry in the Career Diary increased by 1 point or higher.
		<p>Disadvantaged empowerment</p> <ul style="list-style-type: none"> 15-20 schools in remote areas to be benefited from the 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) Happiness Farm and Mixed Disables Troupe volunteer participation: Maintaining at 200 participants and volunteer hours of 400 hours. (2025) Recognition score of Happiness Farm and Mixed Disables Troupe 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 Happiness Farm and audience (the elderly or listeners) of the Mixed Disables Troupe reaching four points or higher. (2025) Proactively propose initiatives, combine industry, government and academia to develop diversified services. (2030)
Governance	Corporate Governance	Realize the connection between senior executive performance and corporate sustainability. (2025)
		Rated "Excellent" by Taiwan Corporate Governance Association.
		Complete a total of three certifications or tests from ISO international standards in information security. (2030)
	Risk management	
Sustainable Governance	Sustainable Governance	<ul style="list-style-type: none"> Become a benchmark enterprise of sustainable risk management among financial service providers in Taiwan. (2025) Continue to improve the risk trend reports and expand to other aspects.
		Develop quantitative assessment methods for nature-related risks based on the TNFD framework and international practices. (2025)

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 Employees	Company Strategy	Cathay life Insurance established the Cathay Life Corporate Sustainability (CS) Team in 2016 in compliance with Cathay FHC's CS Committee Organizational Framework. The President is a 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	P.8
		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.	5.1 Corporate Governance	P.105
		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.	3.1 Workplace Empowerment	P.65
Managers	Risk management	Develop quantified financial risk and emerging risk models through industry-academia cooperation.	5.1 Corporate Governance	P.101
		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.	5.2 Sustainable Governance	P.107
Investors and borrowers	Investment management	Incorporated the Principles for Responsible Investment (PRI) into the investment decision-making process by formulating regulations and mechanisms.		
		Establish the Cathay Life Insurance Stewardship Principles, interact with investee companies through dialogue, engagement, and the exercise of voting rights, actively implement the stewardship principles for institutional investors, and issue stewardship reports each year ^{Note} . Note: Since 2019, the reports have been renamed the Cathay Life Insurance Responsible Investment and Stewardship Report.	4.1 Responsible Investment	P.77
		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.	1.1 Low-Carbon Economy	P.34
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.	2.1 Health Promotion	P.45
		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.	2.1 Health Promotion	P.49
		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.	2.2 Financial Health	P.58
	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.	2.1 Health Promotion	P.45
	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.	2.2 Financial Health	P.55
	Underwriting management	We incorporated ESG considerations in underwriting processes such as moral risks, fairness, improper sales behaviors, and personal data protection. Establish a model and system to calculate the risk score of new insurance contracts, with automatic alerts to help improve insurance underwriting decisions.	5.1 Corporate Governance	P.101

● 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.	2.1 Health Promotion	P.47
	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.		P.49
	Promote sustainability actions through the sustainability website, sustainability related videos, and physical events, in order to raise their awareness and participate in sustainability actions.		P.45
	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. Use FinTech applications such as Alpha and mobile insurance to improve the service efficiency of sales agents and customer experience.	2.2 Financial Health	P.55
Suppliers	Co-organize corporate sustainability sharing events with suppliers together with Cathay FHC and communicate ESG issues with suppliers.	1.2 Sustainable Environment	P.40
	Promote green procurement; our green procurement exceeded NT\$300 million in 2023.		

● 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.	4.1 Responsible Investment	P.77
	Continue to invest in low carbon and green energy industries in response to the government's policy to support the 5+2 innovative industries.	1.1 Low-Carbon Economy	P.18
	Develop a series of usage-based insurance products for health promotion; provide student group insurance to protect students' health.	2.1 Health Promotion	P.49
	Participate in the promotion of sustainable banking and TCFD by the Life Insurance Association, sharing our experience to help promote sustainability in the industry.	5.2 Sustainable Governance	P.106
	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.	2.1 Health Promotion	P.46
	Use self-generated renewable energy, purchase renewable energy certificates, implement green procurement, apply for carbon reduction labels, and support the government's environmental policies.	1.2 Sustainable Environment	P.39
Other major stakeholders	Jointly develop quantified financial risk and emerging risk models with academia to complete risk mechanisms.	5.1 Corporate Governance	P.101
	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+, TCFD and TNFD.	1.1 Low-Carbon Economy	P.28
	Collaborate with numerous NGOs to jointly promote sustainability issues, such as health promotion and education for second-generation immigrants.	3.2 Social Empowerment	P.67
	We promote sustainability concepts to stakeholders through a variety of online channels and physical events.	1.2 Sustainable Environment	P.42

