



國泰人壽
Cathay Life Insurance

2020

Cathay Life Insurance

Corporate
Sustainability
Report



About this Report

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

➤ Reporting Period and Scope

The period of information disclosed in this report is 2020 (January 1 to December 31, 2020). The contents cover Cathay Life Insurance's economic, social, governance, and environmental practices and performance (mainly material issues). Some of the contents will include information before January 1, 2020 or after December 31, 2020 to present the complete performance of projects and events. The previous report was published in June 2020, and subsequent reports will be published on an annual basis.

This report discloses information on Cathay Life Insurance, including Cathay Life Insurance (excluding overseas subsidiaries) and Cathay Charity Foundation. A note will provide an explanation when a certain part contains information of Cathay FHC.

➤ Basis for This Report

Issued by	Compliant with
The Global Reporting Initiative (GRI)	The GRI Standards: Core Option
	G4 Financial Services Sector Disclosure
Sustainability Accounting Standards Board, SASB	SISC Financial-Insurance
United Nations(UN)	Sustainable Development Goals (SDGs)
	Principles for Sustainable Insurance (PSI)

102-5 102-45 102-46 102-50 102-52 102-53 102-54 102-56



Standard

Data Category	Standard	Certification Institution
Finance	Financial statements	Ernst & Young
Environment	ISO 14067: 2018 Carbon Footprint Standards	British Standards Institution (BSI)
	ISO 20400 Sustainable Procurement – Guidance	
	ISO 14064-1:2018 GHG Inventory Standards	
	ISO 14001 Environmental Management Systems	SGS Taiwan
ISO 50001 Energy Management Systems		
Customer Service	QualiCert Service Certification	SGS Taiwan
	ISO 10002 Customer satisfaction – Guidelines for complaints handling in organizations	
	ISO 9001 Quality Management Systems	
Information Security	ISO 27017 Cloud Security Certification	British Standards Institution (BSI)
	ISO 27001 Information Security Management System	
	BS 10012 Personal Information Management System	
	ISO 29100 Security Techniques – Privacy framework	
Occupational Safety	ISO 45001 Occupational Safety and Health Management System	

Report assurance

The Company has engaged PwC Taiwan to corroborate its report compiled based on the GRI Standards using the standards published by the Accounting Research and Development Foundation in Statement of Assurance Principles No. 1, "Audit and Review of Non-financial Information" (references ISAE3000), to which PwC has concluded with an opinion of limited assurance. The scope of assurance is 2020 information, and information on and before December 31, 2019 is not included within the scope of assurance. A copy of the assurance report is included in the appendices of this report.



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Message from the President

Digital Technology, Helping Us Overcome Today's Challenges

Sustainability, Guiding Us to a Better Future



The COVID-19 pandemic swept across the world in 2020. People were forced to quarantine, and industrial activities were shut down. Life changed drastically, but these changes also prompted us to contemplate our relationship with Earth. Change brings us chaos, but also new opportunities. Cathay Life accompanies the public to face the uncertain challenges by expanding influence of digital innovation, integrating with win-win cogitation, and strengthening corporate organization continuously, and realize the company's wonderful vision of "InsurTech, happiness get."

President

Andrea Liu



Digital Transformation, Reshaping the Distance Between Individuals

To ensure the health and safety of the Company's 30,000 employees, we initiated remote working at the moment when the pandemic became more severe. We also introduced the Hahow digital course and made good use of digital learning platforms to make sure the pandemic didn't hinder our employees' learning. With over 8 million policyholders across Taiwan, Cathay Life Insurance uses a digital smart system to improve the functionality of our online service platform, providing policyholders with a brand-new digital experience and uninterrupted insurance services. The pandemic may have widened the physical distance between people, but our digital setup has connected us once more, allowing us to continue serving as a strong shield for society.

Technological Innovation, Creating Possibilities for a Healthier Society

In the post-pandemic era, technology transforms rapidly and public awareness of health raises dramatically. Cathay Life Insurance is committed to caring the public's health with the use of technology. We have established comprehensive Cathay Walker Plus Health Incentive Project, not only linking six major industries, but also launching missions like sleeping, heart rate monitoring, and going to the gym. By incorporating health awareness in every aspect of life, we can encourage the public to exercise regularly and keep an eye on their health.

As for the issue of drugs in schools, which requires long-term efforts to battle, we have continued to combine our nearly 6,000 student group insurance service personnel and the power of digital learning platforms to organize game-based anti-drug campaigns. So far, over 600,000 students have participated in these campaigns. At the same time, we introduced anti-drug knowledge to kindergarten students through anti-drug calisthenics. We also have an anti-drug reward points program that allows parents and kids to earn points while learning anti-drug information together, bringing anti-drug education into students' homes to create a more comprehensive anti-drug protection network, enabling kids to grow up healthily.

Climate Change, Affecting the Relationship Between Mankind and Earth

As a citizen of Earth, Cathay Life Insurance cooperates with the public to shoulder the responsibility of protecting our planet. In 2020, our new insurance policy go fully paperless. Thanks to the hard work of our employees and the support of our policyholders to apply mobile insurance services, we received the first carbon reduction label issued by the Environmental Protection Administration in the industry. In addition, we actively invested in low carbon and green energy industries and water resources to help facilitate the industries' green transformation. We have also upheld the responsibilities of the Taiwan Stewardship Principles for Institutional Investors, actively engaging with the issue of climate change by co-organizing climate change forums with Cathay Holdings for four consecutive years to encourage Taiwanese companies to pay attention to this issue and bring us closer to our ideal, low-carbon emissions world.

Sustainable development does not happen overnight. It requires collaborative efforts to create larger impacts on the world. As a leader in sustainable insurance, Cathay Life will continue to integrate its core services and connect more stakeholders through its sustainable principles "C.A.R.E." to build a future filled with happiness.



Sustainability Performance and Awards

102-14 Principle 1

- Established 40 quantified models of financial, operational and emerging risk models
- The only insurance company in Taiwan participated in the CDP's Non-Disclosure Campaign and Climate Action 100+. One of the engaged enterprises has announced its plan to reach net zero emissions by 2050
- Co-organized the Climate Change Forum with Cathay FHC for four consecutive years; a total of 293 people from 157 companies/organizations participated in 2020; attending stock market-listed companies accounted for 70% of the total market value of the TWSE, and 40% of the total CO2 emissions in Taiwan
- Take the lead in combining the backward-looking quantitative analysis (Carbon footprinting) and forward-looking scenario simulation (Climate VaR) to improve the assessment of climate risks in our portfolio
- Take the lead in adopting the standard of Partnership for Carbon Accounting Financials (PCAF) to calculate total carbon emission of our portfolio, with a coverage rate of 100%

- Total learning hours on the Hahow self-learning platform neared 20,000 hours; applicants for learning leaves reached 2,497
- In 2020, the turnover rate of head office staff was 4.2%; the retention rate of sales agent was 69%
- We have cumulatively introduced 192 automated working process, which replaced 880,000 working hours
- Promoted anti-drug education under the Sustainable Campus Project and reached over 600,000 students
- LinYuan Group employees jointly raised NT\$9 million for 5 charity organizations to help them mitigate the impacts of the pandemic
- Number of volunteer hours exceeded 85,000 hours and is on the increase every year



- Published the first Responsible Investment and Stewardship Report in Taiwan since 2020
- First insurance company in Taiwan to establish ESG Risk Review Procedures
- Thematic investments (low-carbon, elderly care and inclusive finance, etc.) reached over 1 trillion yuan; in 2021, Cathay Life becomes the first company in Taiwan to engage in impact investing
- Launched COVID-19-dedicated products and underwrote approx. 97,000 policies, thus providing protection in case of hospitalization worth approx. NT\$97 million
- Launched 7 spillover-effect products and underwrote a total of 87,000 policies to fulfill diverse needs
- The number of Virtual Assistant - Alpha users reached 2,300,000, with a problem-solving rate of 88% and a satisfaction rate of 97.2% as of today
- Policyholder service satisfaction reached 97.7%

- Implemented online supplier training; 620 suppliers have taken and completed training courses
- The first financial institution in Taiwan to obtain ISO 20400 certification with green procurement amount reaching NT\$149,446,653
- The first insurance company in Taiwan to obtain ISO 14067 certification and the carbon reduction label
- e-policies usage rate reached 96%, the highest in the industry

Sustainability Performance and Awards

Commitment

Asia Insurance Review



Best Digital Insurance in the Asia Insurance Industry Awards
The only company in Taiwan

Republic of China National Enterprise Competitiveness Development Association



First Prize in the National Brand Yushan Award

Taiwan Institute for Sustainable Energy



Gold Award in the CS Report Award of the Taiwan Corporate Sustainability Awards

Taiwan Corporate Governance Association



Jointly gained the Excellent rating with Cathay FHC and Cathay United Bank from the Corporate Governance System Assessment



Accountability

Taiwan Stewardship Principles for Institutional Investors



Taiwan Stock Exchange's List of Companies Most Compliant

Stevie Awards from the American Business Awards



Silver Award in the Innovative Customer Service category
The only company in Taiwan

CELENT



Customer Experience Transformation Award and Innovation Execution Award of CELENT Model Insurer of the Year

The only insurance company in the world to win 2 awards

Insurance Asia Awards



CSR Initiative of the Year Award

Taiwan Institute for Sustainable Energy



Innovative Growth Award of the Taiwan Corporate Sustainability Awards

Financial Industry Treating Customers Fairly Evaluation conducted by the Financial Supervisory Commission



Excellence Award in the life insurance industry category

Richness

Taiwan Corporate Sustainability Awards from the Taiwan Institute for Sustainable Energy



Talent Development Award and Social Inclusion Award

Association for Talent Development (ATD)



The Best Award presented by the U.S. Association for Talent Development (ATD)
The only company in Taiwan

IDC DX Awards



Operating Model Master Award and Talent Accelerator Award

Micro Insurance and Petty Amount Whole Life Insurance



Four major awards in the Financial Supervisory Commission's Insurance Competition

Sports Promotion Awards of the Sports Administration, Ministry of Education



Gold awards for sponsorship and promotion
For 12 consecutive years

Special Award for Buying Power – Social Innovation Products and Services Procurement Award



Small and Medium Enterprise Administration

Eco-living

Environmental Protection Administration, Executive Yuan

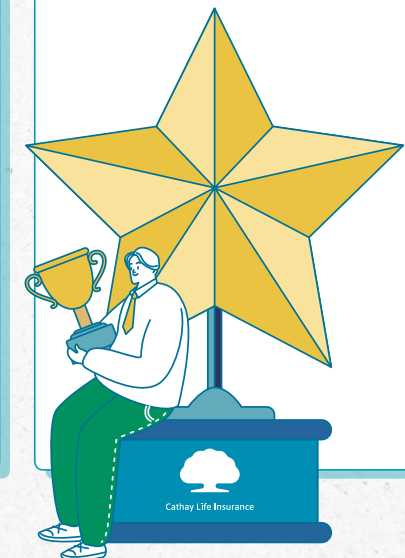


Silver Award in the 2nd National Enterprises Environmental Protection Award and Excellence Award in Low Carbon Product Incentives

Cannes Lions Official Festival Representative in Taiwan





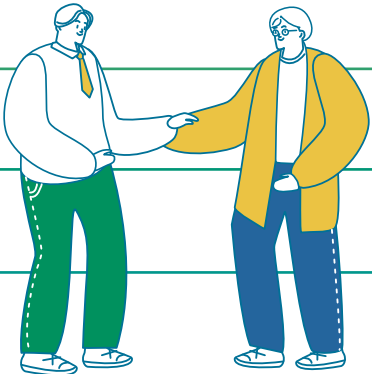






Environmental Sustainability Impact Award in the 4th CSR Impact Awards co-organized by PwC Taiwan Sustainability Service Co., Ltd.



Company Profile and Business Performance



Company Profile

 Company Name	Cathay Life Insurance Co., Ltd.	 
 Date of Incorporation	October 1962	
 Core Values	Integrity, Accountability, Creativity	
 Number of Employees	33,383	
 Number of Customers	8,415,524 individuals (not including group insurance customers)	
 Primary Products and Services	Life insurance, accident insurance, health insurance, annuity insurance, and investment-linked insurance	
 Important External Associations Participation	Insurance Society of the Republic of China, Life Insurance Association of the Republic of China, International Insurance Society (IIS), Life Insurance Marketing and Research Association (LIMRA), Life Office Management Association (LOMA), Life Insurance Management Institute, Institute of Financial Law and Crime Prevention, and Chinese Insurance Service Association.	

Cathay Life Insurance has been operating in Taiwan for over 50 years following our core values of “Integrity, Accountability, and Creativity.” Along with our mission to “Cathay Life, sunshine in your life.” and our vision to “InsureTech, hapinees get. - Smart, Simple, Safe.” at Cathay Life, we continue to innovate our services, fulfill corporate social responsibility, and protect the wellbeing of every family to become “a leading financial institution in the Asia Pacific region.”



Business Sites

Cathay Life's business sites around Taiwan include 33 branches and 299 agencies with over 27,000 sales agents to provide customers with a wide variety of thoughtful products and friendly services. Cathay Life also established service centers around Taiwan for customers to handle issues with their insurance policies at a nearby location. Besides Taiwan, Cathay Life is also actively expanding overseas and established Cathay Lujiazui Life Insurance Co., Ltd. in China in 2005, and Cathay Life Insurance (Vietnam) Co., Ltd. in Vietnam in 2007, becoming the first insurance company to establish subsidiaries in China and Vietnam.

33 branches

299 agencies

2.7 sales agents

Region	Northern Taiwan	Central Taiwan	Southern Taiwan	Eastern Taiwan	Offshore Islands
Branches	11	9	11	2	0
Agencies	130	71	90	7	1

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

Country	Description	Number of Locations
China	The head office of Cathay Lujiazui Life Insurance Co., Ltd. is located in Shanghai, and there are branches in Jiangsu, Zhejiang, Fujian, Beijing, Shandong, Guangdong, Liaoning, Tianjin, Xiamen, Sichuan, and Henan, with representative offices in Beijing and Hong Kong.	15
Vietnam	The head office is located in Ho Chi Minh, and there are branches in Hanoi, Hai Phong, Da Nang, Dong Nai, and Can Tho.	7
Japan	Established an office in Tokyo.	1

Business Performance

In Taiwan, one out of every three people is a policyholder of Cathay Life. In the face of diplomatic and economic challenges, digital transformation and market competition, Cathay Life keeps pushing and encouraging itself to provide customers with the best products and services, and improving its profitability order to return business results to all shareholders.

In 2020, Cathay Life generated NT\$666.1 billion in premium income. Our market share was approximately 21%, placing us at the lead in the industry. Cathay Life will uphold the core competency of being people-oriented and the sustainability principle of “benefiting oneself by benefiting others” and progress towards becoming “a leading financial institution in the Asia Pacific region.”

	2018	2019	2020
Total assets	6,351,416,795	7,034,859,538	7,604,328,475
Total premium income	680,682,334	674,146,710	666,082,336
Operating income	799,466,715	906,585,211	906,260,419
Net profit after tax	30,189,320	37,845,953	51,744,594

Unit: NT\$, in thousands

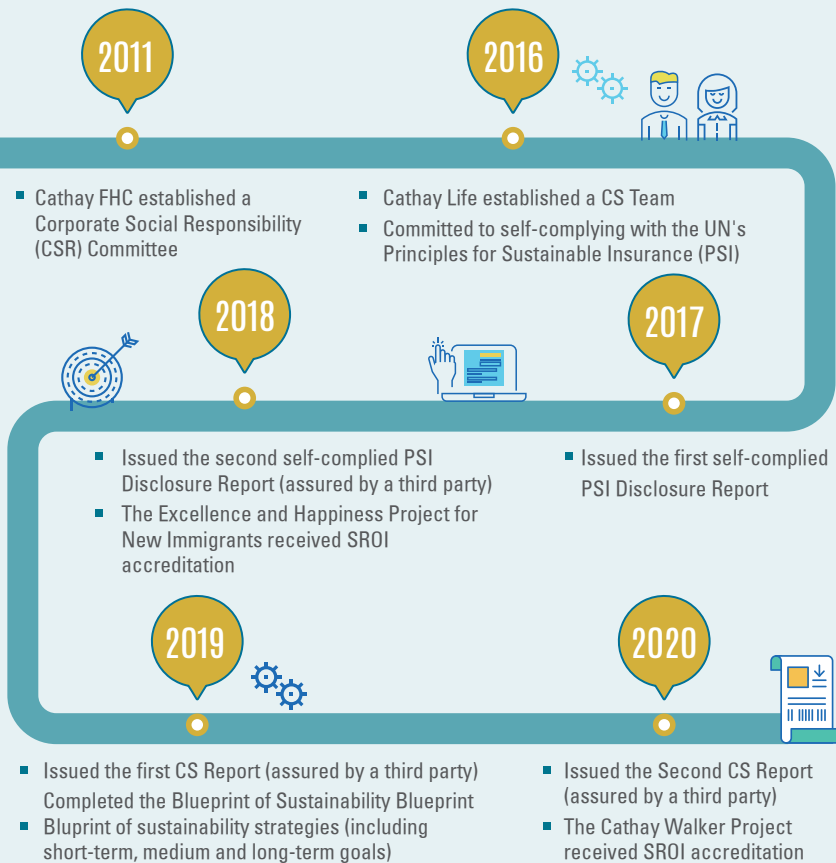
In 2020, Cathay Life generated **NT\$666.1 billion** in premium income. Our market share was approximately **21%**, placing us at the **lead in the industry**



Sustainable Organization Structure

102-32

Sustainability-related Events



Organizational Structure

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

Supervision and Management

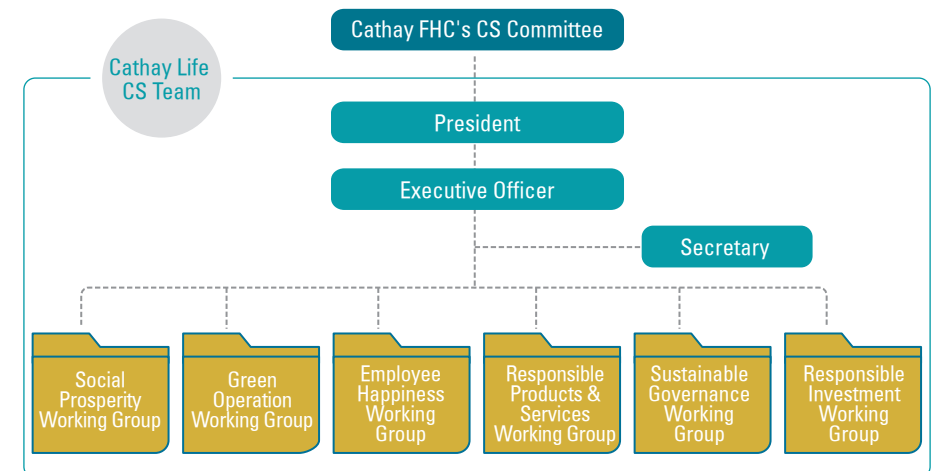
The President is responsible for supervising the team's operations. A senior vice president serves as the executive officer and directs affairs of the six working groups, each headed by supervisors on the vice president level and above who are responsible for managing the officers and members of departments in charge of execution.

Operating Mechanisms

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

Issuing of the Corporate Sustainability (CS) Report

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



Strategical Blueprint and Goals

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


Vision

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

Value Proposition

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

Strategic Focus and Short-term Goals Attainment

 Medium and long-term goals are listed on P.71

 Corresponding PSI are listed on P.74

Commitment

Solid Governance and Steady Operations

- ⚙️ Strengthen the competencies of corporate governance units and increase support for directors – appoint corporate governance officers and supervisor
- ⚙️ Information security and personal data protection training achieve 100% coverage rate
- ⚙️ Undertake climate risk quantitative model and social risk impact studies

Supporting initiatives and expanding our scope of influence

- ⚙️ Being the leading brand in personal risk management in Taiwan
 - Publish reports for trend in personal risk
 - Organize forums for trend in personal risk
 - Develop heat map tools for trend in personal risk

Unattained:
Due to the impact of COVID-19, this goal is expected to be attained in 2021

- ⚙️ Being the leader in responsible investment initiatives in Taiwan
 - Participate in Climate action 100+ and GDP Non-Disclosure Campaign
 - Organize one engagement meeting per year
- ⚙️ Coverage rate of carbon footprint check in equity reach 50%
- ⚙️ Set response strategies for climate change in the listed equity in response to the international trend of researches of industries with high carbon emission

Accountability

Responsible Investment and Paradigm Proposal

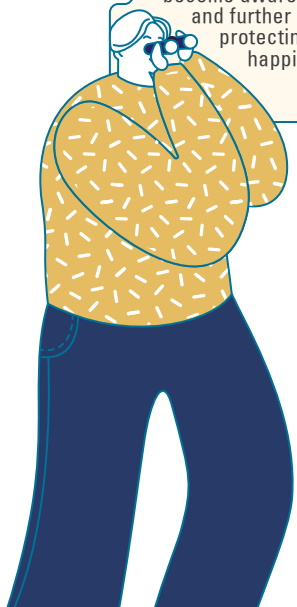
- ⚙️ Refine the content of ESG risk review
 - Study and identify 1-2 focus industries based on international trends and ESG risk factors, and adjust investment and lending exclusion lists and watch lists
 - Organize two responsible investment training events targeting investment teams every year
- ⚙️ Advance stewardship management and facilitate disclosure of responsible investment measures
 - Study international voting standards, refine voting procedures, and disclose voting principles publicly
- ⚙️ Establish individual engagement mechanisms and specify 1 - 2 engagement themes
- ⚙️ Issue stewardship reports
- ⚙️ Aging society and health investment
 - Investment amount grow by 2.5% using 2018 as the baseline year
- ⚙️ Low-carbon green energy investments
 - Investment amount grow by 5% using 2018 as the baseline year

Diverse Coverage and Thoughtful Services

- ⚙️ Advance health-promoting concepts
 - Launch 1 - 2 insurance products with spillover effect every year
 - Raise the number of participants in health-promoting events to 200,000 by combining health-promoting products and services
- ⚙️ Establish an elderly service framework
 - Launch 5 protective, financial or protective conversion products to satisfy the demands of elderly customers annually
 - Add 5 or more professional new services tailored to the elderly or elder-friendly measures
 - Integrate products and services to perfect the system of insurance protection
- ⚙️ Focus on the nature of insurance
 - Increase sales of protective products by +94% in 2020
 - Set recommended insurance amount for 6 major protections and actively communicate with people to prepare for retirement ahead of time
- ⚙️ Enhance and realize financial inclusion
 - Fulfill the demands of access: Provide 5 or more financial inclusion products
 - Expand the scope of usage
 - (1) Provide 5 or more online insurance products
 - (2) Mobile insurance utilization reaching 90% or above
- ⚙️ Enhance customer satisfaction and ensure all customers being treated fairly
 - (1) Customer service satisfaction reaches 90% or higher
 - (2) R-NPS reaches 15 or higher
- ⚙️ Digital service satisfaction reaching 90% or higher

Unattained:
Due to the impact of COVID-19 and the policy adjustment from the government, this goal of "Increase sales of protective products" was unattained.

Unattained:
Due to adjustments of definition of partial mobile insurance services, the "mobile insurance utilization rate" was not attained.



Attainment

■ Attained

■ Unattained

Richness

Healthy Lifestyle and Work-life Balance

- ⚙️ Expand and implement internal recruitment mechanisms
 - Expand the scope of internal recruitment to include vacancies of general positions; recruit simultaneously from internal and external sources, with replacements by internal candidates accounting for 3% or higher of total recruitment
- ⚙️ Develop multiple training channels and encourage employees' spontaneous learning
 - Continue to advance existing training channels to meet the training hours as required by relevant laws and regulations and fulfill the needs for training of Cathay Life and individual employees. The overall training hours per employee per year shall be 220.

- ⚙️ Improve employees' engagement and happiness
 - Analyze the dimensions of engagement and happiness with lower scores and conclude on major factors for improvement; the goals are 4 or higher in engagement score (on a 5-point scale) and 8 or higher in happiness score (on a 10-point scale)

Unattained:
Existing implementations are amended and optimized based on the feedbacks from employees

- ⚙️ Construct a safe work environment and promote health awareness
 - Participants in full-year health-promoting events reach 30,000
 - Implement work environment monitoring for head office and other buildings owned by Cathay
- ⚙️ Increase the ratio of female in senior management
- ⚙️ Improve gender balance through policy establishment; female shall occupy at least 20% of all positions in senior management

Social Care and Value Creation

- ⚙️ Push for volunteering by all Cathay employees and respond to demands from the public with alternative projects
 - 60,000 volunteer service hours for charity projects or events in the year
 - 400,000 beneficiaries in charity projects or events in the year
- ⚙️ Introduce charity project management mechanisms and social impact assessment tools
 - Apply management tools to systematically record resources, business, and benefits of every projects Optimize projects based on analysis results
 - Evaluate the social value and impact of charity
 - Project by using the method of SROI

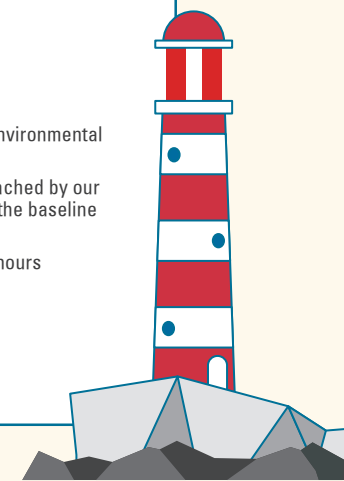
Eco-Living

Green Operations and Impact Mitigation

- ⚙️ Improving usage efficiency of energy and resources
 - The basic goal for carbon reduction is 4% using 2016 as the baseline year, the ideal goal is 8% reduction
 - Promote electronic and mobilized operations to reduce annual paper consumption by 30% using 2017 as the baseline year
 - Complete waste inventories for all rented buildings as well as representative buildings owned by Cathay Life
- ⚙️ Develop renewable energy usage plans
 - Obtain green or renewable energy certificates
 - Increase the installed capacity of solar power in Cathay-owned buildings to 200kW

Eco-friendliness and Sustainable Homeland

- ⚙️ Strengthen supplier management
 - Engage suppliers to introduce green procurement
- ⚙️ Develop alternative solutions to enhance promotion of environmental sustainability
 - Pursue a 25% increase in the number of individuals reached by our environmental sustainability campaigns using 2018 as the baseline year
 - Environmental education hours per employee reach 4 hours



Stakeholders and Material Issues

102-15 102-40 102-42 102-43 102-44 102-47

Cathay Life communicates with stakeholders through different channels in response to different trends and challenges, and focuses on issues that stakeholders are concerned about. We formulated short-term, medium, and long-term goals and action plans on this basis, in hopes of responding to their needs and expectations, and also working together to make the world a better place.



Stakeholder Engagement

Communication Channels	Response Chapter
<ul style="list-style-type: none"> Engagement & Satisfaction Survey Education and Training Mailbox Employee Discussion Forum Employee Activities EAP 	<ul style="list-style-type: none"> Healthy Lifestyle and Work-life Balance P.50

Communication Channels	Response Chapter
<ul style="list-style-type: none"> Satisfaction Survey Website Cathay Life App 0800 Customer Services Virtual Assistant Service Mailbox Policy Holder Activities 	<ul style="list-style-type: none"> Solid Governance and Steady Operations P.18 Diverse Coverage and Thoughtful Services P.41

Communication Channels	Response Chapter
<ul style="list-style-type: none"> Life Insurance Association Meetings/Forums Email Annual Report/ Stewardship Report Investor Conferences 	<ul style="list-style-type: none"> Solid Governance and Steady Operations P.18 Supporting initiatives and expanding our scope of influence P.24 Responsible Investment and Paradigm Proposal P.35 Diverse Coverage and Thoughtful Services P.41



Communication Channels	Response Chapter
<ul style="list-style-type: none"> CS reports CS website Seminars Press release 	<ul style="list-style-type: none"> C Commitment P.17 A Accountability P.34 R Richness P.49 E Eco-Living P.64

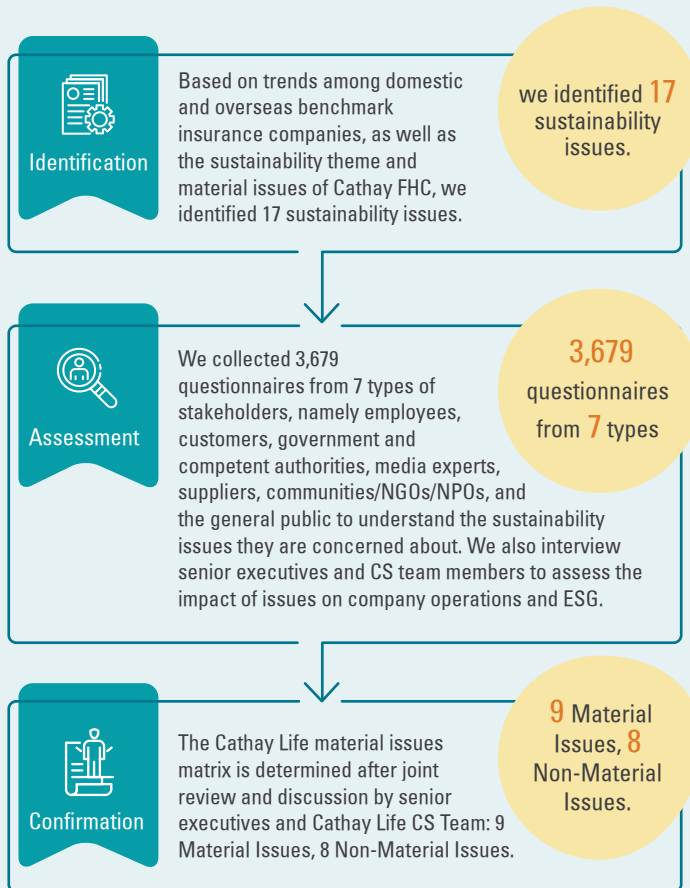
Communication Channels	Response Chapter
<ul style="list-style-type: none"> Supplier Activities Supplier Management System 	<ul style="list-style-type: none"> Green Operations and Impact Mitigation P.65


Communication Channels	Response Chapter
<ul style="list-style-type: none"> Annual Report on Charitable Works Charity Activities Media Promotion Website Seminars 	<ul style="list-style-type: none"> Diverse Coverage and Thoughtful Services P.41 Social Care and Value Creation P.57

Communication Channels	Response Chapter
<ul style="list-style-type: none"> Press release Website 	<ul style="list-style-type: none"> C Commitment P.17 A Accountability P.34 R Richness P.49 E Eco-Living P.64

Materiality Issues

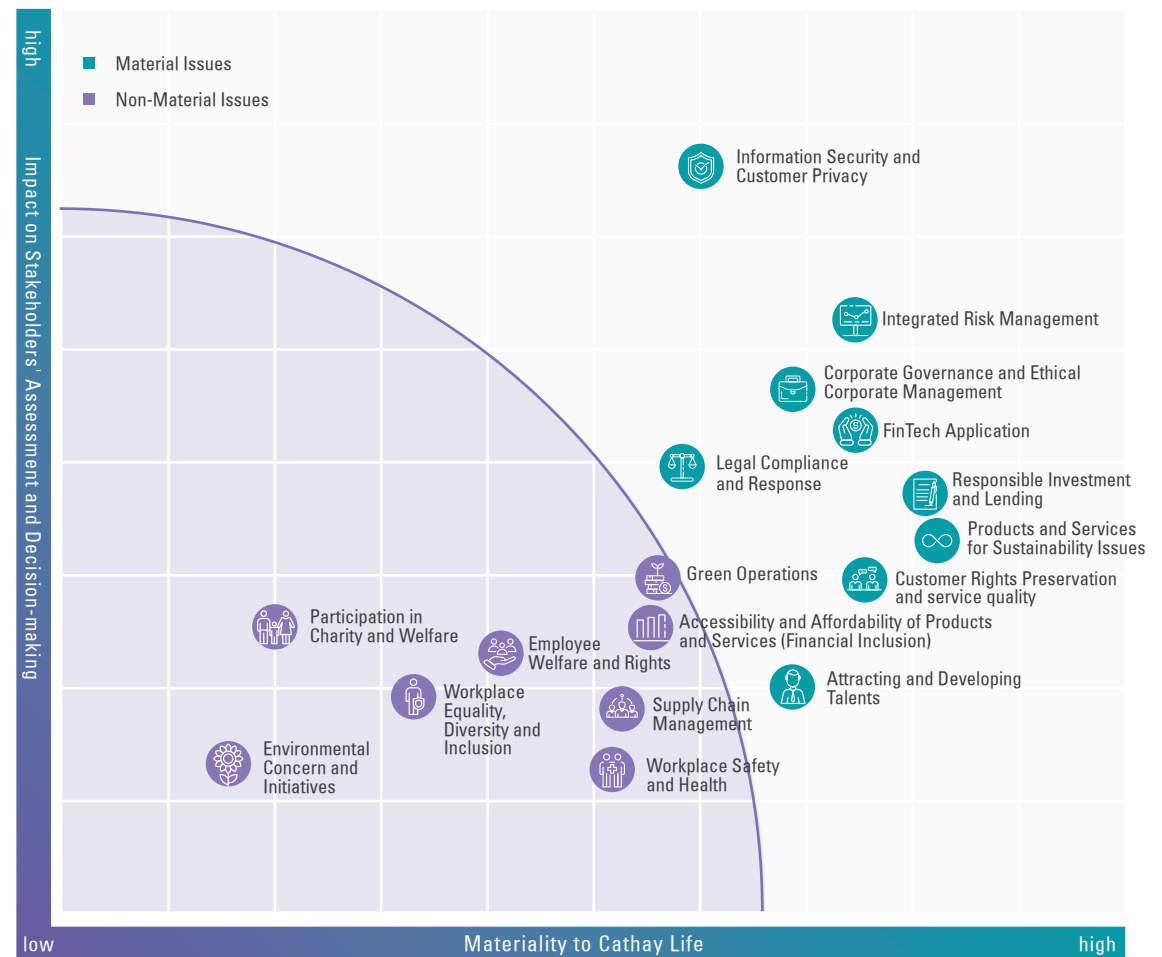
(1) Analysis of Issues



 Please see P.76 for Materiality Issues and their corresponding SDGs

(2) Materiality Matrix

Continue to implement measures to meet the expectations of employees, partners, customers, and the general public.





Commitment

18 Solid Governance and Steady Operations

- 18 Corporate Governance
- 19 Risk Management
- 22 Operational Integrity

24 Support initiatives and expand influence

- 24 TCFD
- 31 Advocator of Sustainability

Core Philosophy

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

- We have been collaborating with experts and scholars from various countries and fields in establishing **40** quantitative models for financial, operational, and emerging risks.
- We actively participated in domestic and international initiative, including the **CDP Non-Disclosure Campaign, Climate 100+, and TCFD**. One of the engaged enterprises has announced its plan to reach net zero emissions by 2050.
- Climate Change Forum has organized for four consecutive years. Attendees included **293** individuals and delegates from **157** enterprises. Attending stock market-listed companies accounted for **70%** of the total market value of the TWSE, and 40% of the total CO₂ emissions in Taiwan.
- Take the lead in combining the backward-looking quantitative analysis (Carbon footprinting) and forward-looking scenario simulation (Climate VaR) to improve the assessment of climate risks in our portfolio.
- Take the lead in adopting the standard of Partnership for Carbon Accounting Financials (PCAF) to calculate total carbon emission of our portfolio, with a coverage rate of **100%**.



Solid Governance and Steady Operations

Corporate Governance

Corporate governance is a foundation of Cathay Life's progress towards sustainable operations. We are committed to establishing a rigorous framework of corporate governance by strengthening the competencies of the Board of Directors and enhancing the leadership capabilities of the management team. We also continue refining risk management organizations and process mechanisms so as to steadfastly protect the rights of Cathay Life's stakeholders, including shareholders, employees, and policyholders.

(I) Board Diversity and Operation

102-18 102-22 Principle 1

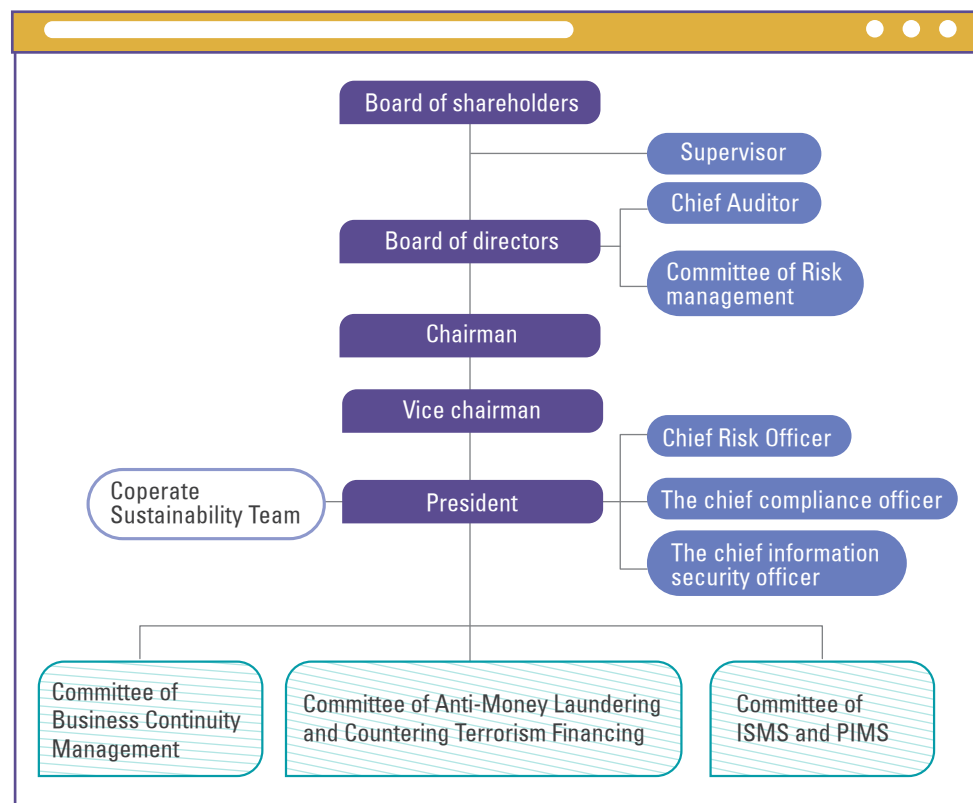
In an attempt to facilitate the sound development of constitution of board and take company's business development into consideration, Cathay Life's Board of Directors comprises members from a diversity of backgrounds (in terms of age, gender, professional knowledge, and skills, etc.) to elevate its effectiveness.

Cathay Life convened a total of 9 directors' meetings in 2020, which all directors attended in person or via proxies, thereby performing the duty of supervising the company's various business operations (attendance of board of directors please see [P.80](#)). In 2020, the results of the overall board performance assessment are "beyond standards" showing the success of the Company's efforts in improving the efficacy of board operations. The Board of Directors appointed a corporate governance officer as the highest level manager of corporate governance related affairs. The corporate governance officer assists directors and supervisors with compliance and Board affairs, and attends training programs provided by institutions designated by the competent authorities each year.



Name of Director	Gender	Serving concurrently as a Company manager	Age				Industry experience					Professional knowledge							
			41 — 50	51 — 60	61 — 70	71 — 75	Banking	Insurance	Securities	Asset management	Construction/ Real estate	Medical care/Health management	Commerce	Finance/ Accounting	Law	Finance	Mathematics/ Actuarial science	Overseas investments	Risk management
			Tiao-Kuei Huang	Male															
Ming-Ho Hsiung	Male																		
Tzung-Han Tsai	Male																		
Chung-Yan Tsai	Male																		
Shan-Chi Liu	Male																		
Chao-Ting Lin	Male																		
Yi-Tsung Wang	Male																		
John Chung-Chang Chu	Male																		
Li-Ling Wang	Female																		
Tang-Chieh Wu	Male																		

(II) Corporate Governance Organizational Meetings



Note1: ISMS (Information security management systems)

Note2: PIMS (Personal information management system)

Note3: The officer and employee of Corporate Governance have been deployed.

(III) Corporate Governance Evaluation

Cathay Life was evaluated by the Taiwan Corporate Governance Association together with Cathay Financial Holdings and Cathay United Bank in 2020, and received the highest level rating of "Excellent" in the evaluation results. We will continue to make improvements in related operations as recommended by members of the evaluation committee to achieve even better corporate governance.

Risk Management

102-11 418-1 Principle 1

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

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

(I) Complying with International Standards

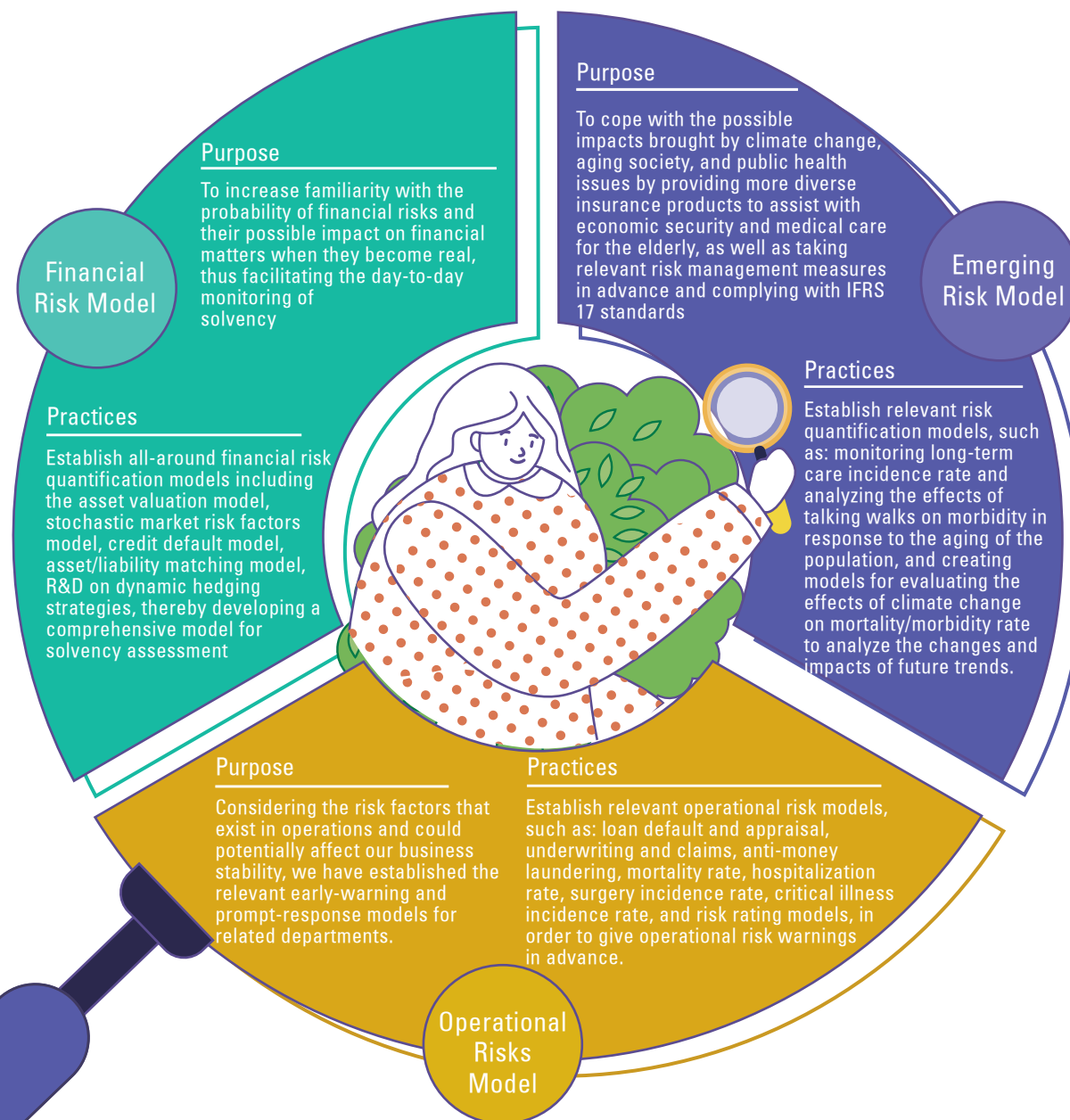
We have actively engaged in international exchanges and learned from the experience of others, so as to reinforce our professional skills and strengthen our risk assessment abilities to prepare for the transition to IFRS 17. We have also engaged in discussions with domestic academics, the Taiwan Insurance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

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

(II) Developing Risk Management Systems through Industry, Government and 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. Moreover, we began collaborating with experts and academics from various countries and cross disciplines in establishing quantitative models in 2005. Cathay Life has developed 40 quantitative models for financial risks, operational risk and emerging risks as of the end of 2020. Such models includes financial distress prediction models, various empirical models of incidence rate, smart insurance policy analysis, claims and abnormality detection, and anti-money laundering models. We have responded to TCFD disclosure requirements ([see “Support Initiatives and Expanding Influence” P.24 for details](#)) since 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.

We have developed **40** models as of the end of 2020

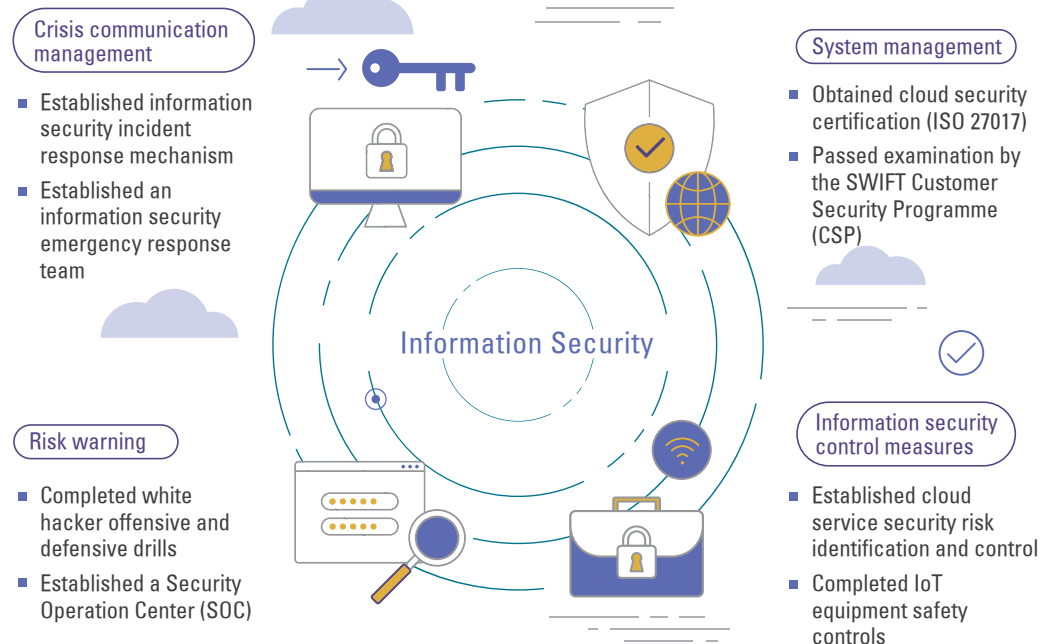


(III) Business Continuity Management

In light of the massive impact of major emergency events (such as natural disasters or major emergency public health events) on crucial operations of Cathay Life, we are actively improving our business continuity management mechanisms to prevent interrupting the company's business operations, and are improving business continuity plans (BCPs) for various businesses. Cathay Life carry out exercising and testing of business continuity management mechanisms to ensure that crucial businesses continue to operate normally.

(IV) Information Security

Cathay Life continues to refine the information security management system to enhance our ability to defend and protect in response to various risks associated with information security and personal data, ensuring customer privacy and the Company's information confidentiality. In addition to the information security system and customer information management mechanisms, we established the dedicated Information Security Department in April 2018, to enhance strategic planning and technological management of information security. Furthermore, in 2020, through active participation and in-depth intervention in four dimensions—system management, information security and control measure, risk warning, and crisis communication management, we seek to achieve early warnings and quick responses. In 2020, employees from the Information Security Department completed the relevant training of 15 hours per person to acquire the necessary professional skills. Under such a rigorous information security management framework, Cathay Life found no significant information security event in 2020.