● 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 Insurance has reported in accordance with the GRI Standards for the period from January 1, 2023 to December 31, 2023.
GRI 1 Used	GRI 1: Foundation 2021

GRI Standards	Disclosure	Corresponding Chapter	Page/description omitted
General Disclosures			
GRI 2: General Disclosures 2021	2-1 Organizational details	About Cathay Life Insurance	P.4
	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	P.4
	2-7 Employees	Appendix	P.137
	2-8 Workers who are not employees	Appendix	P.137
	2-9 Governance structure and composition	5.1 Corporate Governance	P.97
	2-10 Nomination and selection of the highest governance body	5.1 Corporate Governance	P.97
	2-11 Chair of the highest governance body	5.1 Corporate Governance	P.97
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainable Organizational	P.8
	2-13 Delegation of responsibility for managing impacts	Sustainable Organizational	P.8
	2-14 Role of the highest governance body in sustainability reporting	Sustainable Organizational	P.8
	2-15 Conflicts of interest	5.1 Corporate Governance	P.97
	2-16 Communication of critical concerns	Stakeholders and Material Topics	P.12
	2-17 Collective knowledge of highest governance body	5.1 Corporate Governance	P.97
	2-18 Evaluation of the performance of the highest governance body	5.1 Corporate Governance	P.97
	2-19 Remuneration policies	5.1 Corporate Governance	P.104

GRI Standards	Disclosure	Corresponding Chapter	Page/description omitted	
GRI 2: General Disclosures 2021	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	P.2 ~ P.3	
	2-23 Policy commitments	Strategical Blueprint and Goals	P.9	
	2-24 Embedding policy commitments	Strategical Blueprint and Goals	P.9	
	2-25 Processes to remediate negative impacts	5.1 Corporate Governance	P.104	
	2-26 Mechanisms for seeking advice and raising concerns	5.1 Corporate Governance	P.104	
	2-27 Compliance with laws and regulations	5.1 Corporate Governance	P.104	
	2-28 Membership associations	About Cathay Life Insurance	P.4	
	2-29 Approach to stakeholder engagement	Stakeholders and Material Topics	P.12	
	2-30 Collective bargaining agreements	-	No collective bargaining	
	Material Topics			
	GRI 3: Material Topics 2021	3-1 Process to determine material topics	Stakeholders and Material Topics	P.12
3-2 List of material topics		Stakeholders and Material Topics	P.12	
Corporate Governance and Operation Integrity				
GRI 3: 2021 Material Topics	3-3 Management of material topics	Chapter 5. Governance	P.96	
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	5.1 Corporate Governance	P.104	

GRI Standards	Disclosure	Corresponding Chapter	Page/description omitted
Legal Compliance and Response			
GRI 3: 2021 Material Topics	3-3 Management of material topics	Chapter 5. Governance	P.96
Integrated Risk Management			
GRI 3: 2021 Material Topics	3-3 Management of material topics	Chapter 5. Governance	P.96
Sustainable Financial Investment			
GRI 3: 2021 Material Topics	3-3 Management of material topics	Chapter 4. Sustainable Finance	P.76
FinTech Application			
GRI 3: 2021 Material Topics	3-3 Management of material topics	Chapter 2. Health	P.44
Sustainable products and services			
GRI 3: 2021 Material Topics	3-3 Management of material topics	Chapter 2. Health	P.44
Customer Rights Protection and Service Quality			
GRI 3: 2021 Material Topics	3-3 Management of material topics	Chapter 2. Health	P.44
G4 Financial Services Sector Disclosures	FS15 Policies related to fair design and sale of financial products and services	2.2 Financial Health	P.58