We provided all employees with 3 hours of information security promotion courses, and a total of 32,470 employees received 97,413 hours of training in 2020. We provided training related to specific topics for 246 employees based on results of the social engineering exercise, in order to embed information security concepts among all employees. Furthermore, we organized 15 promotional events on topics related to current events, sent 7 e-newsletters, and raised information security awareness in daily operations. In response to the Personal Data Protection Act, we also organized 165 physical or digital courses, and the total number of participants was 281,013.

Course content: General knowledge on information security, self-protection measures, personal data protection, case studies from other insurance companies, and analysis of actual cases.

Course content

- ✓ General knowledge on information security
- ✓ Self-protection measures
- ✓ Personal data protection
- ✓ Case studies from other insurance companies
- ✓ Analysis of actual cases

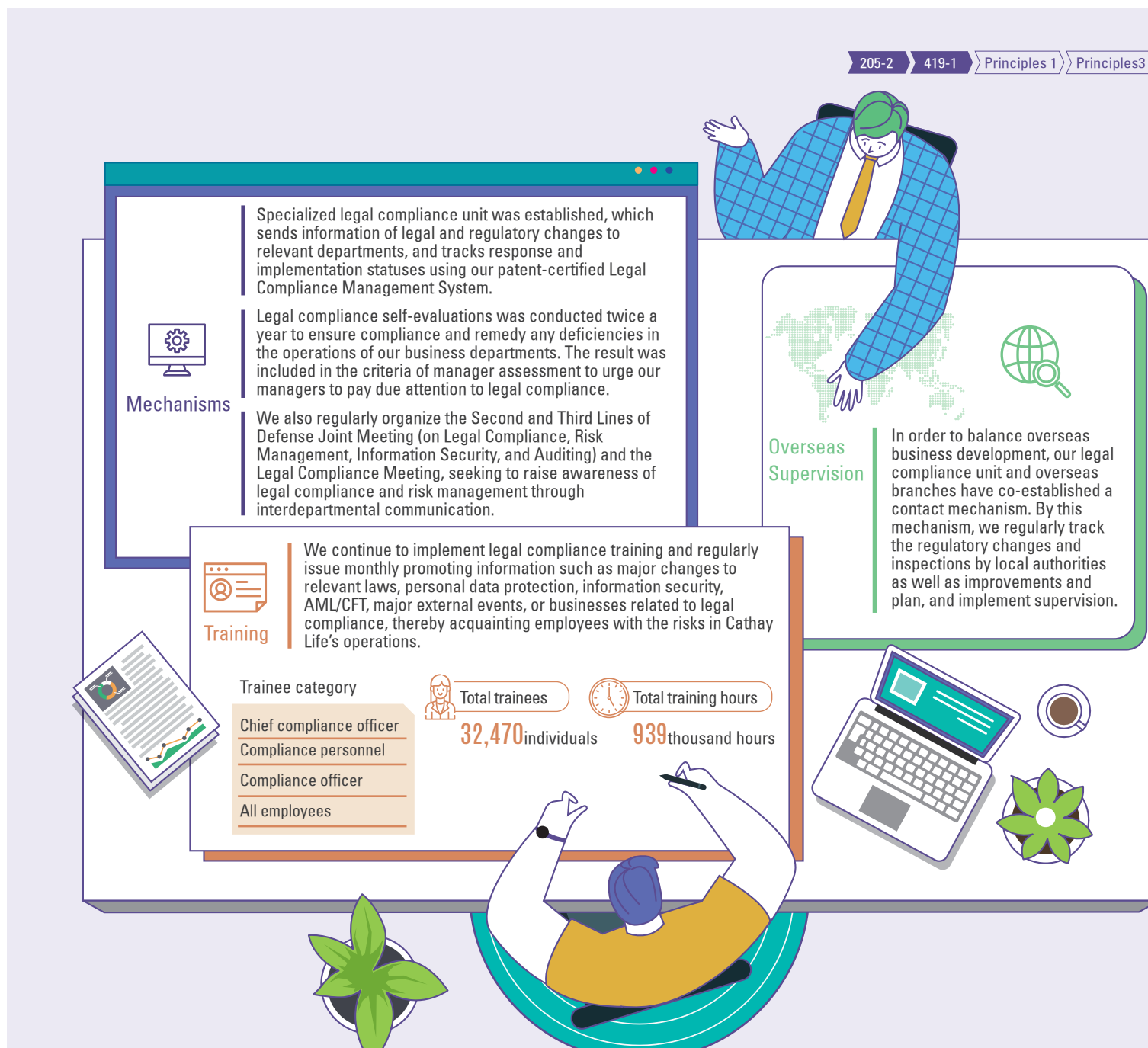


Operational Integrity

Integrity, Accountability, and creativity are the core values of Cathay Life. We strive to form a corporate culture of emphasizing legal compliance, in order to implement operational integrity and enhance our control 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 implement the legal compliance, information security as well as AML/CFT in daily operations and services.

(I) Legal Compliance

Cathay Life establishes systematic channels for the dissemination of laws and regulations, control, and education to raise our employees' awareness, ensure legal compliance for all businesses, and reduce the probability of operational risks. In 2020, we have completed the optimization of the legal compliance management system, and integrated the Legal compliance assessment and examination to improve the effectiveness of legal compliance.



Negative Information in 2020 and Improvement Measures:

Cathay Life was imposed a fine of NT\$5.6 million by the FSC on February 18, 2020:

Case and Amount

1. A customer complained that sales agent inappropriately solicited cases and did not establish transaction patterns to strengthen inspection and control mechanisms.
2. The branch office of a Chinese insurance company that we invested in was imposed an administrative penalty by the local financial supervision authority, and failed to immediately report the penalty to the FSC according to regulations.
3. Failed to understand the purpose and needs of legal entities for insurance, and did not establish reasonable control mechanisms for changes.

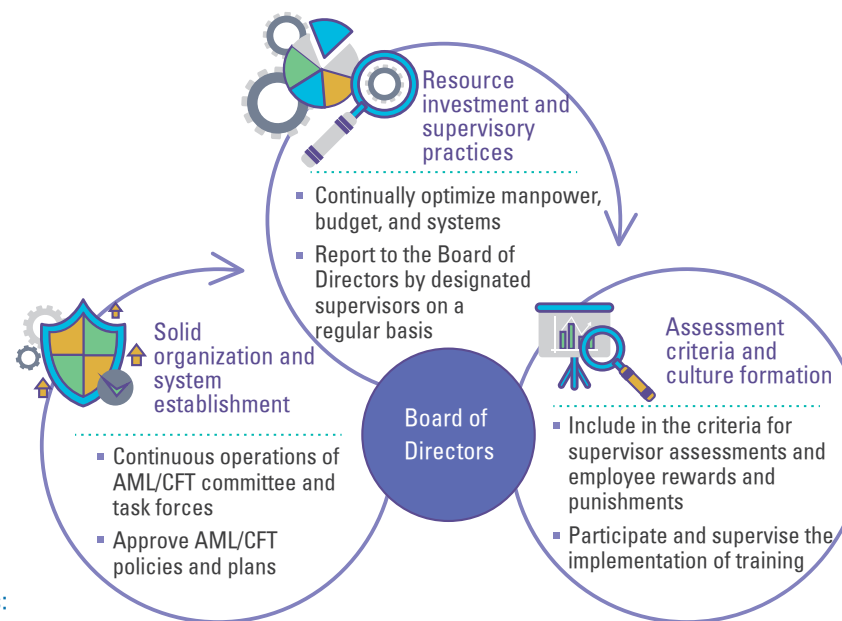
Improvement Measures

1. Established control mechanisms in the process of solicitation, underwriting, and policyholder service for policy termination or purchasing new policy on a loan.
2. Required the investee to institutionalize reporting and strengthen tracking and control measures, and also implemented an automated response - Robotic Process Automation in our process to search for keywords related to fines imposed by the competent authorities in China, in order to avoid negligent omissions.
3. Established the Guidelines for Insurance Application by legal entities to establish complete review and control mechanisms for underwriting and policy amendments.

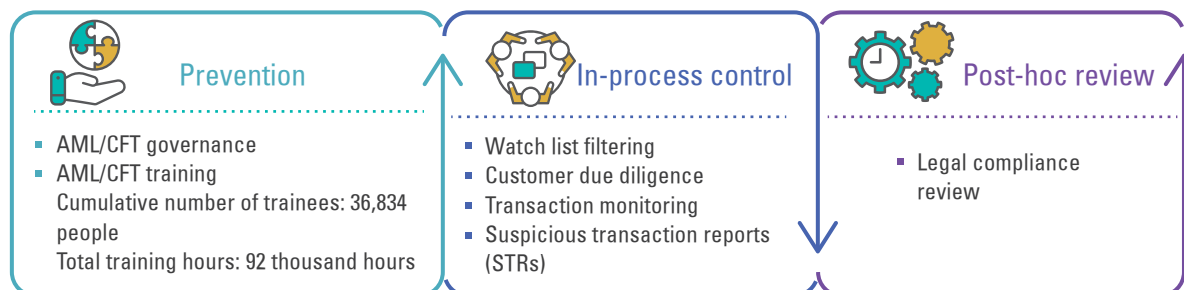
Please refer to Cathay Life Insurance Annual Report for information on other fines and improvement measures.

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

Cathay Life has established and passed a comprehensive AML/CFT policy. We have also established our 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.



AML/CFT process:



Support Initiatives and Expand Influence



A report from the World Economic Forum (WEF) in 2020 pointed out that the five major risks most likely to occur in the next ten years are all associated with the environment. Confronted by the increasingly harsh impact of climate change, Cathay Life has been actively developing and responding to climate-related risks and opportunities. In June 2018, we started promoting the framework of the Task Force on Climate-related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB) in June 2017. The following description is based on the four core elements of TCFD: Governance, Strategy, Risk Management, and Metrics and Targets.

I. Governance

Cathay Life Insurance Climate Governance Framework



The Risk Management Committee, subordinate to the Board of Directors, is the highest-level supervision organization in Cathay Life that manages and monitors climate risk. 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.

With the full approval of the Board of Directors in May 2019, we adjusted our Risk Management Policies by amending the Cathay Life Insurance Guidelines for Emerging Risk Management (including climate change risks), thereby implementing climate governance and management. Since May 2020, the Risk Management Department has also incorporated climate risk management issues in the Own Risk and Solvency Assessment (ORSA) Report and Risk Management Implementation Report, which are submitted to the Board of Directors annually.

TCFD Task Force

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

In order to cope with the risks and opportunities in the low-carbon transformation brought by climate change, the Corporate Sustainability (CS) Team, led by the President of Cathay Life, has formulated an implementation plan for the short, medium and long terms since 2018. This team not only meets on a quarterly basis to keep track of the work progress of each working group, but also reports the implementation results to the Board of Directors biannually. Since 2020, our Responsible Investment Working Group has also incorporated the results of responsible investment (including climate change) into the Investment Policy Review Report, which is annually submitted to the Board of Directors. Since 2021, climate risk scenario analyses and investment portfolio carbon footprints have also been added to the report.

Responsible Investment Working Group

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

Green Operation Working Group

Led by the vice president of Operation Department, this group focuses on the company's daily operations, and evaluates our impact on climate through the management of energy resources and supply chains to lower carbon emission generated in our operations.

For the Risk Management Committee, see "Solid Governance and Steady Operations" (P.19)

For the Corporate Sustainability (CS) Team, see "Sustainable Organization Structure" (P.11)

II. Strategy

The Fifth Assessment Report (AR5), the latest climate change report (2014) of the United Nations Intergovernmental Panel on Climate Change (IPCC), pointed out that the key risks in Asia include high temperature and droughts, extreme precipitation, and sea-level rise. The 2019 National Climate Change Adaptation Action Plan by the Environmental Protection Administration, Executive Yuan, also pointed out that Taiwan is facing such physical risks and hazards. The impact of climate change on the life insurance industry includes the physical risks and transition risks brought by climate change and the opportunities brought by the changes in the general public's behavior in response to climate change. Through the collaboration of different departments and related units, Cathay Life identified the climate risks and opportunities in the short, medium and long terms of each business. The table below includes the potential major risks and opportunities identified by us, which are subject to continuous refinement:

Table: Overview of climate risks, scenario analyses, and response measures

	Risk Items	Time Length	Potential Financial Impact	Corresponding Existing Risk	Climate Scenario	Mitigation Measures/ Response Strategy
Physical Risks	Immediate	Short and medium terms	Repair and disruption of operations: The increase in frequency and severity of extreme climate events will lead to the increase in our capital expenses (e.g., repair of damaged equipment) or even disruptions of operations.	Operation	RCP2.6, 4.5, 6.0, 8.5	<ol style="list-style-type: none"> 1. Strengthen flood control measures and formulate disaster emergency response measures, e.g., business continuity planning (BCP) 2. Purchase insurance to transfer risks 3. Avoid purchasing and sand building in areas that are exposed to risks
	Long term	Medium and long terms	Increase in claims expenses: Increasing incidences of cardiovascular diseases, dengue fever and infectious diseases lead to an increase in our insurance claims.	Insurance	RCP2.6, 4.5, 6.0, 8.5	<ol style="list-style-type: none"> 1. Assess the impact of climate change on disease incidence rates, which can serve as a basis for product pricing and adaptation services 2. Disperse risks of claims through reinsurance
	Immediate/long term	Short and medium (long) terms	Decrease in asset values of securities: Extreme weather leads to damages in investee companies' assets and equipment, and even impacts their production capacities and asset values, increasing the probability of companies' defaults or decreases in their market values, thus lowering our investment income and the values of assets we are investing in.	Market	RCP8.5	<ol style="list-style-type: none"> 1. Participate in international initiative to keep track of international climate change trends ahead of time (see P.31 for more details) 2. Combine the backward-looking quantitative analysis (Carbon footprinting) and forward-looking scenario simulation (Climate VaR) to improve the assessment of climate risks in negotiable securities 3. Implement ESG risk reviews and engagements to mitigate investment risks and increase investment resilience
Transition Risks	Policies and regulations	Short and medium (long) terms	Decrease in asset values of securities: Governments around the world are intensifying their supervision of carbon emissions by implementing carbon pricing or carbon emissions trading mechanisms, which have led to an increase in the costs of investee companies and affected their profits and values, thus reducing our investment income and values of assets we are investing in.	Market	2° C Scenario	<ol style="list-style-type: none"> 1. Participate in international initiative to keep track of international climate change trends ahead of time (see P.31 for more details) 2. Combine the backward-looking quantitative analysis (Carbon footprinting) and forward-looking scenario simulation (Climate VaR) to improve the assessment of climate risks in negotiable securities 3. Implement ESG risk reviews and engagements to mitigate investment risks and increase investment resilience
Opportunities	Resource efficiency	Short term	Energy conservation and carbon reduction: If we use high - efficiency equipment, we can reduce electricity expenses and carbon emissions.	-	-	Take a rolling inventory of the equipment to examine its service life and energy consumption to determine what equipment to be replaced
	Products and services	Short and medium terms	Low-carbon products: Develop and/or increase low - carbon insurance products and services to meet the needs of customers for low-carbon products, thus raising our income.	-	-	<ol style="list-style-type: none"> 1. Reduce carbon footprints in insurance policy services through e/M services, to reduce paper consumption in insurance policy production and services 2. Develop climate insurance and green insurance products
	Market	Short and medium terms	Low-carbon investment: Actively search for prospective investment targets during the global transition to a low - carbon economy to increase income from investments.	-	-	<ol style="list-style-type: none"> 1. Understand international low-carbon technologies and industry trends 2. Continue to invest in low-carbon and green energy industries

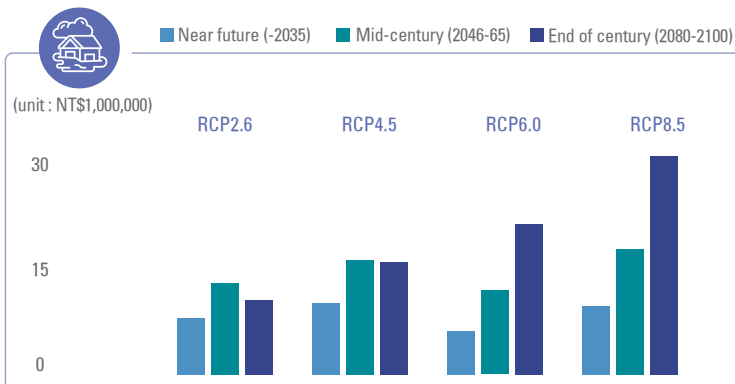
Note : Definitions of time categories: Periods of three years (inclusive) or below are classified as short term. Periods ranging from three to ten years (inclusive), are classified as medium term, and periods longer than ten years are considered long term.

Given the uncertainty of the aforementioned risks, Cathay Life will progressively develop and continuously refine forward-looking scenario analyses through qualitative and quantitative analysis methods to assess the financial impact brought by climate change and strengthen our strategical resilience in terms of our business operations and core businesses, including real estate investment, life insurance products, and securities:

Self-owned Real Estate

Real estate accounts for 7.5% of Cathay Life’s investment assets. In order to identify hidden risks in advance, Cathay Life collaborates with consulting companies to examine the short-term and long-term financial impact of physical risks on real estate caused by typhoons and floods, and subsequently use TCCIP data to simulate the impact of various RCP climate scenarios. Since 94% of Cathay Life's real estate are located in Taiwan, and Taiwan is one of the countries that are most vulnerable to natural disasters, according to reports from the Intergovernmental Panel on Climate Change (IPCC) and the World Bank, our initial simulation scenarios focused on our real estate in Taiwan. The overall results showed that our real estate is not under major risks. Nevertheless, our real estate management departments still established emergency response procedures and purchased business insurance covering typhoons and floods for real estate with higher asset values to reduce the risks and mitigate the impact of climate change.

Estimated real estate repairing loss caused by typhoons and floods in different RCP scenarios



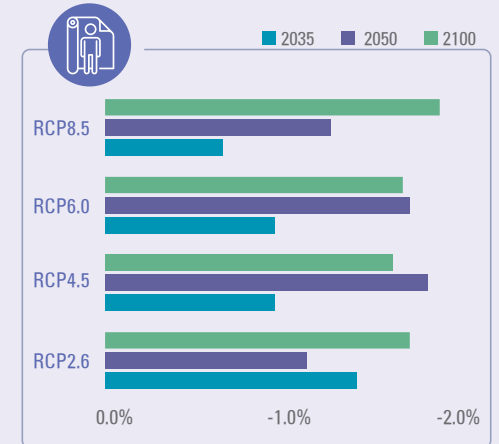
Life Insurance Products

In collaboration with university professors, Cathay Life utilized historical data (2000–2016) related to climate, National Health Insurance and Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) AR5 scenario data to assess the impact of global warming on the death rate and medical care ratio, which based on the adaptability of people in the counties and cities in Taiwan to different temperatures. The results show that the Taiwanese people are more adaptable to high temperatures than to low temperatures because Taiwan is located in the subtropical region and air-conditioning equipments are common.

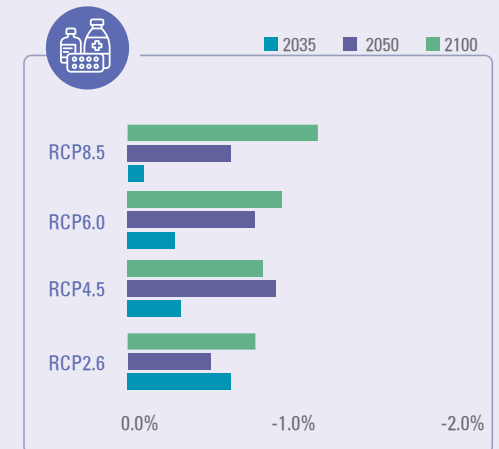
The number of high-temperature days in all counties and cities in Taiwan, according to TCCIP’s temperature simulation under different climate scenarios of Taiwan, shows an upward trend, while the number of low temperature days decreases. As Taiwanese people are better adapted to high temperatures, assuming that the composition of our customer base and our insurance policy structure remain the same as in 2016, preliminary assessment results indicate that climate change will slightly reduce Taiwan's overall death rate and medical care rate by 1–2% (see the figure on right for details), which is therefore not a major risk for insurance claims.

However, according to domestic and foreign research, adaptability to temperature changes varies among ages and genders. Taking into account the differences between the structure of our policyholders and Taiwan’s demography, we will continue to refine and expand scenario analyses and research to accurately keep track of climate risks in insurance products.

Changes of death claims expenses as compared with 2016



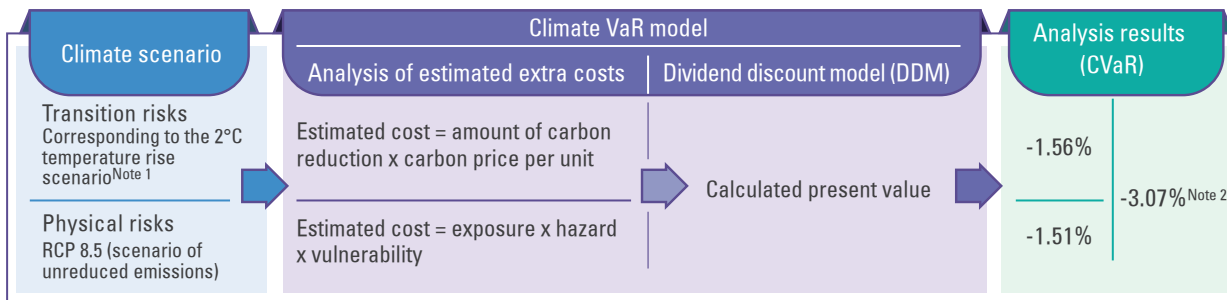
Changes of medical care claims expenses as compared with 2016



Securities

In the face of climate change, governments of various countries have begun to intensify carbon emission supervision. If enterprises fail to transform themselves timely, they may have to pay for an extra cost incurred from carbon emissions. The increase in frequency and severity of extreme weather events will also damage the assets and equipment of enterprises and may even affect their operating capacities and asset values. Therefore, the global low-carbon transformation, successful or not, will have a great impact on enterprises, leading to the fall in value of the negotiable securities they issued and causing losses in the net asset values of investors holding these securities. Cathay Life introduced the model developed by MSCI, and adopted corresponding climate scenarios such as 2°C temperature rise and RCP8.5 emissions to comprehensively evaluate the impact of climate change on the value of equity and bond investment targets, and measured the Climate Value-at-Risk (Climate VaR, CVaR) to keep track of climate risk in our investment portfolios ahead of time.

The transition and physical risk analysis process and results of investments in equities



Note 1 : The amount of carbon reduction in this scenario refers to NDC target; the carbon price in the 2° C scenario adopts that of AIM-CGE and SSP2.
 Note 2 : Using the latest data from the database, we retrospectively calculated the CVaR in our equity and bond investments in 2019, which was -3.50%.
 Note 3 : ClimateValue-at-Risk(CVaR)referstothe discounted cost of climate risk accumulatively borne by investment portfolios up to the year 2080, which can be found on the MSCI website (<https://www.msci.com/our-solutions/esg-investing/climate-solutions/scenario-analysis>).

In summary, by reviewing the main businesses of Cathay Life through qualitative and quantitative analyses of forward-looking scenarios, we identified our major risks, including transition and physical risks in securities and the physical risks in daily operations.

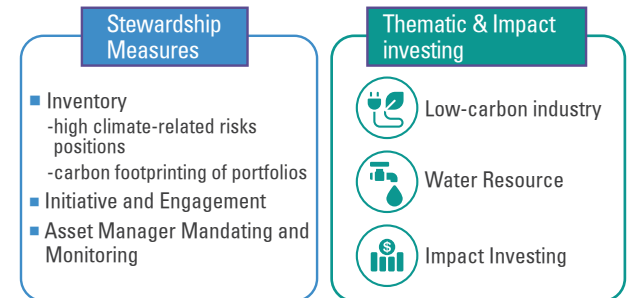
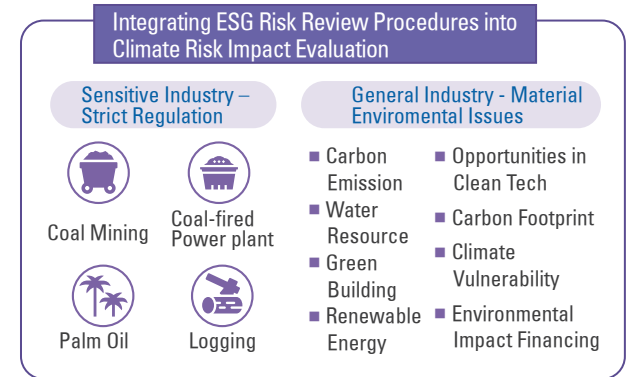
III. Risk Management

Cathay Life has established comprehensive climate risk management procedures to systematically manage climate risks. In 2019, we established the Emerging Risk Management Guidelines, which integrate climate risk into our overall risk management system. In order to strengthen our climate risk resilience and support the Green Finance 2.0 policy formulated by the competent authority in August 2020, Cathay Life will continue to refine climate-related risk management measures and, in accordance with the Guidelines for ESG Risk Management established by Cathay FHC in 2020, formulate climate-related risk management regulations to strengthen the overall enterprise risk management mechanism.

Cathay Life has integrated climate risk into our existing risk management framework. In business management and daily operations, we take risk management measures in major categories of climate impact, including securities and operations. On the other hand, our CS Team (Responsible Investment Working Group and Green Operation Working Group) and Risk Management Department also take relevant actions according to their respective business characteristics, as explained below:

Securities

Listed Equities and Corporate Bonds

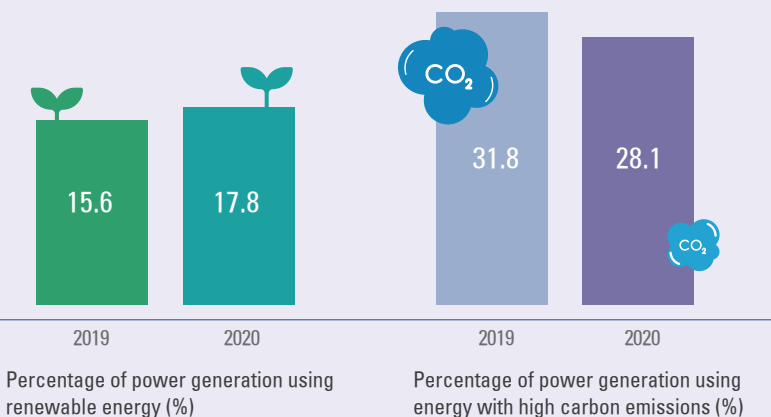


1. Incorporating ESG Risk Review Processes into the Assessment of Climate Risk Impacts

◎ Establishing Investment Management Principles for Sensitive Industries:

We included high climate-related risk industries such as the coal mining industry, coal-fired power plants, palm oil industry, and logging into sensitive industries, and then divided the companies which in those sensitive industries into exclusion list or watchlist based on factors including the severity of climate risk impact on such industries, the involvement of individual companies' operations in these industries, the ratio of such operational categories to the companies' operating revenues, and the preparation of these companies for climate change.

For example, Cathay Life has listed power producers whose main source of revenue is coal-fired power plants and have not actively switched to renewable energy as ineligible for investments. As a result, our review shows that, in 2020, our self-operated bond position in utilities industry had an increase in the percentage of power generation using renewable energy, and a decrease in the percentage of power generation using energy with high carbon emissions.



◎ Referencing Material Environmental Issues for General Industries:

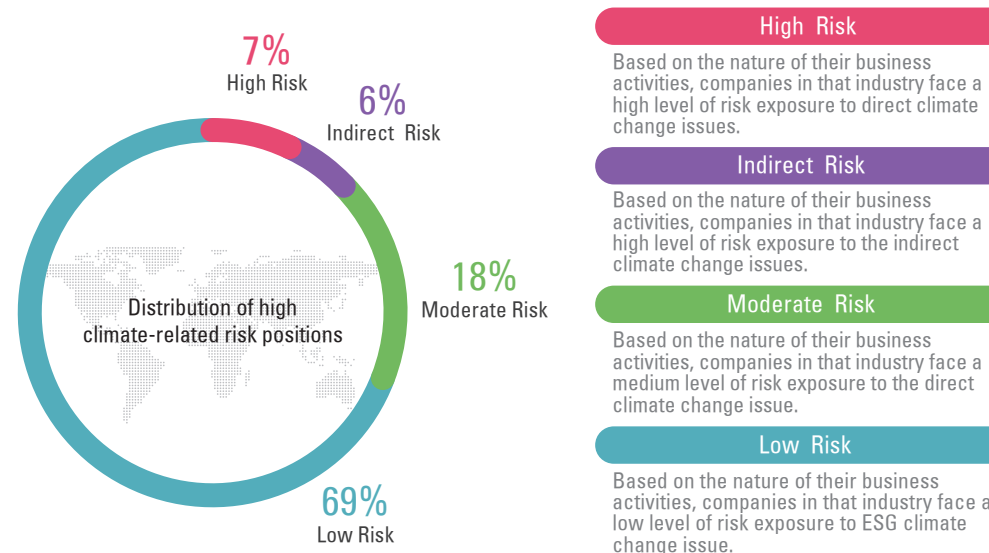
Cathay has referenced information provided by international ESG research institutions and determined the material climate change factors faced by the industry according to the characteristics of the industry's business operations, including carbon emissions, product carbon footprint, Climate Change Vulnerability, Water Stress, etc. We have integrated material environmental, social and governance factors into our investment decision-making process, and non-periodically and periodically reviewed the ESG performance of existing investee companies.

2. Stewardship Measures

◎ Assessing Climate Risks in our Portfolio

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

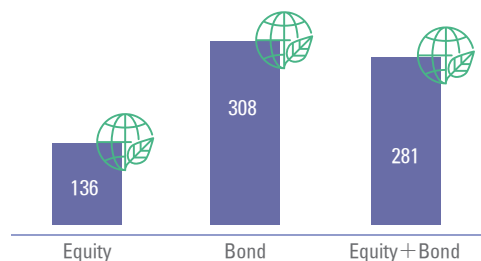
Distribution of high climate-related risk positions



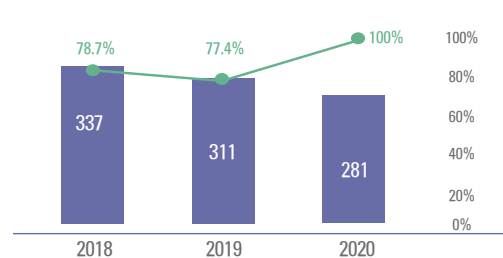
◎ Assessing Carbon Footprint in Our Portfolio

To face climate change, governments of various countries have intensified carbon emission supervision by implementing carbon pricing or carbon emissions trading mechanisms, which have led to the decline in value of our investee companies and in our income. For this reason, since mid-2018, we have used weighted average carbon intensity method (tCO₂e/\$m sales) to assess and monitor the carbon footprint of our listed equity and corporate bond portfolio, and since 2020, we adopt the standard of Partnership for Carbon Accounting Financials (PCAF) to calculate total carbon emission of portfolio. Our 2020 carbon footprint is 281 tCO₂e/\$m revenues, which represents a decrease of 9.5% from 2019. In addition, further analysis of carbon footprints in industries with high climate-related risks showed that, although the “integrated petroleum and natural gas” position accounted for only 4.0%, its carbon footprinting accounted for 8.3%. In due course, we will continue to engage with high carbon emission industries and observe changes in these indicators.

Carbon footprint of various asset classes in 2020

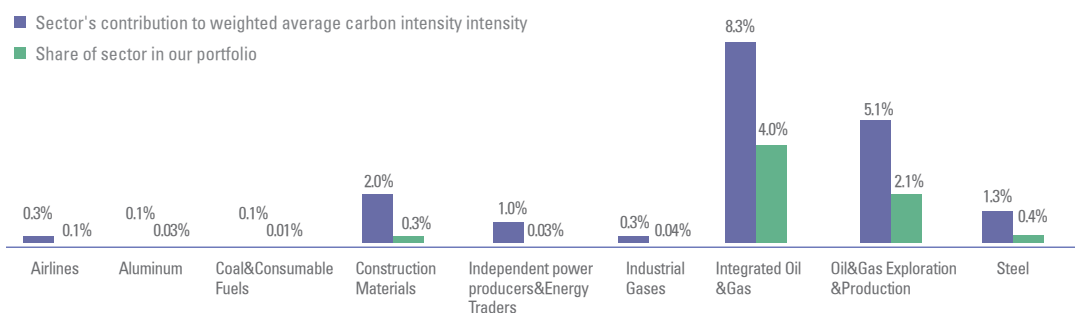
Unit: tCO₂e/\$m revenues

Carbon footprints from 2018 to 2020

Unit: tCO₂e/\$m revenues ● Coverage%(by position)


Distribution of carbon footprints in high climate-related risk industries in 2020

■ Sector's contribution to weighted average carbon intensity intensity
■ Share of sector in our portfolio



◎ Initiative and Engagement

Cathay Life joined AIGCC and Ceres Valuing Water Finance Task Force, regularly attends meetings, and keeps track of international trends of climate change ahead of time.

 See “Support Initiatives and Expand Influence” P.31 for details


In addition to participating in international initiatives such as CDP Non-Disclosure Campaign and Climate Action 100+, and collectively engaging with companies by organizing forums, Cathay Life also engaged with investee companies according to their total carbon emissions and carbon density. We not only learned the details regarding their carbon governance and carbon disclosures, but also encouraged them to follow the TCFD framework to disclose climate change response methods, actively set science-based targets (SBTs) of carbon reduction, and disclose frameworks in accordance with TCFD recommendations.

◎ Asset Manager Mandating and Monitoring

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

3. Thematic Investment and Impact Investing

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

 See “Responsible Investment and Paradigm Proposal” for details P.35

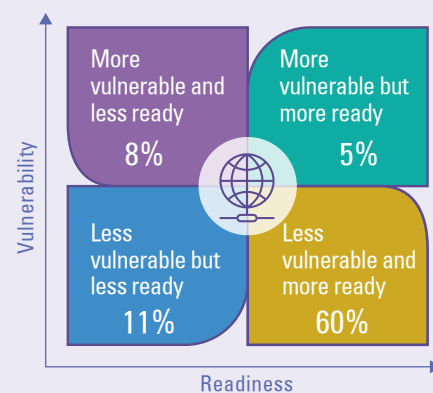
🔗 Sovereign Bonds

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

Supplementary Information

The ND-GAIN Country Index published by the University of Notre Dame in the United States identifies the extent to which sovereign bond investment positions are vulnerable to climate-related risks (mainly physical risks). The ND-GAIN index quantitatively assesses the impact of global climate change on countries around the world as well as whether governments are capable of coping with increasingly extreme climates. This assessment mainly includes two dimensions: vulnerability and readiness, and classifies countries into four quadrants (as shown on right), which were created based on the medians of the vulnerability and readiness scores of all countries in all years. Countries in the purple (upper left) quadrant are more vulnerable to climate change but less ready to cope with climate crisis, thus having higher climate-related risk. Countries in the orange (lower right) quadrant are less vulnerable to the impact of climate change and better prepared, thus having lower climate-related risk.

ND-GAIN matrix chart and the distribution of sovereign bond positions



Note: N/a ND-GAIN information in the remaining positions

Cathay Life Insurance identified the climate risk of countries through the corresponding quadrants in which these countries are located. Although the sovereign bonds that are exposed to climate-related risks are predominantly located in countries of emerging markets, and are therefore facing tougher climate challenges, the purple (upper left) quadrant, representing sovereign positions with higher climate-related risk, accounts for only around 8% of all sovereign bonds in the four-quadrant ND-GAIN matrix. In conclusion, the climate-related risks are controllable.

In addition, Cathay Life has rated risks of individual countries based on the credit ratings published by credit rating institutions and research reports from external think tanks. Our review shows that the credit rating methodology has considered the impact of climate change on economic activities and crisis response, and external think tanks have also incorporated the impact of climate risk into the assessment of national operational risks, which show that the current methodology of national risk classification has appropriately reflected the impact of climate-related risks. In the future, we will set quotas according to different levels of national risks, and monitor the usage of such quotas on a regular basis.

Operational Aspect

In order to avoid the disruption of our operations or businesses due to diseases or natural disasters, we have formulated the Guidelines for Operational Continuity in August 2020 and submitted them to the Risk Management Committee and the Board of Directors for review, so as to ensure the continuous operation of our core and key businesses.

📖 See “Solid Governance and Steady Operations” for details P.21

In addition, we seek to reduce the impact of climate change on the environment by reducing carbon emissions generated in our operations through energy and resource management, equipment replacement, and supply chain management. We also continue to promote services such as mobile insurance and e-policies to reduce the consumption of energy and resources from our core products. We aim to seize opportunities of low-carbon development through green building certificates and installation of renewable energy facilities.

📖 See “Green Operations and Impact Mitigation” for details P.66

IV. Indicators and Goals

In order to effectively respond to climate change and implement risk management, Cathay Life has set corresponding indicators and targets for financial asset categories and operations that are in need of management, as shown in the table below. Please see “Responsible Investment and Paradigm Proposal” (📖 P.39) for securities-related indicators. For historical annual data of green operations, please see “Green Operations and Impact Mitigation” (📖 P.65).

Key Environmental and Climate Indicators and Targets

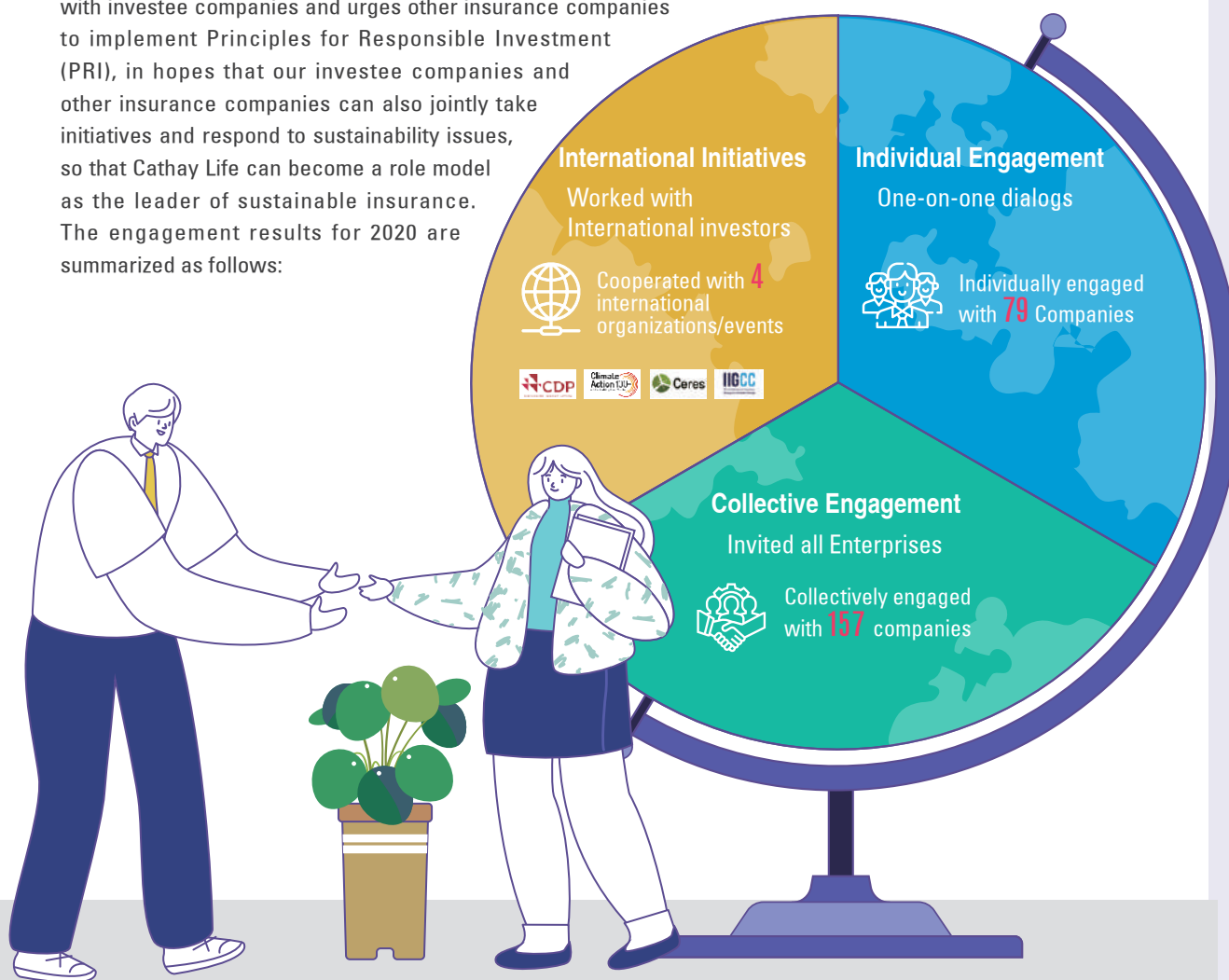
Indicator	Baseline year	2020 target	2025 target	2030 target
Scope 1 + 2 Emissions (tCO ₂ e)	2016	Reduce by 4%	Reduce by 9%	Reduce by 14%
Yearly Paper Consumption	2017	Reduce by 30%	Reduce by 60%	Reduce by 70%
Installed Capacity of Solar Panels on Buildings Owned by Cathay Life	-	200kW	500kW	850kW
Low-carbon Investment Amount	2018	Increase by 5%	Increase by 20%	Increase by 40%

Note: 2020 targets were all attained.

📖 For Scope 3 emissions, see “Green Operations and Impact Mitigation” (P.65) for details.

Advocator of Sustainability

In addition to building its own infrastructure of sustainability with products, services, and responsible investment, Cathay Life leads the industry in participating in initiatives and activities from international organizations. Furthermore, Cathay Life also uses the power of investment to conduct in-depth engagements with investee companies and urges other insurance companies to implement Principles for Responsible Investment (PRI), in hopes that our investee companies and other insurance companies can also jointly take initiatives and respond to sustainability issues, so that Cathay Life can become a role model as the leader of sustainable insurance. The engagement results for 2020 are summarized as follows:



(I) Participating in International Organizations that Promote Social Initiatives to Keep Track of International Trends ahead of Time

Asia Investor Group on Climate Change (AIGCC)

Cathay FHC is a founding member and the only member from Taiwan of the Asia Investor Group on Climate Change (AIGCC). Cathay Life and Cathay FHC also joined three working groups under the AIGCC, including “Paris-aligned Investment”, “Engagement and Policy”, and “Physical risks and Resilience”, and worked with international investors to study climate-related risks and opportunities and to construct Asian investment frameworks based on climate change.

Ceres Valuing Water Finance Task Force

In recent years, climate change has indirectly changed the water cycle and modes of precipitation. Preserving water resources has also become an important issue for the world today. For these reasons, Cathay Life and Cathay FHC took timely actions by joining the Valuing Water Finance Task Force led by Ceres in 2020, making us the only financial institution in Taiwan that has joined this organization. By keeping track of the forward-looking global trends and understanding risks and opportunities of water resources in various industries, Cathay Life can prevent relevant risks and improve investment resilience when facing water resource challenges.

(II) Actively Engaging with Enterprises to Exert Influence in Sustainable Finance

Since 2017, Cathay Life has participated in multiple international initiatives, including the CDP Non-Disclosure Campaign and Climate Action 100+ (hereinafter referred to as "CA100+"). We have also engaged individually with our investee companies and collectively with enterprises by organizing forums of our own.

1. Participating in International Initiatives

Individual Engagement

CDP 「Non-Disclosure Campaign」

- Through one-one-one communications, we have encouraged companies which have yet to respond CDP questionnaires, thus urging enterprises to disclose climate change measures and carbon emission data, understand the shortage of water resources, and consider the issue of sustainable forests, in order to formulate relevant response strategies and management approaches.
- Cathay Life has participated in the campaign for four consecutive years since 2017 and is the only insurance company in Taiwan to be a participant.
- Key performance
 - (1) Cumulative success rate: 31% (engaged individually with a total of 75 companies as a leading investor).
 - (2) Progress rate: 65% of the companies improved their CDP scores in the next year.
 - (3) The response rate of companies engaged by Cathay was 19% in 2020, which was 1.6 times the response rate (12%) of companies without investor engagement.

Climate action 100+

- Of the 167 companies around the world on the watchlist, Cathay Life is actively engaging with the three Taiwanese enterprises on this list, in hopes that they will enhance disclosure of information related to climate change in accordance with the framework of Task Force on Climate-related Financial Disclosures (TCFD) and reduce carbon emissions in response to the Paris Agreement to attain the goals and promises of transformation into a low-carbon economy and net zero emissions.
- Cathay Life has participated in the campaign since 2017 and is the only insurance company in Taiwan to be a participant.
- Key performance
 - (1) Engaged enterprise A has announced its plan to reach net zero emissions for its value chain by 2050.
 - (2) After engaging with CSR implement team and independent director of enterprise B with BlackRock in terms of development of sustainable issues. Enterprise B has promised to publish report in line with the TCFD guidelines in 2021.

Collective engagement – Sustainable Finance and Climate Change Forum

Since 2017, Cathay Life and Cathay FHC have co-organized the Climate Change Forum for four consecutive years; in 2020, 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; however, climate change continues to pose a threat to the world, business, and society. In response to this trend, we cooperated with the Taiwan Stock Exchange (TWSE) to expand the scope of the 2020 forum by including issues of sustainable finance and inviting business leaders at the chairman and president levels, leaders of government authorities responsible for climate policies, and distinguished academic experts on sustainable finance to discuss current trends and share their relevant experiences.

Attendees included 293 individuals and delegates from 157 enterprises. Attending stock market-listed companies accounted for 70% of the total market value of business in Taiwan and 40% of the total carbon emissions in the country, making the forum an important promoter of sustainable development in Taiwan.



Forum highlights clip

2. Engaging with Enterprises on Our Own

Learning from our experience participating in international initiatives, Cathay Life also started to engage with investee companies in Taiwan on multiple topics including: enhancing climate-change-related disclosure in accordance with the TCFD framework, carbon disclosure and management, other climate change-related issues, and ESG materiality issues.

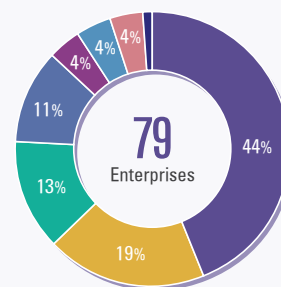


Individual engagement cases:

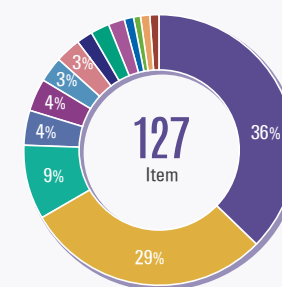
Company A was included in the engagement targets by Climate Action 100+ for their crucial role in the global low-carbon transformation. In 2019, Cathay FHC and Cathay Life started to engage with the company; in order to make it understand the importance of ESG issues, we began to engage with the perspective of “enterprise ESG rating/information disclosure.” During our meetings with its chairman, president and other management officers, we shared our views on international responsible investment trends, climate change trends, and relevant initiatives, and analyzed the international ESG and CDP rating performances of its main subsidiaries and competitors. The company thus started to set relevant goals to improve its ESG ratings. By the end of the same year, its ESG rating had improved by one grade.

Subsequently, Cathay closely interacted and communicated with the director of the company’s global committee of corporate social and environmental responsibilities to understand its climate change response measures, and encouraged it to disclose climate change information and propose specific carbon reduction plans. In 2020, the company demonstrated its ambition by publicly promising to reach the goal of net zero carbon emissions set by Climate Action 100+, stating that the greenhouse gas (GHG) emissions of its value chain were consistent with the goals set by the Paris Agreement, and that it will attain net zero GHG emissions by 2050.