GRI Standards	Disclosure	Corresponding Chapter	Page/description omitted
Employee Welfare and Rights			
GRI 3: 2021 Material Topics	3-3 Management of material topics	Chapter 3. Empowerment	P.60
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	3.1 Workplace Empowerment Appendix	P.63 P.65
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee		
	404-2 Programs for upgrading employee skills and transition assistance programs		
Green Operations			
GRI 3: 2021 Material Topics	3-3 Management of material topics	Chapter 1. Climate	P.17
GRI 302: Energy 2016	302-1 Energy consumption within the organization	1.2 Sustainable Environment	P.36
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	1.2 Sustainable Environment	P.36
	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: (1)Property insurance (2)Life insurance (3)Re-insurance	<ul style="list-style-type: none"> In 2023, Cathay Life Insurance offered 47.8 million valid life insurance policies. <p>Note: The number of policies only accounted for individual cases, excluding group insurance (the number of policies in group insurance is calculated based on the number of people).</p>
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"> Official Website of Cathay Life Insurance / Information Disclosure - Other Matters - Matters Subject to Disposition by the Competent Authority in the Past Two Years https://www.cathaylife.com.tw/cathaylife/laws-policies/public-info/info-other
	FN-IN-270a.2	Customer complaint report rate	<ul style="list-style-type: none"> Official Website of Cathay Life Insurance / 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) https://www.cathaylife.com.tw/cathaylife/laws-policies/public-info/info-business
	FN-IN-270a.3	Customer retention	<ul style="list-style-type: none"> 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 https://ins-info.ib.gov.tw/customer/Info2-12.aspx?UID=03374707
	FN-IN-270a.4	Procedures for providing customers with related product information	<ul style="list-style-type: none"> Cathay Life Insurance’s CS Report /2.2 Financial Health Official Website of Cathay Life Insurance / About Us / Brief Overview / Treating Customers Fairly Area https://www.cathaylife.com.tw/cathaylife/fairtreatmentpolicyarea/vision Official Website of Cathay Life Insurance / Various Insurance Products https://www.cathaylife.com.tw/cathaylife/
Integrating ESG factors into investment management	FN-IN-410a.1	Total investment assets by industry and asset class	<ul style="list-style-type: none"> Official Website of Cathay Life Insurance / Information Disclosure / Financial Status / Fund Use https://www.cathaylife.com.tw/cathaylife/laws-policies/public-info/info-financial Cathay Life Insurance’s Corporate Sustainability Website / Stewardship https://patronc.cathaylife.com.tw/ODAB/stewardship
	FN-IN-410a.2	Incorporating environmental, social and governance (ESG) factors into investment management processes and strategies	<ul style="list-style-type: none"> Cathay Life Insurance’s CS Report /4.1 Responsible Investment Cathay Life Insurance’s Corporate Sustainability Website / Stewardship https://patronc.cathaylife.com.tw/ODAB/stewardship
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"> 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. Cathay Life Insurance’s CS Report /2.1 Health Promotion

Topic	Code	Evaluation Indicator	Information Disclosed
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: (1)Established risk models for natural hazards. (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: (1)The insurance process of individual contracts. (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: (1)Total potential exposure to derivative financial products not in central clearing house. (2)Total fair value of acceptable pledges announced by central clearing house. (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"> Auditors' Report on Consolidated Financial Statements for Cathay Life Insurance Co., Ltd. and its Subsidiaries in 2022 and 2021 - Liquidity Risk (P.144) https://reurl.cc/r9gxjb

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.	5.2 Sustainable Governance	P.106
III	Insurance companies shall set out internal rules and mechanisms to regularly review whether they comply with the requirements under the Guidelines.		P.107
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.107
	(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.107
V	(I)Identifying the financial impact of climate-related risks and opportunities on finance, businesses, commodities, and investments		P.109
	(II)Prioritizing climate-related risks based on materiality		P.109
	(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.116
	(IV)Reviewing and adjusting the climate-related risk management policies according to the scenario-based analysis and stress testing results		P.111
VI	(I)Risk management and monitoring		P.117
	(II)Climate scenario-based analysis and stress testing		P.111
	(III)Investment management		P.118
VII	(I)Setting metrics for the assessment and management of climate-related risks		P.123
	(II)Setting climate-related risk management targets		P.123
	(III)Setting metrics to prioritize climate-related risks based on materiality		P.123
	(IV)Considering incorporating climate-related risk management into performance metrics	P.108	

Related Data Tables

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● Talent Structure Data

(I) Distribution of employees by region

Category	Taiwan			Overseas			Total
	Female	Male	Total	Female	Male	Total	
Managers	1,977	1,490	3,467	0	8	8	3,475
General employees	20,209	6,028	26,237	4	55	59	26,296
Total	22,186	7,518	29,704	4	63	67	29,771

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 27 informal employees, including part time employees (such as consultants or part time insurance agents), interns, hourly employees, contractors

(II) Composition of employees by gender & age

Category	Female			Male			Total
	Below 30	31-49 years old	50 and above	Below 30	31-49 years old	50 and above	
Managers	1,977	1,490	3,467	0	8	8	3,475
General employees	20,209	6,028	26,237	4	55	59	26,296
Total	22,186	7,518	29,704	4	63	67	29,771

Note 1: This table only includes full-time employees

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

(III) Numbers of new and resigned employees

Category	Female			Male			Total
	Below 30	31-49 years old	50 and above	Below 30	31-49 years old	50 and above	
New employees	866	980	150	590	353	31	2,970
Resigned employees	325	606	865	277	272	95	2,440

(IV) Average training hours per employee

Item	Category (hours)	2021	2022	2023
Total training hours	Male employees	2,063,630	2,194,797	1,955,823
	Female employees	6,197,594	6,590,992	6,043,216
	Managers	867,656	914,185	863,127
	General employees	7,393,569	7,871,603	7,135,913
	Total	8,261,224	8,785,789	7,999,039
Total training hours per person	Male employees	246	276	258
	Female employees	259	285	272
	Managers	229.2	248	248
	General employees	259	287	271

(V) Number of employees with disabilities

	2021	2022	2023
Head count	312	297	316
(%)	0.96	0.95	1.06

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 2023, we sold 383 thousand spillover-feature insurance products.	The total number of spillover-feature insurance products underwritten for Cathay Life Insurance in 2023.	2.1 Health Promotion P.49
2	In 2023, the number of smart digital customer service users was 2.76 million, the problem-solving rate was 97.4%, and satisfaction rate was 94.7% .	Total number of usages: Total number of Smart Digital Customer Services (SDCS) usage in 2023. Problem-solving rate: Customers not contacting customer service personnel within 1 hours after using SDCCS in 2023 divided by customers' total number of SDCCS usage. Note: Customers' total number of SDCCS usage is the number of people who use SDCCS and log in member account and password. Satisfaction score: Number of customers who give 4 or above score divided by number of customers who give scores in satisfaction surveys in 2023.	2.0 Health P.44, 2.2 Financial Health P.55
3	The total cases of Electronic Insurance Policy in 2023 is 38.8 ten thousand and the usage rate is 52.2%.	The total cases of Electronic Insurance Policy (NOTE): The sum of electronic insurance policy in 2023. Usage rate of Electronic Insurance Policy: in 2023, the sum of electronic insurance policy divided by total number of Insurance Policy. Note: The statistical method primarily considers whether the policy was applied for as electronic or paper form at the time of submission.	1.2 Sustainable Environment P.37
4	The total cases of Electronic Documents in 2023 is 280.5 ten thousand and the usage rate is 49.2%.	The total cases of Electronic Documents: As of the end of 2023, the sum of valid electronic documents applications. Usage rate of Electronic Documents: As of the end of 2023, the sum of valid electronic documents applications divided by the total number of valid policyholders.	1.2 Sustainable Environment P.37
5	As of 2023, our total investment in low-carbon and green energy reached NT\$241.3 billion. As of the end of 2023, our total investment in water resource reached to NT\$6.7 billion. As of the end of 2023, our total investment in infrastructure reached NT\$765.5 billion. As of the end of 2023, our total investment in aging and health reached NT\$422.5 billion. As of the end of 2023, our total investment in community and financial inclusion reached NT\$2.3 billion.	Cathay Life Insurance determines low-carbon and green energy investment according to following criteria: 1. Industry classification belongs to alternative energy, construction, waste recycling, transportation, high efficiency & energy-saving industry, and natural carbon sinks. 2. The company's business items include above categories. 3. Investments included in Bloomberg's green bond list. Cathay Life Insurance determines water resources investment according to following criteria: 1. Industry classification belongs to water supply, water treatment, sewage treatment, and industries related to water conservation, water cycle, recycled water. 2. The company's business items include above categories. Cathay Life Insurance determines infrastructure investment according to following criteria: 1. The industrial classification belongs to the categories of transportation, public facilities, social housing, and environmental improvement facilities, low-carbon transition-related infrastructure, infrastructure construction, and software. 2. The company's business items include above categories. Cathay Life Insurance determines aging and health investment according to following criteria: 1. The industry classification belongs to aging and health product, service, and facility supply industries. 2. The company's business items include above categories. Cathay Life Insurance determines community and financial inclusion investment according to following criteria: 1. The industry classification belongs to education, and financial inclusion industries. 2. The company's business items include above categories. The above five thematic investments, including investment property, equity, and debt, are calculated based on the book value as of the end of 2023.	4.1 Responsible Investment P.88-89