In 2020, through one-on-one engagements via telephone or meetings, Cathay Life communicated with 79 enterprises on 14 ESG materiality issues for a total of 127. The main engagement targets were enterprises belonging to industries of “Information Technologies” and “Materials”; the main issues for communications were “Climate Change Vulnerability” and “Carbon Emission.”



Industry



Issue



Accountability

35 Responsible Investment and Paradigm Proposal

35 Sustainable Investment Mechanism

39 Sustainable Investment Action

41 Diverse Coverage and Thoughtful Services

41 Increased Insurance Awareness 45 Digital Finance

42 Elderly Care 46 Financial Inclusion

44 Health Promotion 47 Customer-centered Services

Core Philosophy

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

- Thematic investments (low-carbon, elderly care and inclusive finance, etc.) reached over **1 trillion** yuan; in 2021, Cathay Life becomes the first company in Taiwan to engage in impact investing.
- We launched 7 new spillover-effect products to enrich our spillover-effect product portfolio and offer more diversified choices to our policyholders. Over **280,000** people have participated in the Cathay Walker health promoting activities as of the end of 2020. The cumulative number of steps was equivalent to about **317** round trips to the moon.
- In response to the increasing awareness towards medical care and demand for insurance due to the impact of COVID-19, we launched exclusive products and underwrote **97,000** policies, thus providing protection in case of hospitalization worth approx. **NT\$97 million**.
- As of the end of 2020, the virtual assistant - Alpha has an overall satisfaction score of **97%**, and a problem-solving rate of **88%**.



Responsible Investment and Paradigm Proposal

Cathay Life's total investment assets are exceeded NT\$7.6 trillion, accounting for about 1/4 of Taiwan's overall life insurance industry, making us one of the largest institutional investors in Taiwan. Through Cathay Life's core competency of investment, we can properly utilize the funds of shareholders and policyholders to establish a sustainable investment mechanism and take concrete actions to support investment targets that focus on sustainable development. We exercise our expertise and influence as an institutional investor to encourage more companies to work and create a sustainable future together.



Sustainable Investment Mechanism

SF10

SF11

Principles 2

Principles 3

From 2015, Cathay Life has been voluntarily adopting the Principles for Responsible Investment (PRI), and became the first signatory as an insurance service provider to the Taiwan Stewardship Principles for Institutional Investors issued by TWSE in 2016. Since 2017, we have published a Stewardship Report on a yearly basis; in 2020, we added details regarding our responsible investments in the report. These efforts demonstrate our determination as an institutional investor to fulfill the requirements of stewardship and responsible investment, and make us the first insurance company in Taiwan to fully disclose relevant measures.



2020 Cathay Life Insurance Responsible Investment and Stewardship Report



(I) Establishing the Responsible Investment Working Group

Cathay Life is the first insurance company in Taiwan to establish a responsible investment working group. At the end of 2016, fixed-income, equity, alternative investment and financial planning departments jointly established the Responsible Investment Working Group to set up goals as well as yearly implementation plans in order to advance and perfect our sustainable investment project. As of the end of 2020, Cathay Life had approximately 45 members in its working group, 2 of whom are dedicated responsible investment officers.

The Responsible Investment Working Group continues to exchange with and learn from international benchmark enterprises and study their responsible investment measures, as well as periodically organize training courses and participate in external conferences, so as to improve our understanding of responsible investment 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 2020, a total of 168 Cathay employees participated in our training courses and external conferences; on average, employees received 97 minutes of training.

(II) Stipulating ESG Directions and Policies

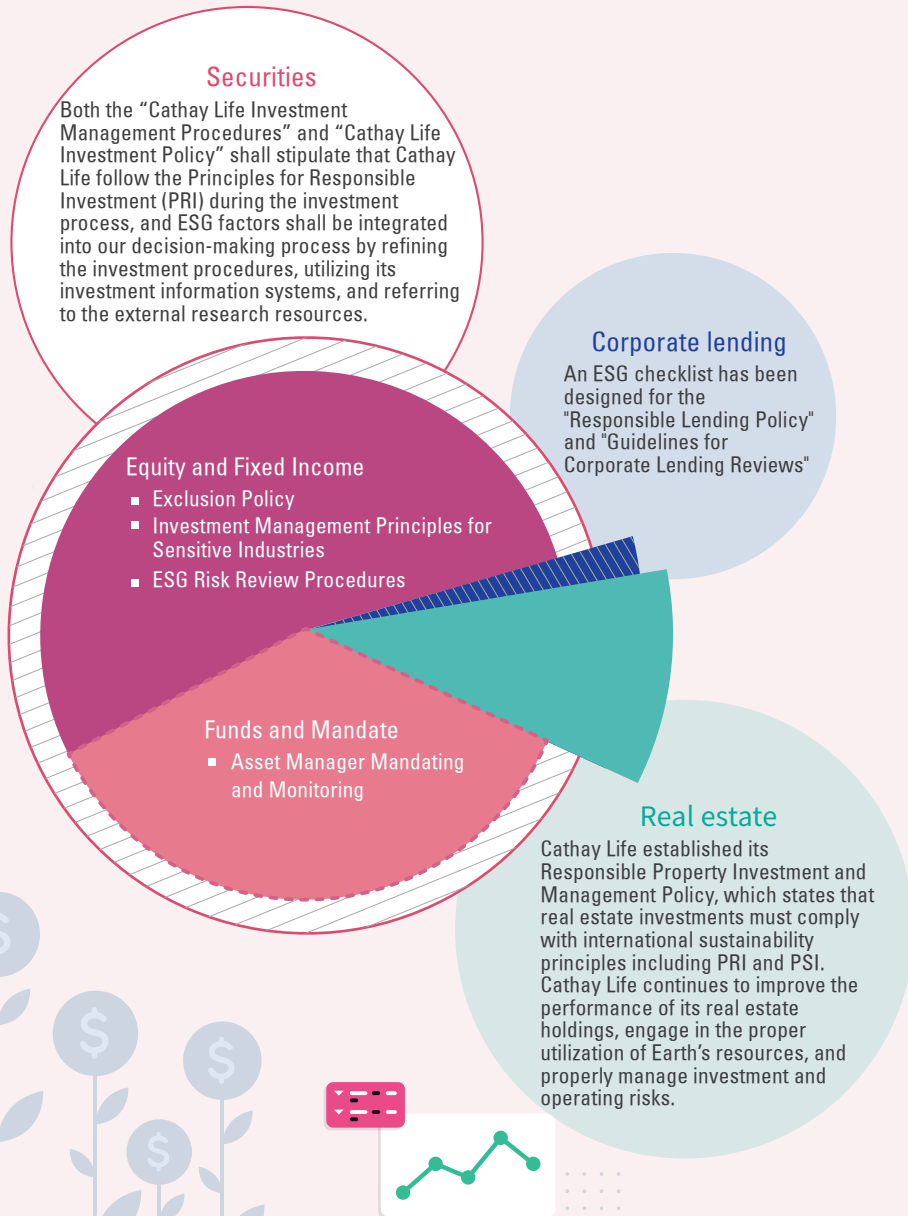
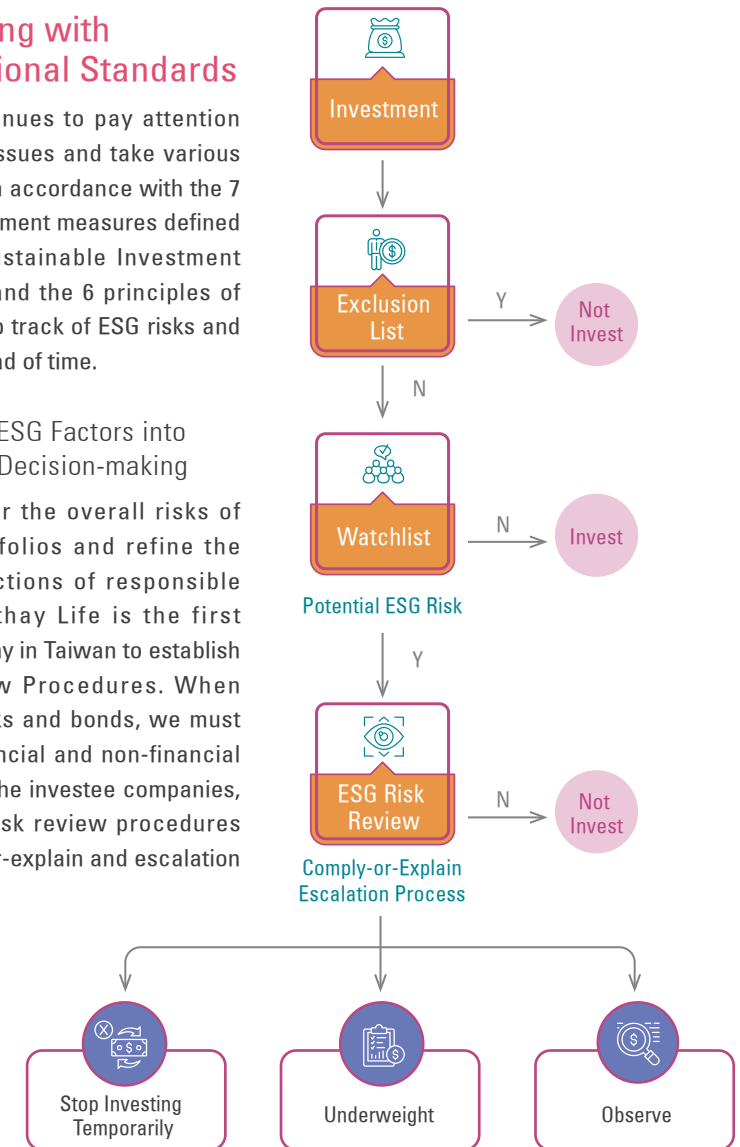
We not only comply with the Responsible Investment and Lending Policy established by Cathay FHC, but also establish relevant ESG directions and policies tailored to individual investments in businesses of different natures. In addition, we report the implementation results of responsible investment to the Board of Directors every year. Excluding assets that fall outside the scope of responsible investment operations (e.g., cash, foreign exchange hedging, and separate account), we adopted 100% responsible investment measures. The total responsible investment assets amounted to NT\$5.8 trillion.

(III) Complying with International Standards

Cathay Life continues to pay attention to sustainability issues and take various relevant actions in accordance with the 7 responsible investment measures defined by the Global Sustainable Investment Alliance (GSIA) and the 6 principles of PRIs 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 actions of responsible investment, Cathay Life is the first insurance company in Taiwan to establish ESG Risk Review Procedures. When investing in stocks and bonds, we must consider the financial and non-financial performances of the investee companies, and adopt ESG risk review procedures such as comply-or-explain and escalation process.



A. Negative Screening

We comply with Cathay FHC and Subsidiaries Investment and Lending Exclusion Policy and our own Investment Management Principles for Sensitive Industries, and place controversial industries that systematically violate international human rights or involve countries with major disputes, and that involve high environmental, social, and moral risks that lead to negative social impacts (e.g., power producers whose main source of revenue is coal-fired power generation and have not actively switched to renewable energy), on the “exclusion list.”

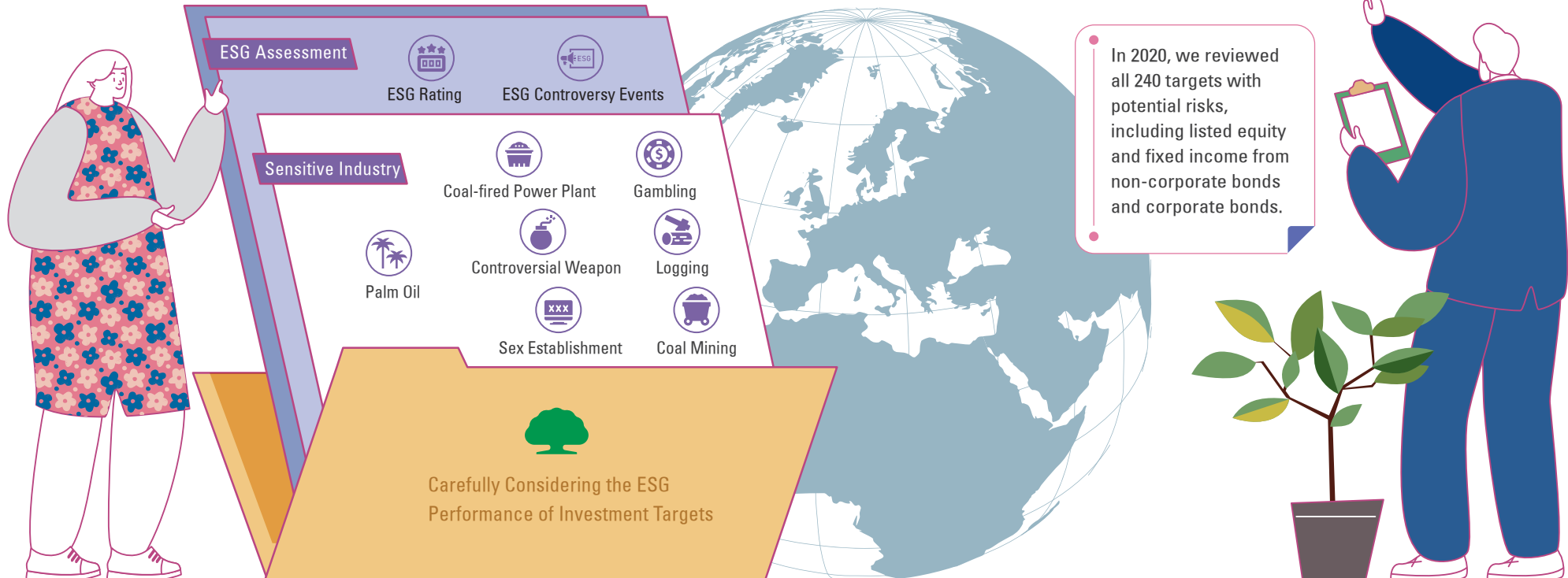
B. Carefully Considering the ESG Performance of Investment Targets

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

Climate change has become one of the most important ESG issues. In order to identify the climate impact and well manage the climate risks and opportunities of our portfolio, we also integrate climate factors into our investment decision-making process and take the lead in combine the backward-looking quantitative analysis (Carbon footprinting) and forward-looking scenario simulation (Climate VaR). ([Please see “Support Initiatives and Expand Influence” – TCFD P.27](#))

C. Evaluating Counterparty ESG

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



Taiwan Stewardship Principles for Institutional Investors

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

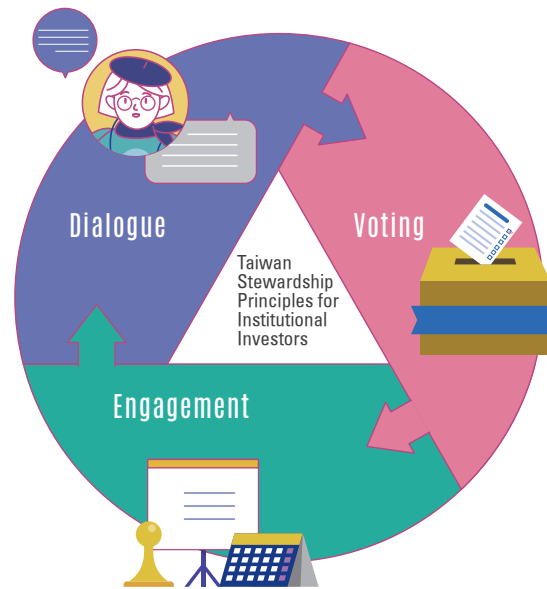
Cathay Life communicates with senior management, investor relations departments, or CSR units of investee companies via telephone conferences, forums, investor seminars, or attendance to shareholders' meetings.

In 2020, a total of 2,713 Cathay employees participated in the engagements and visited a total of 606 companies; total no. of visits reached 2,119. Averaged 3.5 visits per company visited.

Cathay Life is fully aware that only by progressing with other enterprises towards sustainability can we bring a virtuous cycle between society, environment, and economy, and make Cathay Life a force of social stability that has a positive impact on the world. For this reason, in 2018, Cathay Life, Cathay FHC, and various Cathay subsidiaries jointly established the Engagement Policy, which publicizes Cathay's sustainable spirit and corporate governance values to exert our influence as a sustainable investor. We uphold the importance of engagement and adopt a progressive approach in the hopes of engaging in the spirit of support and co-learning rather than supervision and questioning. We aspire to co-create the greatest benefits for the stakeholders of both Cathay Life and investee companies and realize an ideal common good.

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

In 2020, Cathay Life actively conducted one-on-one engagements with 79 enterprises on 14 major ESG issues for a total of 127 communications.



We have established the proxy voting policy, under the guidance of which we attend shareholders' meetings (or via electronic form or mandates) to exercise our voting right as a shareholder and express our opinions on proposals in shareholders' meetings of investee companies. ESG proposals that obstruct the sustainable development of investee companies will not, in principle, win our support. However, rather than directly voting against certain proposals in shareholders' meetings, Cathay Life believes that it may better exert its influence as an institutional investor by familiarizing itself with key issues and communicating with investee companies before shareholders' meetings to reach consensus on proposals, thereby simultaneously benefiting Cathay Life, investee companies, and the society at large.

In 2020, Cathay Life attended a total of 259 shareholders' meetings and voted on 1,556 proposals, 92% of which we voted in favor, 4% of which we voted against, and 4% of which we abstained from voting in accordance with government regulations (Note).

Note : Subject to Article 146-1 and Article 146-5 of Insurance Act in Taiwan, insurance companies cannot cast a vote in the election of directors or supervisors at the public company, public utilities and social welfare enterprises those in Taiwan being invested, hence the abstention votes for proposals related to the appointment of directors and supervisors.

For individual cases of communication, please see the 2020 Cathay Life Insurance Responsible Investment and Stewardship Report

Please see P.31-32 for Participation in International Initiatives

Please see P.32 for Sustainable Finance and Climate Change Forum

Asset Manager Mandating and Monitoring

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

As of the end of 2020, 99% of our mandate assets were managed by asset management companies that are either PRI signatories or who have followed the government stewardship code in place. Those who have not signed also have related responsible investment actions.

Sustainable Investment Action

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

Principles 2 > Principles 3

(I) Low-carbon industry

In response to the global trend of transformation into a low-carbon economy and the Taiwanese government's 5+2 Industrial Innovation Plan, we actively invest in the low-carbon green energy industry. As of 2020, our total investment in low-carbon green energies reached NT\$163.6 billion (up 22% from 2019), representing our contribution to the wellbeing of the Earth.

As of 2020, our total investment in low-carbon green energies reached **NT\$163.6 billion** (up 22% from 2019)

Solar power

We have been jointly investing in Galaxy Energy with AU Optronics since 2014. In 2016, Cathay Life initiated a model of joint venture with solar energy service providers in the form of special projects. Under this model, we have successively formed joint investments in the following companies: Taixu Energy (with Sino-American Silicon Products); Xinritai Co., Ltd. (with Neo Solar Power); and Solar Master Energy (with Power Master Group), thus promoting solar power industrial clusters and setting an example for other companies in the insurance industry. As of the end of 2020, the total investment approved by the Financial Supervisory Commission amounted to NT\$3.436 billion.

Green bonds

In support of the first round of green bond issuance in Taiwan, Cathay Life purchased US\$30 million in green bonds (approximately 17% of the total amount issued in the first round), while the total invested in green domestic and foreign bonds by Cathay Life as of the end of 2020 amounted to NT\$14.3 billion.

Green building

Since 2016, Cathay has ensured that all architectural designs commissioned for development-related investments conform to green building design principles. As of the end of 2020, we have constructed 15 green buildings, obtained green building certificates for 16 construction projects, and invested NT\$73.8 billion in green building financial development.



Certification	Rating	Certification gained (no.)	Certification pending (no.)
LEED-NC (Leadership in Energy and Environmental Design)	Gold	3	-
	Silver	-	1
LEED-EBOM (Category: existing buildings)	Gold	1	-
EPC (Energy Performance Certificates)	B	1	-
	C	1	-
The Green Building Certification of Taiwan	Diamond	1	-
	Gold	-	1
	Silver	7	4
	Bronze	2	-
	Certified	-	4

Note 1 : The LEED rating system includes 4 levels: Platinum, Gold, Silver, and Certified.

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

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



(II) Water Resources

Cathay Life has paid perennial attention to sustainable development of the environment. 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 issue of water resource treatment a major concern of the present era. Cathay Life is also the first insurance company to set up joint ventures with water resource suppliers. We hope that our investments in household wastewater treatment and water resource development can complement local sewage systems in ways that improve the living environment. As of the end of 2020, our total investment amounted to NT\$5.7 billion (up 308% from 2019).

(III) Infrastructure

As infrastructure satisfies people's basic needs and serves as a key category in the foundations of national development, improvement of infrastructure, which aims to maintain economic and social growth, annihilate poverty, and help adapt to the impact brought by climate change, is therefore a key to perpetuate sustainability. Cathay Life has been investing in industries related to developments of infrastructure to contribute to the funds necessary for the sustainable development of cities and the changes to people's lifestyles. As of the end of 2020, our total investment reached NT\$610.4 billion (up 8% from 2019).

(IV) Health Industries

Cathay Life not only pays attention to public health through products and events, but also uses the power of investment to actively invest in health-related industries, including drug developments and biotechnologies. As of the end of 2020, our total investment reached NT\$359.5 billion (up 12% from 2019).

(V) Financial Inclusion Industry

Upholding our philosophy of being "people-oriented," which is incorporated into our core competencies of investment, Cathay Life invests in industries related to education and microfinance, hoping to contribute to the realization of inclusive finance. As of the end of 2020, our total investment reached NT\$7.1 billion (up 54% from 2019).

(VI) Impact Investing

In 2021, Cathay Life will take further steps to engage in impact investing, which tackles issues including social integration, educational and environmental resource requirements, medical care, and quality of living. To accomplish this, Cathay Life has invested US\$5 million.



Diverse Coverage and Thoughtful Services

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

Increased Insurance Awareness SF7 Principles 1 Principles 2

Statistics show that each Taiwanese on average having more than 3 insurance policies. However, averaged death benefits are only NT\$660,000, which is far below than the average household spending NT\$800,000 a year. Once any misfortunes happen, the family would fall into dire circumstances.

(I) Promotion of Protection Products

Cathay Life began its three-year project for the development of protection products in 2018 to raise public awareness towards protection and increase policyholders' coverage. By optimizing internal systems and designing external marketing tools, we have raised Taiwanese people's awareness towards personal safety protection, thereby building a safety net for society. In 2020, the premium of Protection products reached NT\$13.11 billion. During the three-year period of the project, the average premiums increased by 54% from the year before project implementation (2017), which shows significant growth of these products.



(II) COVID-19 Response Measures

In response to the COVID-19 pandemic, we launched exclusive products to offer a strong support for Taiwanese people:

Improving Medical Insurance

We provide accessible basic protection in case of hospitalization. By relatively cheaper premium and widened eligibility for insurance enrollment, people's willingness to purchase insurance policies can be encouraged. In 2020, we underwrote 97,000 medical insurance policies in response to the COVID-19 pandemic, thus providing protection in case of hospitalization worth around NT\$97 million. In the event a policyholder must be admitted into a negative pressure isolation room in a hospital for COVID-19 infection, we will still implement claim payment to fulfill the needs of pandemic control despite the fact that negative pressure isolation rooms are not covered in current medical insurances.

Medical Personnel Care

We make special offers to medical personnel such as consolation money, as well as policy loan interest deferment and renewal premium deferment, so that medical personnel can concentrate on pandemic control for Taiwan.

In 2020, we underwrote **97,000** medical insurance policies in response to the COVID-19 pandemic, thus providing protection in case of hospitalization worth around NT\$**97** million.

Protection need analysis tools

- Happiness Protection Website** for everyone in need of protection
- Cathay Box** for everyone in need of rapid analysis of protection gap
- My Insurance Proposals** for freshmen in workplace and young parents

Elderly Care

Taiwan became an aged society in 2018 and is expected to turn into a super-aged society in 2025. This dramatically aging trend in society leads to tremendous economic pressure and medical care costs. Fully understanding elderly people's needs, Cathay Life continues to develop multifaceted insurance products combined with exclusive services for elderly customers, so that our policyholders can enjoy comprehensive protection for their golden years. Furthermore, we received the "Innovative Growth Award" of the Taiwan Corporate Sustainability Awards in 2020 for launching the first dementia insurance in the industry.