No.	Subject Matter Information	Applicable Criteria	Page
6	In 2023, we completed a full review of our listed equities, corporate bonds, financial bonds, and government bonds with potential ESG risks, totaling 317 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 2023.	4.1 Responsible Investment P.81
7	Of the mandated assets of discretionary investments to Cathay Life Insurance in 2023, 100% of them were signatories to the PRI or local stewardship principles.	By the end of 2023, the number of signatories of PRI or local due diligence code among the asset management companies providing discretionary investment services to Cathay Life Insurance. Note: Since Taiwan is not a member of the United Nations, Taiwan Companies cannot sign the PRI.	4.1 Responsible Investment P.87
8	In the " Type of Proposal " graphic, the percentage of Cathay Life Insurance voted in shareholders' meetings proposal type in 2023. In the "Voting results" graphic, the percentage of Cathay Life Insurance voted in shareholders' meetings proposal type in 2023. In the " Type of Proposals Opposed " graphic, the percentage of Cathay Life Insurance voted in shareholders' meetings proposal type in 2023. In the "Percentage of Votes Cast in Favor of Sustainability-related Proposals " graphic, the percentage of Cathay Life Insurance voted in shareholders' meetings sustainability-related proposal type in 2023.	The voting results performed by Cathay Life Insurance in the shareholders' meetings for each investment target in 2023 and the proportion according to " Type of Proposal ", "Voting results", " Type of Proposals Opposed ", "% of Votes Cast in Favor of Sustainability-related Proposals ".	4.1 Responsible Investment P.86
9	The IT security department is in charge of the formulation of information security policies and management standards. Appointed an Information Security Officer. 2 information security management and review meetings were held in 2023.	The information security unit Cathay Life Insurance has established. The total number of top executives responsible for information security. The total number of information security management review meetings held in 2023.	5.1 Corporate Governance P.103

No.	Subject Matter Information	Applicable Criteria	Page
10	<p>In 2023, financed emissions of listed equity and corporate bond were 9,790,151 tCO₂e, with a data quality of 2.42 score.</p> <p>In 2023, financed emissions and data quality score of listed equity and corporate bond in the oil and gas industry, mining industry, transportation industry, and construction materials industry.</p> <p>In 2023, financed emissions of sovereign debt including LULUCF were 4,920,338 tCO₂e, with a data quality of 3.32 score.</p> <p>In 2023, financed emissions of sovereign debt excluding LULUCF were 4,914,419 tCO₂e with a data quality of 3.38 score.</p>	<p>Cathay Life Insurance references the "Portfolio Carbon Accounting Framework (PCAF)" to design the "Portfolio Financial Carbon Emissions Calculation Criteria", to compile and disclose financed emissions for listed equity, corporate bond, and sovereign debt.</p> <p>I.Listed Equity and Corporate Bond</p> <ul style="list-style-type: none"> Financed emissions of listed equity and corporate bond: The carbon emissions in metric tons of CO₂ equivalent (tCO₂e) 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"> Emissions data directly obtained from investment companies by Cathay Life Insurance. Estimation data are calculated referring to the methodology recommended by PCAF. The emissions factors for industries are derived from MSCI Total Portfolio Footprinting (MSCI TPF) and MSCI ESG Manager's provided data, categorized by industry. Financed emissions of listed equity and corporate bond in the oil and gas, metals and mining, transportation, and construction materials industries: This refers to the total carbon emissions in metric tons of CO₂ equivalent (tCO₂e) for Scope 1, Scope 2 and Scope 3 categories related to the listed equities and corporate bonds in the specific industries 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"> Industry definitions are based on the Global Industry Classification Standard (GICS) structure. Emissions data directly obtained from investment companies by Cathay Life Insurance. Estimation data are calculated referring to the methodology recommended by PCAF. The emissions factors for industries are derived from MSCI Total Portfolio Footprinting (MSCI TPF) and MSCI ESG Manager's provided data, categorized by industry. <p>II.Sovereign Debt</p> <ul style="list-style-type: none"> Financed emissions of Sovereign Debt: This refers to the Scope 1 carbon emissions of sovereign debts held by Cathay Life Insurance, expressed in metric tons of CO₂ equivalent (tCO₂e). Cathay Life Insurance strives to use the "latest available Scope 1 emissions," which include carbon emissions data obtained directly from sovereign states or from MSCI ESG Manager. <p>III.Scope of financed emissions for Listed equity, Corporate Bond and Sovereign Debt: Cathay Life Insurance conducted an inventory of listed stocks, corporate bonds, and sovereign debts held as of December 31, 2023. 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.</p> <p>IV.Data Quality Score: The data is estimated by Cathay Life Insurance using methodology recommended by PCAF, including data quality scores provided by MSCI TPF and MSCI ESG Manager, and calculated as a weighted average based on the amounts of investment positions.</p>	1.1 Low-Carbon Economy P26-28



Independent Limited Assurance Report

To Cathay Life Insurance Co. Ltd. PWCN 23000579

We have been engaged by Cathay Life Insurance Co. Ltd. (the "Company") to perform assurance procedures in respect of the key performance information indicators by the Company and reported in the 2022 Sustainability Report (hereinafter referred to as the "Identified Key Performance Indicators") and have issued a limited assurance report based on the result of our work performed.