(I) Products for the Elderly

Exclusive Product Portfolio

We have launched product portfolio for elderly customers, these include coverage of hospitalization, accidents, and specific diseases, such as dementia and cancer. Elderly would have higher demands in provided coverage. At the same time, we have widened insurance eligibility to enhance insurance and protection for the elderly.

Protection from Dementia

We were the first in the industry to offer two insurance products for cognitive impairment. These products encourage policyholders to exercise and favor preventive measures over treatment to decrease the incidence of dementia. However, if policyholders become dementia patients, the design of insurance product offer timely support to help them receive proper treatment as well as personalized follow-up care services to slow down the development of dementia, and offer our utmost support for both patients and their families living with this condition. In addition, we co-organized the "Care for Dementia Together" event with the Taiwan Alzheimer's Disease Association (TADA). The event invites people to enroll in Cathay Walker products, and Cathay Life will donate NT\$10 to the TADA for each insurance policy purchased by customers. Nearly 65,000 customers are participating in the program, and the amount donated has exceeded NT\$650,000.

In-kind Benefit Products

We launched four Long-term Care (LTC) insurance products with in-kind benefits. Policyholders fulfilling LTC criteria may choose to receive cash or care services based on their actual needs.

Retirement Saving Products

Facing the aging society and low birth rate, people must start retirement planning as early as possible. For this reason, we provide investment-linked products that fulfill diverse needs and fill up the gaps in policyholders' pensions, thus simultaneously fulfilling their needs of life insurance and asset allocation.

We received the **Innovative Growth Award of the TCSA in 2020 for launching the first dementia insurance in the industry.**



(II) Elderly Services

In addition to provide insurance products for the elderly, Cathay Life also provides heart-warming services for policyholders. In 2020, we cooperated with external consultants to interview elderly people, doctors, and experts to better understand the actual needs of older people; furthermore, Cathay Life also published the White Paper on Elderly Health in 2020. We are continuously optimizing and launching innovative services for the elderly.



⚙️ Elderly-friendly Insurance Services:

- (1) In addition to providing exclusive products for the elderly to meet the requirements for their protection plans, our sales documents (DMs) adopt a font size that is easier to read and a colloquial language, so that older readers can fully understand the contents.
- (2) Elderly service hotline: We formed service teams that prioritize answering phone calls from elderly people. Our service personnel will respond to questions regarding insurance policies in a slower tone and accessible language. They also provide relevant information of “value-added services for elderly care” to help older people obtain the resources they need and kindly remind them of important matters to protect their rights and interests as policyholders.

⚙️ Value-added Services for the Elderly:

- (1) Cathay Life collects relevant information of the elderly care market, so that older people can more easily obtain the resources they need, such as: nutrition management services, short-term care, assistive devices, and exclusive offers on courses for the elderly. In addition, we set up the “[Splendid Life](#)” website in 2020, which not only features rich and diverse information regarding medical and long-term care, but also offers games and quizzes on dementia prevention. It can also confirm customer needs through scenario-based questions, and then conduct reviews and trial calculations of their coverage according to individual needs to help them understand the gaps in their protection so that they can fully prepare for the challenges in their later stages of life.
- (2) If early signs of dementia can be detected and treated as early as possible, it will become possible to ameliorate the disease or slow down the deterioration of its symptoms. In 2020, Cathay Life Insurance participated in the “Dementia Prevention and Dementia-Friendly Communities” training program organized by the Health Promotion Administration, so that our employees and business units can have a correct understanding of dementia and obtain certification from dementia-friendly professionals and organizations. Sufficient information of dementia can help us share correct concepts of its prevention with customers. If our employees find that people with suspected dementia are experiencing problems in local communities, they can also show empathy and provide timely and friendly assistance. More than 13,000 employees at more than 100 service locations in Taiwan have completed the training.



Health Promotion

As Taiwan is expected to turn into a super-aged society in 2025, Cathay Life has promoted to society the importance of sufficient coverage, additionally, to maintain physical health and to live longer with healthier lives. Since 2019, we have proactively created and optimized the health-promoting ecosystem by providing abundant health-promotion incentives and launching products with spillover-effects. In doing so, we help citizens develop the habit of exercise and implement health management on their own, thereby improving their physical condition and lowering medical expenses in our society to exert insurance's "prevention" function.

(I) Spillover-effect Insurance

Seven new spillover-effect products were launched in 2020 (18 total in the current year). Through incentives such as premium discounts or increased insured amount, we encourage policyholders to implement health management on their own to improve their health. The coverage of these products includes: long-term care, hospitalization, surgery, dementia, major illnesses and investment-linked products. We were also the first in the industry to include cancer screening and vaccination in the options of our health promotion mechanisms, thus enriching its diversity. In 2020, we underwrote approximately 87,000 spillover-effect insurance policies.

(II) Health Promotion Program

Cathay Walker (for the General Public)

To help citizens develop the habit of daily exercise, we used digital Apps and incentives to encourage citizens to walk 7,500 steps a day, so that they are motivated to reach exercise goals to gain rewards, thereby maintaining good physical health. As of the end of 2020, 282,000 individuals participated in Cathay Walker and walked 391.25 billion steps, enough to walk to the moon and back 317 times.

In addition, we introduced social return on investment (SROI) to assess the impact of the Cathay Walker Project on users and published a SROI report, which was sent to Social Value International (SVI) in the UK for certification. The results show that the project created the equivalent of NT\$6.3 in social value for every NT\$1 invested. This SROI report is also Taiwan's first report to be certified by SVI for its social value calculated based solely on insurance business.

Cathay At Your Side Health Project (for High-risk Policyholders)

Statistics from the Ministry of Health and Welfare show that chronic diseases are one of the top ten leading causes of death in 2019. Integrating resources of Cathay General Hospital and cooperating with U.S.-based health insurance company Clover Health, Cathay Life launched the Cathay At Your Side Health Project to support policyholders with risks of chronic diseases in building a healthy life. Case managers provide each policyholder with advice on diet, exercise, medicine dosage, hospital visits and emotion management, while policyholders upload health-related statistics to Apps, so that nurses and doctors can timely intervene to provide necessary care and make better diagnoses during their return visits. Since its inception, the project has attracted nearly 1,000 participants. After nine months into the project, 53% of the patients saw improvement on their condition, with blood glucose levels dropping below the alert level, and 31% of the patients return to normal levels in glucose.



Digital Finance

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

In 2020, we were honored with many national and international awards:

We were the only company in Asia and the first in Taiwan to be rated "Best Digital Insurance Company" at the Asia Insurance Industry Awards (AIIA).

We won the "Customer Experience Transformation Award" and "Innovational Execution Award" of CELENT Model Insurer of the Year, making us the only insurance company in the world to win two awards and the only Taiwanese company to win awards for two consecutive years.

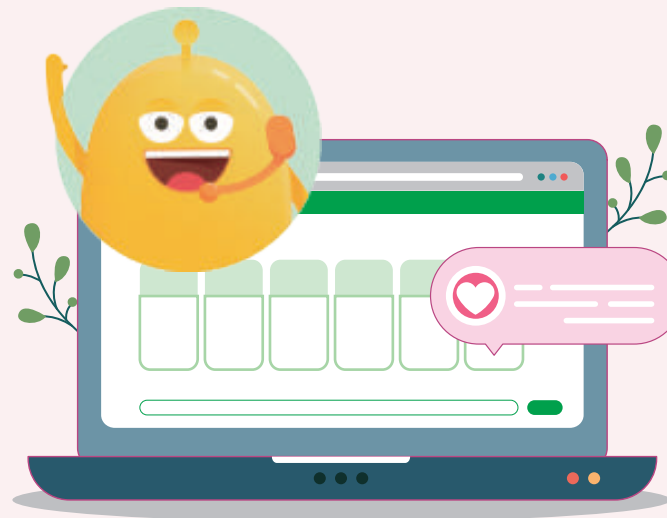
We were recognized as a leading "Digital Transformer" at the IDC DX Awards.

(I) Online Insurance Application

In order to provide convenient online insurance services, we began to offer insurance products that accept online application at the end of 2014, so that customers can complete the application process without dealing with sales personnel or uploading/ downloading any documents. In 2020, our online product portfolio includes nine products for customers to choose from, including travel insurance, life insurance, and accident insurance. As of 2020, nearly 25,000 individuals have applied insurance online, and this service has a satisfaction rate of 97%.

(II) Cathay Life App

With a vision to make services "Smart, Simple and Safe," Cathay Life has optimized the service experience of customers in using Cathay Life App. Through this app, customers can check their insurance status, make reservations for life insurance consultations online, and complete policy loans. As of the end of 2020, the total number of users reached 1,090,000, with 295,000 users being active monthly (up 18% from 2019).



(III) Virtual Assistant

Since 2018, Cathay Life has launched the virtual assistant "Alpha", which is available on Cathay Life's website, App, and Line account to help customers solve all kinds of insurance issues, including insurance details inquiry, insurance policy changes, travel insurance application, and policy loans, etc. In 2020, Alpha was used 2,300,000 times. Furthermore, Alpha had a problem-solving rate of 88%^{note1} and a satisfaction rate of 97.2%^{note2}. Customers' waiting time were effectively reduced during phone calls or counter visits.

Note1 : Problem-solving rate is defined as customers not calling or email customer service personnel within 1 hour after using Alpha.

Note2 : Satisfaction score is defined as the percentage that customers give 4 or above score on satisfaction survey after using Alpha.

Note3 : The usage amount of Alpha accounted for 67% of total customer service by telephone.

(IV) Mobile Insurance

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



See "Green Operations and Impact Mitigation" on P.65

Financial Inclusion

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

(I) Micro-insurance

In 2009, we became the first in the industry to launch micro-insurance services, for which we have proactively worked with county and city governments, as well as with social welfare organizations to provide micro-insurance with basic protections to those people in need. As of the end of 2020, we have provided this type of insurance to nearly 240,000 individuals reaching a total of NT\$79.9 billion. Among them, above 700 families received timely economic support from micro-insurance to get through difficulties. In 2020, we won the "First Place", "Excellent Performance Award", and "Sustainable Care Award" in the Micro Insurance Contest held by the Insurance Bureau, Financial Supervisory Commission (FSC).

No. of paper sheets saved
85,108,700

Mobile/Electronic insurance	No. of cases in the current year (in tens of thousands)	Usage rate in the current year (%)
Mobile Application	81.3	99.3
Mobile Policyholder Service	103.2	89.9
Mobile Claims	71.8	94.8
Mobile Premium Payment(Note ¹)	49.2	75.9
e-insurance policies (Note ²)	93.1	96.1
e-documents	247.2	44.3

Note1 : Based on the definition adjustment of mobile insurance. See P.82 for more details.
Note2 : The case and usage rate of e-policies do not include policies sold by brokers and travel insurance.

Insurance Blockchain Consortium

Cathay Life has joined the "Insurance Blockchain Consortium Platform of Shared Technological Applications." When submitting requests for insurance policy changes or claims to any insurance company on the platform, policyholders can simultaneously complete other application processes for services provided by other insurance companies that join the platform, thus considerably improving service experience.

Service description



(II) Petty Amount Whole Life Insurance

In 2017, we launched the industry's first petty amount whole life insurance, a policy that can be purchased by almost anyone. Petty amount whole life insurance are low application requirements and low premiums, allowing people in poor health condition and in their old age to obtain basic insurance coverage easily. As of the end of 2020, we have provided basic protection of economic security to approximately 220,000 policyholders, and provided an extra insurance coverage of approximately NT\$65 billion against personal risks. These results were the best in the industry. In 2020, we won the "Elderly Friendly" Award for our petty amount whole life insurance from the Insurance Bureau, FSC.

(III) Physical Impairment Protection

The number of people with "three highs" (high blood pressure, high cholesterol, and high blood glucose) and cancer is increasing year by year; however, those wishing to enhance protection after falling ill with these diseases are commonly unable to apply in any type of insurance. For this reason, Cathay Life continues to provide insurance products for physically disadvantaged people and develop innovative policies to fulfill the needs of those with "three highs" or cancer and in need of medical care benefits, thus fighting diseases hand in hand with our policyholders and helping reinforce the safety net of insurance. We won the "New Insurance Product of the Year" in the Insurance Asia Awards (IAA) in 2019.

(IV) Student Group Insurance

Since 2017, we have offered student group insurance, which has provided personal safety protection to three million children with a total insured amount of approximately NT\$3 trillion. In addition, we jointly implemented the Sustainable Campus Project with the K-12 Education Administration, for which we received the Buying Power "Special Award" from the Ministry of Economic Affairs in 2020.

See "Expanding Influence through Charity" for details P.63



Customer-centered Services

FS8

FS15

Principles 1

Principles 2

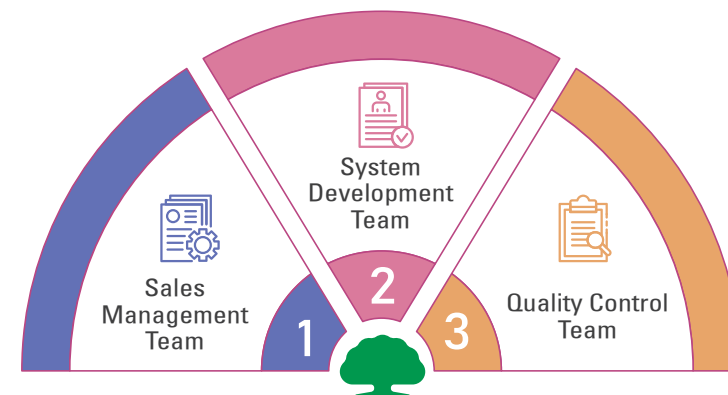
Cathay Life is committed to our service philosophy of being customer-centered by providing diverse heart-warming services and listening to the customers. We provide more user-friendly service, so that customers can feel our warm care during every service journey.

(I) Treating Customers Fairly

In order to protect customer rights and interests, Cathay Life has built a corporate culture that centers on the spirit of "treating customers fairly." In 2018, Cathay Life became the first in the industry to establish the Treating Customers Fairly Committee. Through active participation and promotion, the Board of Directors has helped internalize the spirit of fair customer treatment in Cathay Life employees from top to bottom. Strategically, we implement the nine fair customer treatment principles in the three stages of sales, namely the System Development before Sales,

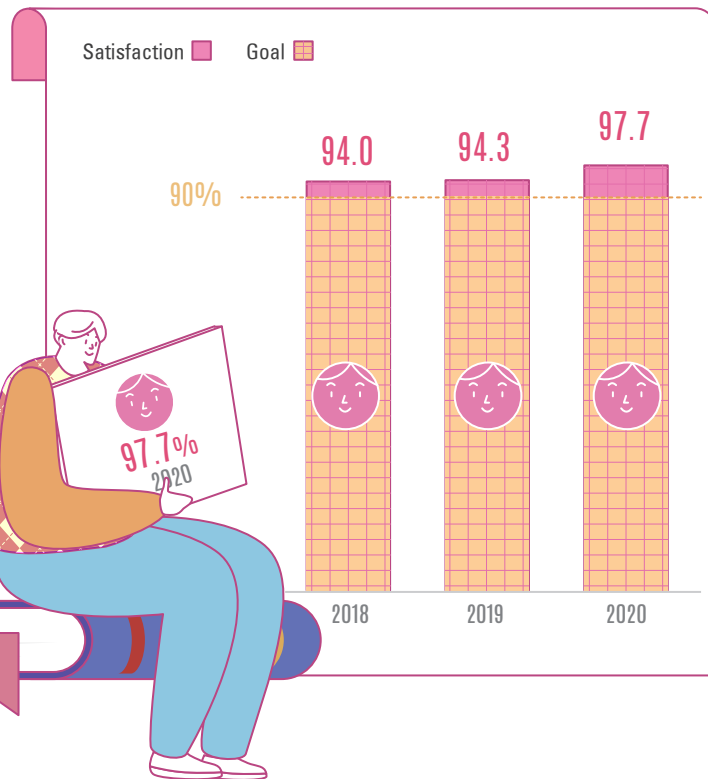
Sales Management During Sales and Quality Control After Sales ([visit Cathay Life's website for details Treating Customers Fairly](#)). During this process, we listen customer feedback to improve on our weaknesses and optimize the customer experience. In 2020, Cathay Life increased the frequency of reviewing its implementation of fair customer treatment principles, and added customer satisfaction to the list of key performance indicators. In doing so, we examined our relevant practices more comprehensively and demonstrated our determination to realize fair customer treatment and protect customer rights. Cathay Life has been rated excellent (ranked top 20% among insurance companies) in the fair customer treatment assessment conducted by the FSC for two consecutive years.

Cathay Life has been rated excellent (ranked top 20% among insurance companies) in the fair customer treatment assessment conducted by the FSC for **two consecutive years**.



(II) Customer Satisfaction Survey

Cathay Life commissions a market survey company to conduct a customer satisfaction survey each year. In 2020, to understand the key driving factors of customer satisfaction, we conducted surveys based on more finely divided nodes of service journeys and formulated various optimization plans based on the feedback. In 2020, the overall customer satisfaction reached 97.7% (better than the 94.3% in 2019); net promoter score (NPS) reached 16.6 (better than the 6.5 in 2019).



(III) Convenient Services

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

Call Center

(1) Virtual Queuing

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

(2) Internet Phone Call Service

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

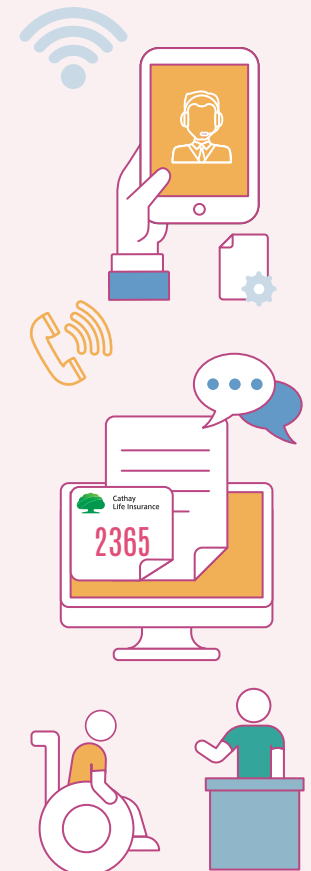
Counter Service Center

(1) Online Number-taking on App

To reduce customers' waiting time when visiting service counters, we were the first in the industry to implement the "online number-taking" service. Policyholders can use the Cathay Life App to find the best service location, take numbers online, and check the service status. This service allows us to improve our efficiency and refine our service experience.

(2) Barrier-free Service Counter

Cathay Life has set up barrier-free counters at its service centers, at which service staff offer assistance to customers with disabilities to provide insurance services. In addition, customers can also make reservations via customer service centers to reduce their waiting time, which also helps customers with disabilities enjoy a quality service experience.



Richness

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Core Philosophy

Cathay Life's success is owed to the collective efforts of our employees. We are committed to fostering the best working environment and employee care, so that every employee can realize their fullest potential and fulfill their greatest purpose. In doing so, our employees can bring the care and devotion we show them to every corner of society. The great tree of Cathay Life, with more than 50 years of history in Taiwan, will continue to contribute to the prosperity of society.

- Total learning hours on the Hahow self-learning platform nearly reached 20,000 hours; applicants for learning leaves were **2,497**.
- In 2020, the turnover rate of head office staff was **4.2%**; the retention rate of sales agent was **69%**.
- Number of volunteer hours reached **85,347** hours in 2020.
- The Sustainable Campus Project incorporates anti-drug knowledge into an online game. Over **600,000** students has participated to date.



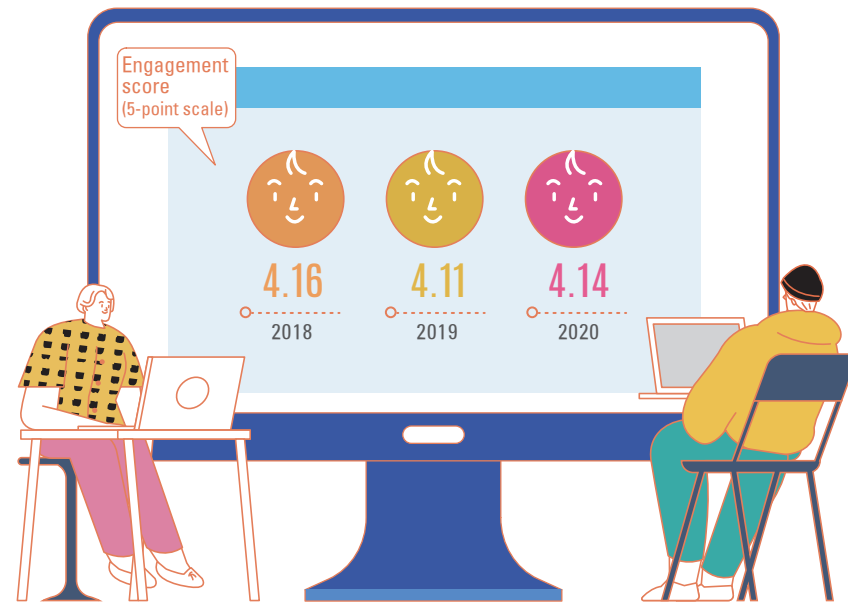
Healthy Lifestyle and Work-life Balance

Employees are our most important asset. We have created a healthy workplace through a variety of developmental systems and benefits for our employees to find the most suitable positions for their careers and let them concentrate on their work. Cathay has received the Talent Training Award in the Taiwan Insurance Excellence Award for eight consecutive years, and was ranked 4th in the world three years at the BEST Award, presented by the U.S. Association for Talent Development (ATD).

See P.81 of the appendix for details of our employee structure

Cathay conducts an annual Employee Engagement Survey to understand employees' dedication to work and discover their frustrations and expectations for the company. The survey results were used to improve employee's development and care.

Cathay has received the Talent Training Award in the Taiwan Insurance Excellence Award for **8 consecutive years**, and was ranked 4th in the world **3 years at the BEST Award**, presented by the U.S. Association for Talent Development (ATD).



Talent Attraction

102-8 Principle 1

In response to the digital development and sustainability trends, Cathay Life is pro-actively building a diversified talent pool by establishing various recruitment channels to attract talents, so that they can have opportunities to find suitable positions for them.

(I) Establishment of Talent Pool

Cathay Internship Program, CIP

We offer summer internships to students, so that they can blend into the workplace earlier. In 2020, we organized a number of digital skills development workshops, as well as meetings with senior managers to better acquaint students with the philosophy and strategies of Cathay Life's digital transformation. As of 2020, 25.3% of CIPs were recruited as employee after graduation.



Cathay Agile Program, CAP

Since 2018, Cathay has initiated the Cathay Agile Program (CAP) to cultivate students into digital technology talents. In this half-year program, centered on the agile project, participants work jointly as a team to implement projects and present their results. During this process, students and our office staff conduct agile collaborations to spark more creative ideas. In 2020, 11 interns participated in the program and produced four projects prototypes for the company to put into practice. Among these interns, three received employment letters from us. One of the recipients has taken the position in Cathay Life, while the other two are currently pursuing graduate studies.





⚙️ "IT's Time" Recruitment Project

In response to the rapid development of financial technologies and the constantly growing demand for IT talents, Cathay Financial Holdings has developed the "IT's Time" recruitment project since 2017. By organizing recruitment events targeting IT talents, we implement the project via rapid document reviews, one-day interviews, and quick job matching, while providing open and transparent recruitment information. In 2020, we received 649 resumes, interviewed 90 applicants, and accepted 36 candidates. In other words, 13.9% of applicants received interviews and 5.5% were accepted.

⚙️ Cathay Investment Manager (CIM) Project

Aims to cultivate well-rounded investment planning talent highly sensitive to investment opportunities, and develops professional knowledge of the stock market, foreign exchange, bonds, risk management and financial accounting through a year of rotational appointments among investment, transaction and planning departments. A total of 7 people were accepted into this project in 2020.



(II) Sales Agent Recruitment

⚙️ π Golden Project

Since the "slashes" trend has kept growing in recent years, Cathay has been offering the π Golden Project since the second half of 2019. Over half of our units in Taiwan have participated in the program to offer part-time job opportunities in the finance and insurance industry. Through diverse digital learning tools, along with the unique physical courses at the "Golden Academy," and the one-on-one mentoring mechanism, this project offers mentoring and counseling to strengthen participants' professional and commercial skills.



⚙️ Industry-Academia Cooperation

In order to better acquaint young people with the work of life insurance consultant and invite them to join us, Cathay Life has engaged with campus, cooperated with new venture, and set up "Tree Campus," a website that offers more diversified and innovative ways to know better of Cathay Life.

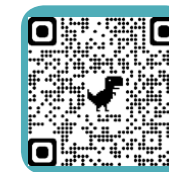


Personnel Elite Internship Program

Every year, we offer university and college students "workplace internship" opportunities to work in our business units. In the last four years, there has been a considerable increase in the number of interns. As of the end of 2020, the number of sales agent interns has amounted to 3,052, of which 46.4% have become part-time sales agent, and 5.5% have become full-time employees.

Dreams Market Campaign

Through table games and professional certification courses, we help students learn concepts of finance and insurance. We have organized 57 sessions, in which 2,010 students have participated, of whom 23.5% have become part-time sales agent and 5.3% have become full-time employees.



Tree Campus



Other information of sales agent recruitment please see the website

Talent Development

401-1 404-1 404-2 Principle 1

A healthy talent development system is the key to the sustainable development of an organization. We have 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 2020, the turnover rate of head office staff was 4.2%, which lay within a 0.5 standard deviation over the past three years. On the other hand, the retention rate of sales agent has been increasing on a yearly basis, reaching 69%.

(I) Developments of Diverse Professional Skills

Cathay Life has established a comprehensive career training system, ranging from a diverse job-rotation system and digital learning resources to international talent development, thereby progressively improving the depth and breadth of our talents experiences.

Cross-boundary Department Rotation and War Room

Cathay Life has proactively developed diversified talents, encourages job rotations across departments and companies, cultivates employees' cross-disciplinary thinking, and improves their ability of integration. Furthermore, the "office-to-field transfer" system allows office staff to actually participate in the front-line business development and policyholder services, thus gaining a deep understanding of the life insurance industry and improving our organizational competitiveness.

In addition to rotations across different departments, employees can also enter Cathay's "war room" to collaborate with heterogeneous teams and integrate data and digital technology applications, thus strengthening the core engine of the insurance industry. In the process of agile developments and close communications with customers, we create the best products for user trials, realizing innovative financial services. As of the end of 2020, 15% of all employees contributed to this transformation process, which reached nearly 30 departments.

The Self-learning Platform—Hahow

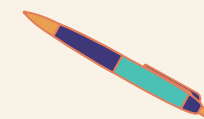
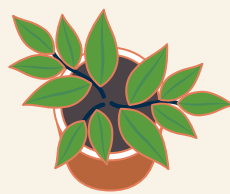
In addition to enhanced professional training, we also offer diversified training resources. Through the "Hahow for Business" self-learning platform, employees can take thematic courses that they are interested in, and continue to improve their own competitiveness using this external professional service. We also offer one-day learning leaves as a reward for those who achieve learning goals. In 2020, total learning hours neared 20,000 hours; applicants for learning leaves reached 2,497.



Developing International Finance and Insurance Talents

With international business continuously expanding, it becomes imperative to enrich our talent pool's knowledge of foreign languages. Since 2020, we have organized English language courses to fulfill employee's need of English skills in daily operations and increase our potential talents for overseas business. In 2020, the total English language training hours reached 7,520 hours.

- 98 and 342 Cathay employees have been received the Applied Financial Planning (AFP) and Certified Financial Planner (CFP®) certification respectively, making us the leading financial service provider in terms of the number of employees with these certifications.
- A total of 2,031 employees joined the Million Dollar Round Table (MDRT), making us the financial service provider with the highest share of membership.



(II) Cultivating Digital Literacy

“The power of technology is important, but human beings are even more important than technology.” In response to the intense global competition and digitizing trend, cultivating digital literacy of business talents to exert the collaborative synergy of men and machines is the key to increase the impact of insurance technologies. In 2020, we won the Operating Model Master and Talent Accelerator awards in the IDC DX Awards.

In 2020, we won the Operating Model Master and Talent Accelerator awards in the IDC DX Awards.



Fostering the Seed of Agility

In order to effectively strengthen the agility of employees, Cathay Life organized courses, activities, and forums for all levels to disseminate agile thinking and methods within the organization. By having 55 mid-level executive managers participating in agile workshops and practices, we encouraged them to exercise agile thinking that goes beyond the lessons of past experience and to explore experimental approaches and devolution. In the meantime, we created “Agile Easy Talk,” an internal agile forum, and established an agile training system to promote the spirit of agility to employees in Cathay Life. A total of 51 employees have obtained agile certifications, such as the PMI Agile Certified Practitioner (PMI-ACP) or Professional Scrum Master (PSM).

Robotic Process Automation (RPA)

We have replaced highly repetitive works with RPA and guided employees to take advantage on new digital collaborative tools to improve their work efficiency. We have cumulatively introduced 192 automated processes, which replaced 880,000 working hours. In addition, we have also implemented administrative staff transformation programs. 11 administrative specialists have completed training and passed assessments to become RPA seed mentors, who help other employees take advantage on RPA resources.

Co-structured Group-wide Data and Professional Training Improves Diverse Data-related Specialties

In order to develop application-oriented data analysis services and improve our talents’ professional knowledge and data analysis simultaneously, we have organized systematic training courses for talents in data management since 2019, which include insurance industry knowledge, coding and data science. In 2020, we organized seven data model sharing sessions in which we shared knowledge and practical examples of data applications. Such sessions attracted nearly 300 employees.

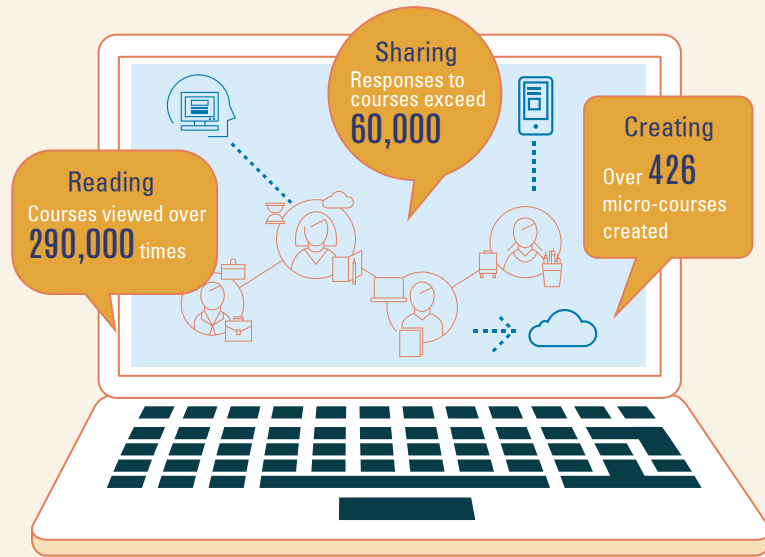
Introducing Smart Service-model Training to Develop Diverse Competencies of our Service Specialist

Since 2018, Cathay Life has launched the Smart Digital Customer Services (SDCS) chatbot “Alpha”, and six customer service personnel have become SDCS trainers. Since 2020, such trainers built a team of “customer service system process designers.” On the basis of actual customers’ experience, the team enables personnel in the front line to quickly response customers’ questions and reducing by 6% of the time they spent on the phone with clients, thus facilitating the competency of service specialist and creating more diversified career options.

(III) Community Shared-learning

JoSeal Co-learning Platform

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



MDRT Ambassadors Sharing Network

The promotion of MDRT Ambassadors in Cathay Life was launched in 2018. It accepts applications from employees and has selected 100 applicants with excellent performance records to become MDRT Ambassadors, who introduce knowledge extraction techniques, collaborate with full-time lecturers to analyze stories behind their success, and share them with others. Furthermore, through the expert matching platform - Cathay Speaker, we managed courses and invited lecturers according to different learning demands. As of 2020, there have been 185 ambassadors, 144 cases of knowledge extraction, and 1,236 themed sharing sessions.



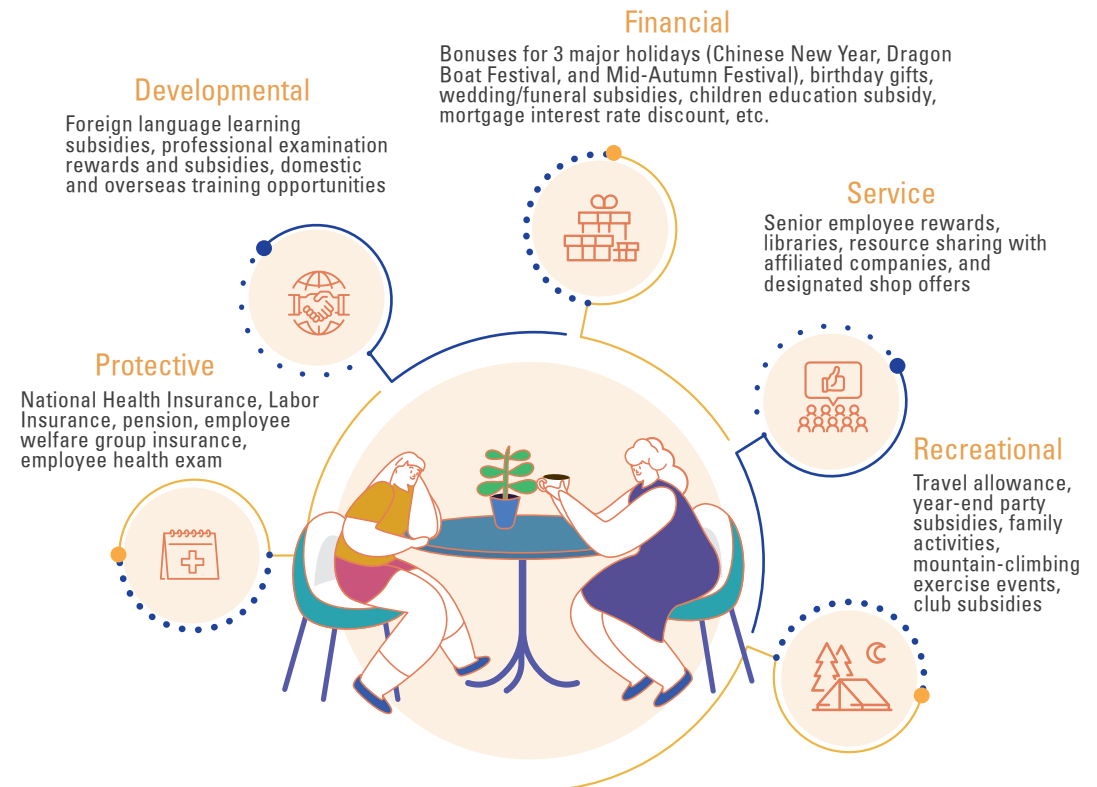
Employee Care

401-2 Principle 1

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





(I) Employee Happiness

Welfare Framework



C-KOL

There are over 26,000 sales agent around Taiwan who not only serve as professional insurance consultants, but each has special talents. In 2020, we gathered employees with social influence to form Cathay KOL (CATHAY Key Opinion Leader, hereinafter referred to as C-KOL). Based on the issues they care about and Cathay's important projects, they promote our brand values on social media and simultaneously demonstrate their talents.

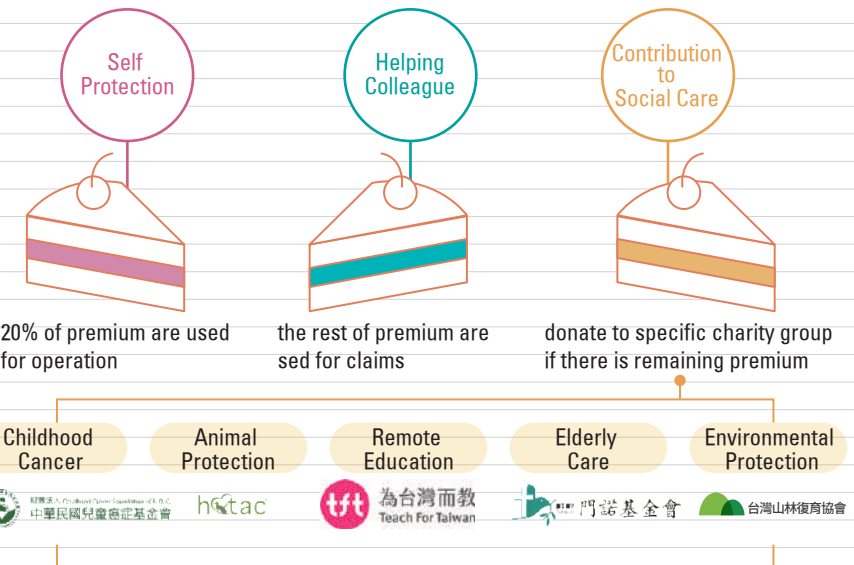
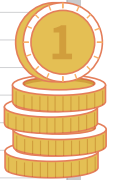
				
C-KOL	Hank	Chang chi-hua	Mia	Iris
KOL	Xiaofei (environmental KOL)	Patrick Lee (fitness celebrity)	BetweenGos (women's media)	Chiao, mother/youtuber
Theme	One-day beach cleanup	Fitness contest	Office fashion	Family floral art
Promotion	The spirit of corporate sustainability	Cathay Walker Health Promotion Project	Office youth care	New parent care

Making the Workplace Younger

In 2020, we organized the "Cathay Youth Proposals" to allow our office staff to share their expectations for their workplace. Following employee feedback and voting, we selected and implemented the best proposals, anticipating to create a workplace culture for the young by making substantial changes. This event collected 97 proposals, of which four are currently being planned and implemented, including: making Cathay's welfare options flexible, adjusting the employee parking mechanism, optimizing pantry room spaces, and implementing group lunch ordering and delivery services.

Employee mutual aid insurance

This is an innovative program in the industry. With just a modest daily contribution to the premium, Cathay employees can enjoy insurance for specific types of cancer worth NT\$300,000. The policy also combines methods from charitable donations, so that every dollar of insurance premium is spent on those in need. A total 3,900 of such insurance policies have been underwritten in half a year.



(II) A Healthy Way of Life

Occupational Safety Management

In accordance with relevant laws, Cathay Life has appointed 5 occupational safety and health supervisors, who conduct occupational safety and health checks. We also appoint over 16 occupational healthcare personnel (nurses) at our offices around Taiwan, who are responsible for implementing health-promoting activities and health management tasks as well as regularly implementing occupational safety and health training for new and existing employees. Full-year workplace inspections reached 1,718.

Year	2018	2019	2020
Office staff/Sales agent			
Occupational injuries	6/21	2/6	2/4
Occupational deaths	0/0	0/0	0/0
Disabling injury frequency rate	0.60/0.39	0.21/0.11	0.20/0.07
Disabling injury severity rate	3.31/21.25	21.83/10.85	19.20/5.94

Weight-Loss Competition

Since 2016, we have been organizing the Weight-Loss Competition. The theme for the 2020 event was self-challenge. Participants who successfully lost 5%, 10%, or 15% of weight received awards. A total of 8,513 participants lost 17,842 kg, up 37% from the event in 2019. In addition, Cathay donated NT\$100 for each 1kg lost to Dingshan Elementary School, Tainan for the installment of solar energy panels on the rooftops of its buildings. All earnings from green energy have helped fund activities for local elderly people.

See Green Operations and Impact Mitigation for details P.67

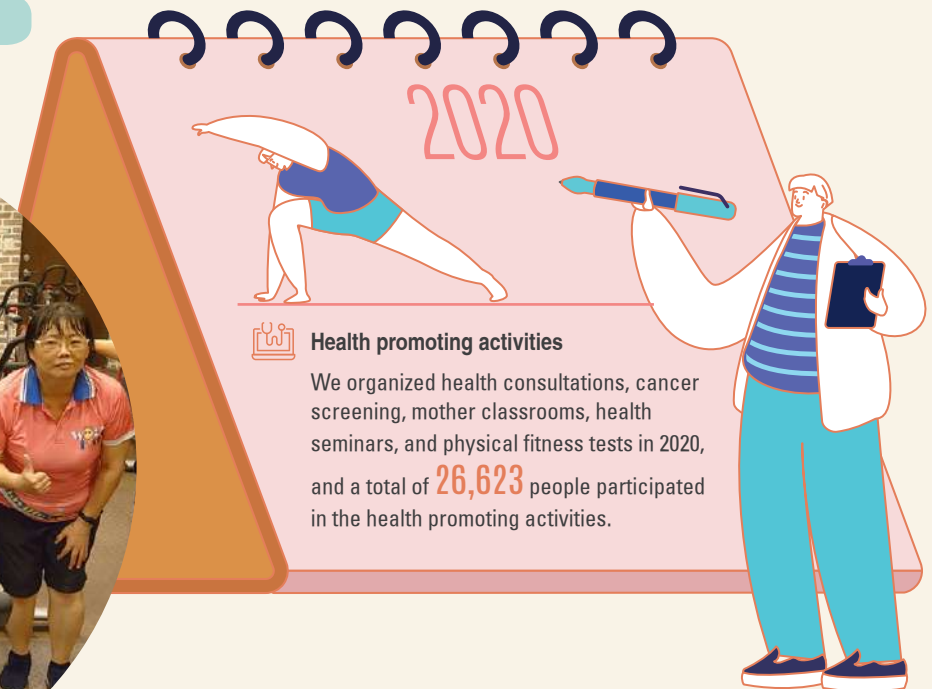


Employee Assistance Program (EAP)

We introduced the Employee Assistance Program (EAP) in 2018, through which a 24-hour helpline is offered to help prevent and solve employees' psychological wellbeing issues. 3 free external professional consultations are available for each employee every year. In 2020, a total of 159 employees used the consultancy service. All users have found it helpful for solving problems and improving work performance.

Cathay Pregnancy Club

Creating a considerate work environment, Cathay Life promotes the Cathay Pregnancy Club under our Maternity Healthcare Protection Program. We not only seek to understand the requirements of workplace protection from pregnant employees through questionnaires or interviews, but also prepare prenatal and postpartum gift (e.g., baby care products) for new parents to allow them to take care of their babies with peace of mind. 1,148 gifts were given in 2020.



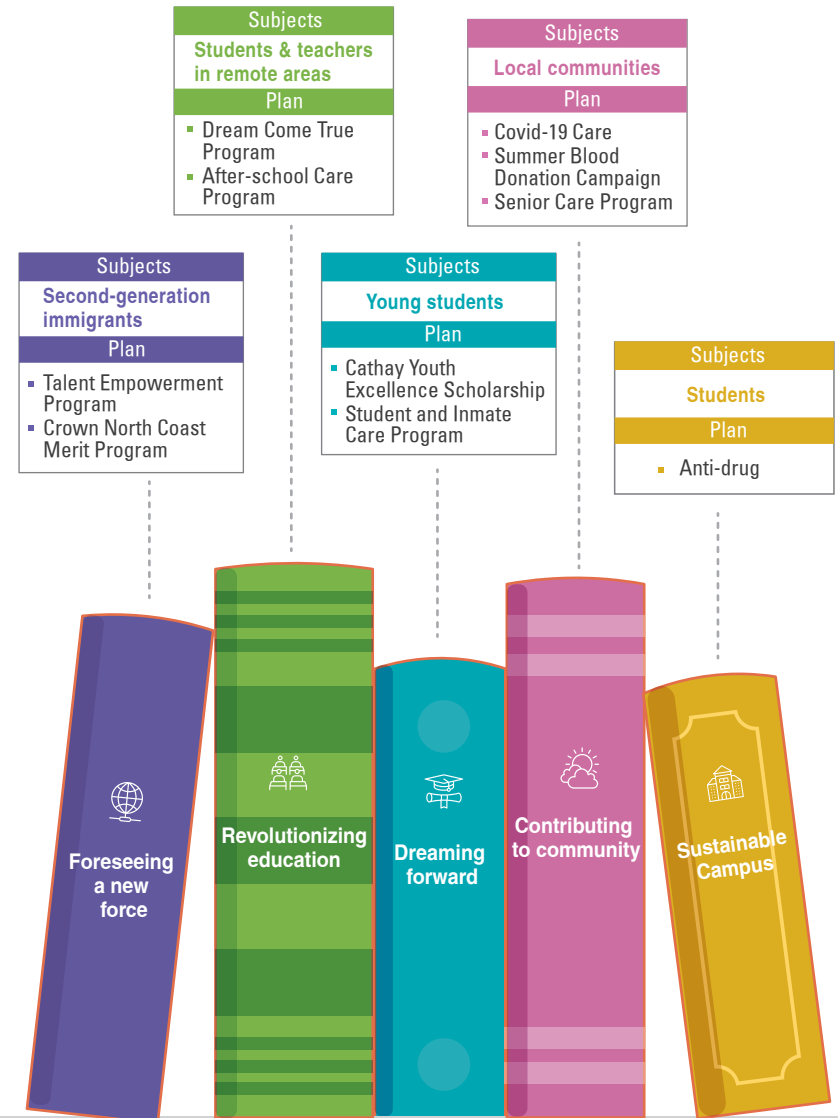
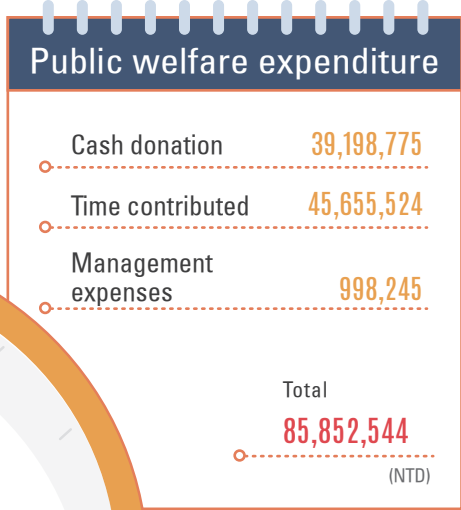
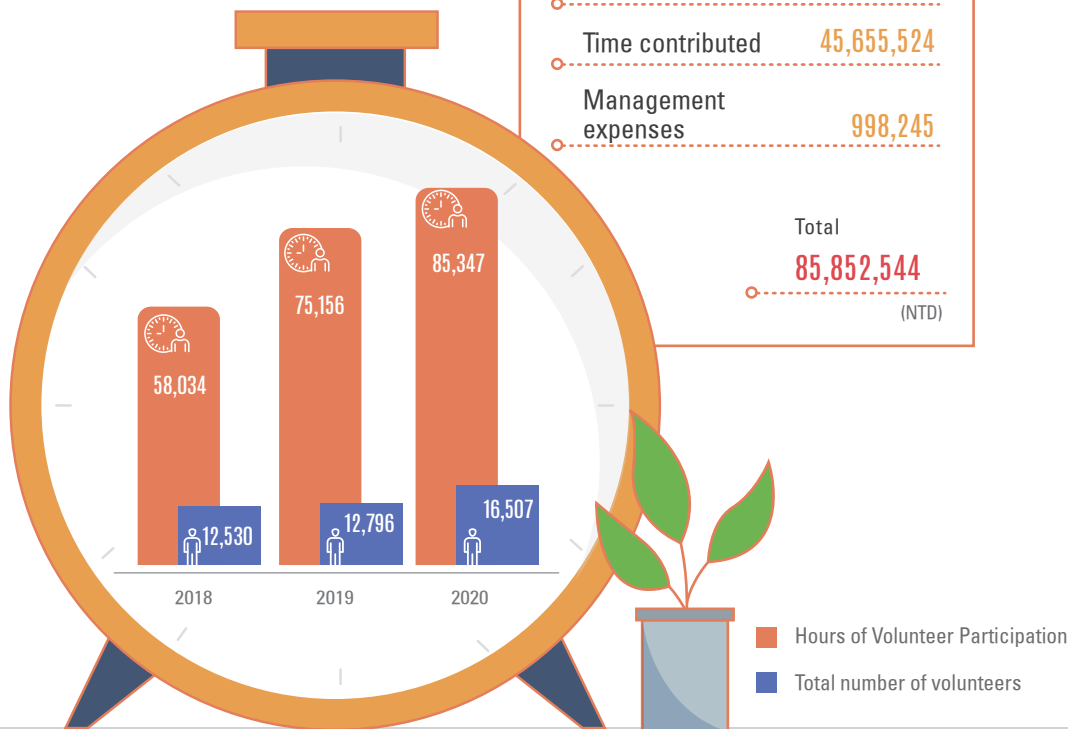
Social Care and Value Creation

In 2020, COVID-19 threw the global society into a state of turmoil. Upholding the belief that "happiness is giving happiness to others," Cathay Life Insurance has continuously utilized its core insurance competencies in conjunction with volunteers, and various other resources to help schools, local communities and those members of society who are in need, thereby building a happy and safe social network that serves as a stabilizing force in society.