Subject Matter Information and Applicable Criteria

The subject matter information is the Identified Key Performance Indicators of the Company. The Identified Key Performance Indicators and the respective applicable criteria are stated in the "Summary of Subject Matter Assured" on page 138-149 of the Sustainability Report. The scope of the aforementioned Identified Key Performance Indicators is set out in the "Boundaries and Scope of this Report" on page 1 of the Sustainability Report.

Management's Responsibility

The Management of the Company is responsible for the preparation of the Identified Key Performance Indicators disclosed in the Sustainability Report in accordance with the respective applicable criteria. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of the Identified Key Performance Indicators that are free from material misstatement, whether due to fraud or error.

Inherent Limitation

The Identified Key Performance Indicators 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 more dependent on individual assumptions and judgments.

The quantification of the Financed Emissions is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emission 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

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and verification of the Company's Financed Emissions, the Financed Emissions needs to be read and understood together with the Financed Emissions calculation criteria designed by the Company.

Compliance of Independence and Quality Management Requirement

We are independent of the Company in accordance with the Norms of Professional Ethics for Certified Public Accountant of the Republic of China, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies the Standard on Quality Management 1, "Quality Management for Public Accounting Firms" of the Republic of China, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Identified Key Performance Indicators based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the Statement of Assurance Engagements Standards 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", and the Statement of Assurance Engagements 3410, "Assurance Engagements on Greenhouse Gas Statements", of the Republic of China. Those standards require that we plan and perform this engagement to obtain limited assurance about whether the Identified Key Performance Indicators are free from material misstatement.

Under the requirements of the aforementioned standards, our limited assurance engagement involves assessing the suitability in the circumstances of the Company's use of the criteria as the basis for the preparation of the Identified Key Performance Indicators, assessing the risks of material misstatement of the Identified Key Performance Indicators whether due to fraud or error, responding to the assessed risks as necessary in the circumstances and evaluating the overall presentation of the Identified Key Performance Indicators. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, evaluating the appropriateness of quantification methods, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above, we:



1. **Financial Emissions**

- Evaluate the suitability in the circumstances of the Company's use of the respective applicable criteria as the basis for preparing the Financed Emissions;
- Through inquiries, obtained an understanding of the Company's control environment and information system relevant to the Financed Emissions quantification and reporting, but did not evaluate the design of specific control procedures, obtain evidence about their implementation, or test their operating effectiveness; and
- Evaluated the appropriateness and consistency of the Company's methods for developing estimates. However, our procedures performed did not include testing the data underlying the estimates or separately developing our own estimates against which to evaluate the estimates made by the Company;
- Reversed the emission 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 Financed Emissions, including the categorization of data by industry sector and the quality score, but excluding the coverage rate of greenhouse gas emission data.

2. **Other Identified Key Performance Indicators**

- Made inquiries of the person responsible for the Identified Key Performance Indicators to obtain an understanding of the processes, information systems 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 substantive testing on selective basis, including inquiries, observation, inspection, and performance to obtain evidence for limited assurance.

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. Accordingly, we do not express a reasonable assurance opinion about whether the Company's Identified Key Performance Indicators have been prepared, in all material respects, in accordance with the respective applicable criteria.



We also do not provide any assurance on the Sustainability Report as a whole or on the design or operating effectiveness of the relevant internal controls. Furthermore, our assurance does not extend to information disclosed in the Sustainability Report for the period ended December 31, 2022, or prior periods.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Identified Key Performance Indicators in the Sustainability Report are not 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. We have no responsibility to re-perform any procedures regarding the Identified Key Performance Indicators after the date of our assurance report, even if the Identified Key Performance Indicators or the applicable criteria have been subsequently modified.


 CHAO, YUNG-CHIEH
 Partner
 For and on behalf of PricewaterhouseCoopers, Taiwan
 June 05, 2024



國泰人壽
Cathay Life Insurance