More information please see Cathay Charity Group Annual Report

Principle 3

Volunteer Involvement





Foreseeing a new force

In 2005, Cathay Life became the first company in the insurance industry to engage in new immigrant-related issues, assisting new immigrants to adapt to Taiwanese life. As the demand of education for second-generation immigrant emerged, we have turned our focus to second-generation immigrant empowerment in recent years by strengthening their bi-cultural advantages and improving their self-identification and confidence.

1. Dedicated Empowerment Program

For 11 years, Cathay Life has conducted various professional thematic empowerment courses, service learning practice sessions and teamwork workshops to help second-generation immigrants discover their strengths and potentials and improve their skills. Cathay Life has also leveraged our core professional expertise to organize competency training courses related to insurance, finance, and medical care to help them obtain certifications and improve their professional skills. In 2020, we trained a total of 1,093 second-generation immigrants and helped 29 of them obtain first aid certifications.

In 2020, we trained a total of **1,093** second-generation immigrants and helped **29** of them obtain first aid certifications.



2. Crown North Coast Merit Program

In 2020, we jointly promoted the “Crown North Coast Second-Generation Immigrant Merit Program” with the New Taipei City Government. Through various activities and empowerment resources, we encouraged local second-generation immigrants to exploit their cultural advantages in Southeast Asian languages and cultures to organize activities at schools and local communities, thereby enriching the cultural heritage of the city’s crown north coast.





Revolutionizing Education

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

1. Dreams Come True Program

Since 2013, Cathay Life has given more than NT\$3 million every year to fund schools in rural areas. In doing so, we hope to encourage local children to pursue their dreams with no fear of challenges and failure. We also hope that, after working hard to realize their dreams, these children will also be able to contribute to local developments, thus achieving a sustainable development for both schools and communities. 24 schools were selected for the 7th program, reaching NT\$3.58 million donation. To date, the program has assisted 105 elementary schools in rural areas and benefited over 2,500 children.

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Dreams Come True Program Video



2. After-school Care Programs

Since 2013, we have subsidized the after-school care program in Keliao Village, Kouhu Township, Yunlin County. We offered learning resources, daily support and optimized their learning surroundings. To date, we have launched these programs in four communities. In the past two years, we invested over NT\$6 million and benefited over 1,000 schoolchildren. In 2020, we used our core insurance competencies and offered finance and insurance courses to help young people develop correct financial concepts and improve students' learning interests and attitudes towards life.

In the past two years, we invested over **NT\$6 million** and benefited over **1,000** schoolchildren.

★ Hsueh, student at Tonglan Elementary School

Thank you, big brothers and big sisters from Cathay for giving me a perfect classroom and teachers. My school grades have improved a lot.

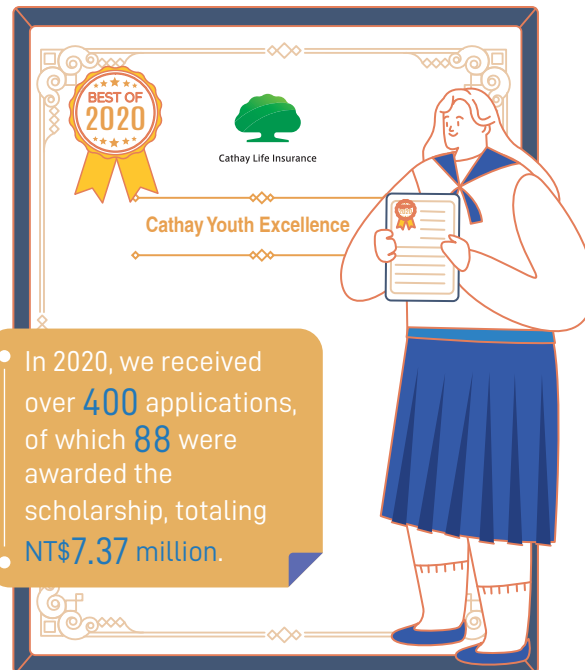


Dreaming forward

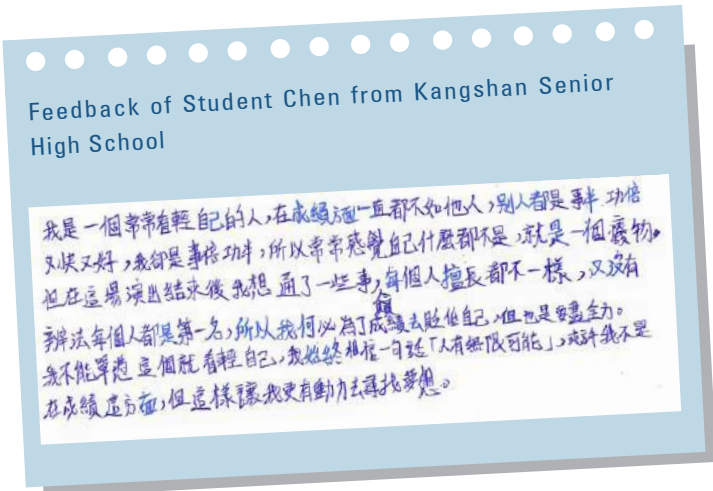
In addition to helping schools in rural areas, Cathay has supported more people, so that they can pursue their dreams with courage. Not only through grants and scholarships can people change their lives, other people's stories can also inspire those who are at the nadir of their lives to start a new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

1. Cathay Youth Excellence Scholarship

Since 1980, Cathay has granted scholarships to students from economically disadvantaged families or with excellent academic performance to support outstanding students at all education levels. In 2020, Cathay Charity Group implemented the Cathay Youth Excellence Scholarship, which is divided into three categories, including: "Specific Accomplishment Group," "Special Achievement Group," and "Academic Group." In 2020, we received over 400 applications, of which 88 were awarded the scholarship, totaling NT\$7.37 million.



- In 2020, we received over **400** applications, of which **88** were awarded the scholarship, totaling **NT\$7.37 million**.



Feedback of Student Chen from Kangshan Senior High School

我是一個常常看輕自己的人，在成績方面一直都不如他人，別人都是事半功倍又快又好，我卻是事倍功半，所以常常感覺自己什麼都不是，就是一個廢物。但在這場演出結束後我想通了一些事，每個人擅長都不一樣，並沒有辦法每個人都第一名，所以我何必為了成績去貶低自己，但也是盡全力。我不能單憑這個就看輕自己，我始終相信一句話「人無無限可能」，或許我不是在成績方面，但這樣讓我更有動力去尋找夢想。

2. Student and Inmate Care Program

During adolescence, young people often lacked self-identification and career orientation. For those who came from disadvantaged families may give up even more easily. Cathay Life seeks to motivate young people to change their lives. We have sponsored the Mixes Disabled Troupe, formed by members with various categories of disabilities, who have visited general and vocational high school campuses and prisons to inspire disoriented students and segregated inmates through performances based on inspiring life stories. By sponsoring them, we have simultaneously supported people with disabilities, so that they can showcase their talents on stage. In 2020 the Troupe performed at 9 campuses/prisons to nearly 4,000 viewers.

- In 2020 the Troupe performed at **9** campuses/prisons to nearly **4,000** viewers.

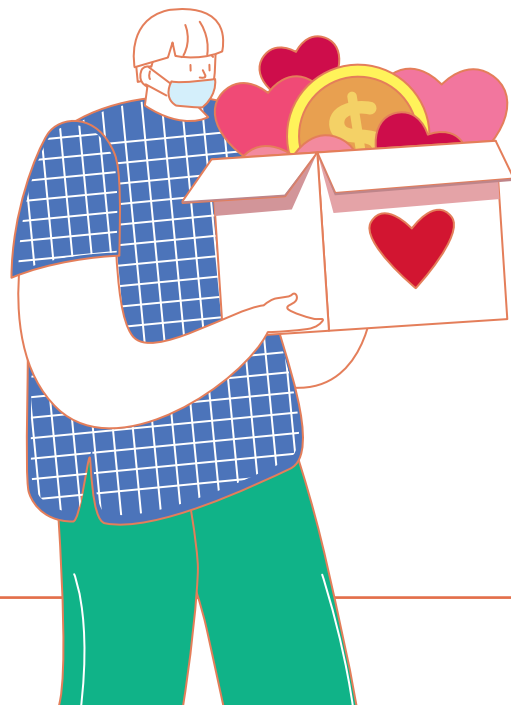


Contributing to the Community

“We will go wherever society needs us.” Cathay works with stakeholders and various sectors of society in Taiwan to find solutions to social issues.



Changhua City and Cathay Charity Foundation collaborated in recruiting 300 volunteers to exert their financial professional capacities to help local people and businesses solve issues related to the relief of COVID-19 from the government.



1. COVID-19 Care

The COVID-19 pandemic has not only impacted businesses, but also charity organizations' fund-raising. Cathay Life collaborated with companies under the LinYuan Group to organize employee donation activities. With the love of Cathay's employees, we hope to encourage charity organizations that have long been committed to the welfare of disadvantaged people. The donation activities, which lasted one month, have raised nearly NT\$9 million for the Children Are Us Foundation, Taiwan Fund for Children and Families, Andrew Charity Association, 1919 Food Bank, and Maria Social Welfare Foundation.

The donation activities, which lasted one month, have raised nearly **NT\$9 million** for the charity organizations.



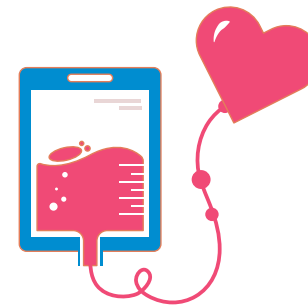
2. Senior Care Program

Taiwan is becoming a super-aged society; therefore, we are paying constant attention to this issue and finding ways to help the elderly stay healthy. In order to improve older people's self-identification and increase their opportunities of social interaction, we worked with long-term care organizations to build three "Cathay Happiness Farms" in the North, Center and East Taiwan, thereby creating barrier-free vegetable gardens that provide suitable agricultural activities for the elderly, so that they are having a more focused and regular life. Moreover, the products they planted have become ingredients for group meals in local communities, thus enabling the elderly to continuously connect with society and recover their sense of self-worth. The three farms are maintained by a total of over 120 older people.

In addition to protecting the physical and mental health of the elderly, Cathay volunteers have also cooperated with local police departments to introduce the "Anti-Fraud Tabletop Games" in local communities. By playing these games, older people in local communities have learned about common methods of fraud, thereby helping them to safeguard what they have earned through their lifetime and preventing them from falling into the traps of deceitful people. As of 2020, we have organized a total of 75 sessions, in which 1,800 older people have participated. 98% of the participants pointed out that they have become more familiar with anti-fraud skills.



 Senior Care Program video



Twenty-one years of donation events have yielded nearly **430,000** bags of blood.

3. Summer Blood Donation Campaign

COVID-19 has brought huge pressure on Taiwan's medical system. Therefore, our 2020 summer blood donation events began several months earlier than usual. By collecting the blood donations of Cathay's employees and policyholders, as well as local Taiwanese people, we have helped stabilize Taiwan's medical blood supply. Twenty-one years of donation events have yielded nearly 430,000 bags of blood.



Sustainable Campus Project Campaign

Since 2017, Cathay Life has offered student group insurance. We not only continue to offer life protection to students from kindergarten to senior high school, but also jointly promote the Sustainable Campus Project, that incorporate the concept of sustainability into campuses, with the K-12 Education Administration. Since 2019, we have made anti-drug education one of the main objectives of the program. Cathay Life has collaborated with professor Ping-Cheng Yeh of National Taiwan University to introduce PaGamO that combined the anti-drug questions into online game to promote on campus. In conjunction with the three strategies—air force, army, and navy—of our anti-drug education program, we have helped students around Taiwan to “know drugs and say no to drugs,” thus keeping them away from the risks of drugs on campus. Cathay Life has attracted over 600,000 students as of March 2021.



PaGamO Online Anti-drug Mission

The anti-drug questions were designed by professors at National Taiwan Normal University and National Chung Cheng University and approved by the K-12 Education Administration. The questions are available on PaGamO for junior high school and elementary school students to learn through an online game. A total of 498,605 people have participated.



Volunteers go on campus organize small anti-drug gaming competitions

Nearly 6,000 student group insurance agents have trained to become volunteers and go on campus as anti-drug ambassadors and help organize anti-drug gaming competitions in classes. Volunteers went into 1,154 schools and reached 112,000 students.



National anti-drug gaming competition

Sponsored PaGamO Open 2020 Taiwan and allowed third to ninth graders nationwide to register free of charge. Over 10,944 students have registered for the event and will continue to sponsor in 2021.



Children warming up at the PaGamO Open 2020 Taiwan

Statistics up to March 8, 2021

Gungguan Elementary School (Green Island) teachers remarked



“Students may not respond to lectures, but they like playing computer games. By turning anti-drug education into games, this competitive learning mode encourages children to learn anti-drug knowledge and try to answer the right answer of drug-related questions.”

Distance was not an obstacle for Cathay volunteers who promoted anti-drug online gaming around Taiwan and even reached Green Island. These volunteers believed that they were creating social values outside of work rather than pursuing business sales; they were contributing to the wellbeing of both children and society.

By playing our anti-drug game, children learned correct information regarding drugs and their dangers. Hong, a fifth-grader shared his mature thoughts on drugs: “If anything makes you unhappy, don’t try drugs, talk to your family instead.”

Eco-Living

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Core Philosophy

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

- First insurance institution to obtain **ISO 14067** certification and the **EPA's carbon reduction label**.
- Usage rate of electronic insurance policy reached **96.1%**, ranked No.1 in life insurance company in Taiwan.
- First financial institution to obtain **ISO 20400** Sustainable Procurement. Green procurement amount reached **NT\$149,446,653** in 2020.





Principle 3

Green Operations and Impact Mitigation

Cathay Life Insurance has approximately 8 million customers around Taiwan. Our daily operations and services are bound to consume energy and resources. Hence, we formulated green action plans to reduce the environmental impact caused by our operations through scientific review and management. As a result, we became the first insurance company to receive the carbon reduction label from the EPA, and won the "Silver Award" in the 2nd National Enterprises Environmental Protection Award.

Environmental Data Review & Energy and Resource Management

Cathay Life Insurance adopted the methodology of conducting a review first and then implementing management measures. We examined the energy and resources consumed by our operations and sales, and further reduced the environmental impact through our management system. On the operations side, we have improved our energy efficiency by maintaining and replacing the necessary equipment, and actively supporting renewable energy policies by increasing our renewable energy usage. On the sales side, we have improved our service efficiency and reduced carbon emissions through insurance carbon footprint reviews and mobile/electronic services.

(I) GHG Emission and Overall Energy Consumption Indicators

Item	Unit of measurement	2018	2019	2020
Scope 1 Emission	metric tons/CO ₂ e	2,174.89	2,348.84	2,475.72
Scope 2 Emission	metric tons/CO ₂ e	31,758.58	30,658.92	29,748.70
Scope 1+2 Emission	metric tons/CO ₂ e	33,933.47	33,007.76	32,224.42
Scope 1+2 Emission intensity	metric tons/Person	1.06	0.99	0.97
Total energy consumption	GJ	216,944.19	211,211.68	214,163.08
Energy consumption per capita	GJ/person	6.78	6.36	6.43
Scope 3 (Business travel)	metric tons/Person	703.38	395.02	87.8976



Note 1 : We applied ISO 14064-1 and commissioned BSI to conduct the inspection in 2020.

Note 2 : The Bureau of Energy adjusted the electricity emission factor for Category 2 Electricity Emissions, so the calculation uses the updated factor, which is 0.533 (2018), 0.509 (2019, 2020) kg CO₂e/kWh.

Note 3 : The number of employees at locations in the scope of inventory was 32,014 (2018), 33,209 (2019) and 33,300 (2020)

Note 4 : Business travel emissions are emissions from Taiwan High Speed Rail (THSR) rides and flights taken by employees. Emissions from flights are calculated according to data from the ICAO and THSR (34 g CO₂e-/person-km).

(II) Electricity and Water Consumption Indicators

Item	Category	Unit of measurement	2018	2019	2020
 Electricity	Electricity consumption	kWh	59,584,583.2	57,521,425.9	58,445,383.8
	Consumption intensity	kWh/person	1,861.20	1,732.10	1,755.12
	Renewable Energy	kWh	360	522.8	727.2
 Water	Water consumption	kWh	411,380	406,422	404,802
	Water intensity	kWh/person	12.85	12.24	12.16

Note : Renewable energy use includes the purchase of Taiwan Renewable Energy Certificates (T-RECs), electricity generation for self-use and the bulk sale to Taiwan Power Company.




Green Operations and Actions

The whole world is paying close attention to the issue of climate change and Taiwan cannot sit on the sidelines. We are a people-oriented insurance company that not only protects our policyholders, but also ensures the sustainable development of our homeland. Thus, we support the government's carbon reduction policies and hope to utilize our core competencies to minimize the impact of our business processes on the environment, ensuring that Taiwan can achieve a sustainable development.

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

In 2012, Cathay Life began implementing e/M operating procedures in response to the developing trend of digital technologies and consumer behavioral changes. We offered a series of mobile insurance services, including paperless processes for insurance application, claims, security, and premiums, creating a one-stop mobile insurance service platform.

We have led the industry in using e-policies for all new contracts since July 2019; our usage of e-policies reached 96% in 2020, significantly reducing paper use and carbon emissions from transportation of sales agents. Our mobile and electronic services reduced paper usage by 85.11 million sheets in 2020, which is 16.8 times the height of Taipei 101 if stacked together, reducing approximately 613 metric tons of carbon emissions.

As a result of our active efforts in environmental protection, Cathay Life Insurance became the first insurance company in Taiwan to obtain the ISO 14067 (Carbon Footprint Standard) certification and the EPA's carbon reduction label in 2020. () [Please refer to the product carbon footprint information website for details](#)

Now when you walk into a service center of Cathay Life Insurance in Taiwan, open a product catalog, or look at an insurance policy, you can see the carbon reduction label, which allows policyholders to know that they are supporting environmental protection with their actions by choosing Cathay Life.

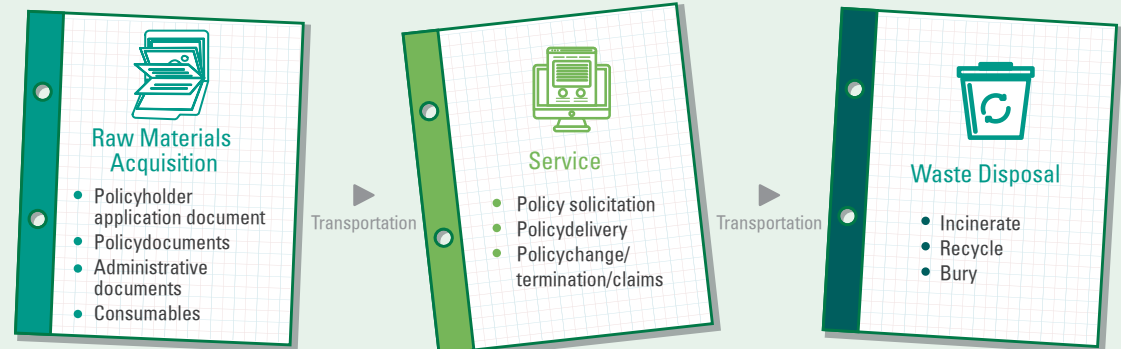


Cathay Life's insurance policies are green products certified by the government. We won the Silver Award in the 2nd National Enterprises Environmental Protection Awards in 2020, and also received the "Award of Excellence" in the Low Carbon Products Awards, becoming the benchmark for Taiwan's insurance industry in environmental protection.

Product carbon footprint

Our mobile and electronic services reduced paper usage by **85.11** million sheets in 2020, which is **16.8** times the height of Taipei 101 if stacked together, reducing approximately **1,532** metric tons of carbon emissions.

Cathay Life Insurance became the first insurance company in Taiwan to obtain the ISO 14067 (Carbon Footprint Standard) certification and the EPA's carbon reduction label in April 2020.



(I) Green Buildings

Cathay Life established the "Responsible Property Investment and Management Policy" to ensure a mutually beneficial relationship with the environment. All of our new buildings use eco-friendly, energy efficient designs based on the standards of green buildings, such as: higher coverage of greenery, lower water consumption, and lower carbon emissions. We also included solar panels and rainwater filtering systems into the evaluations for real estate development. This not only increased the efficiency of resource consumption, but also created a friendly and comfortable workplace, as well as a sustainable urban space.

As of 2020, Cathay Life Insurance has a total of 15 green buildings and 16 green building certificates.



Taoyuan Xpark is a commercial complex that obtained the Green Building Silver Certificate in 2020. The building has a water filter system with a high recycling rate, wastewater from showers in the hotel are filtered by the system and are used to water plants and flush toilets in the public restrooms at the park.

(I) Replacing with Energy-efficient Equipment

In compliance with the "Cathay FHC Environmental and Energy Policy," Cathay Life began implementing energy and environmental management systems (ISO 14001 and ISO 50001) in buildings with high electricity consumption since 2013. Each year, equipment maintenance and replacement is carried out based on the service life and energy consumption of the equipment, which lowers the amount of electricity required for each operation.

The list of equipment replaced by Cathay Life in 2020 is shown on the right side, our target plan to replace the lights in 45 buildings around Taiwan will be finished by 2021, reducing carbon emissions by approximately 1,500 metric tons a year.

9 buildings



Elevator modernization

Company-wide



Small computers replacement plan

45 buildings



Workplace lights replacement plan (replaced old lights with new LED lights)

Replacing the lights in 45 buildings will be finished by 2021, reducing carbon emissions by approximately 1,500 metric tons a year.

(IV) Renewable Energy Use

Besides using energy-efficient equipment to reduce electricity consumption and carbon emissions, we also implemented the government's policy for replacing 20% of the energy we use as renewable energy by 2025. We also used Science Based Targets (SBT) as guidelines to formulate renewable energy plans, which will increase our overall renewable energy use, and prepare us for risks and opportunities brought by the future electricity market, laws, regulations, and industrial transformation.

Installation of solar panels for self-use

By installing solar panels for self-use, Cathay Life completed the application for 279 T-RECs in 2020.

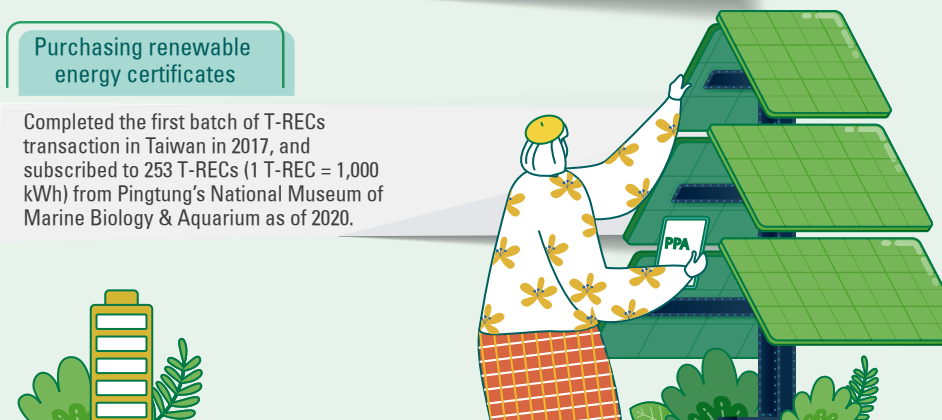
- ▲ The Education Building in Wuri, Taichung (183 kW) – The highest installed capacity of solar panels for self-use in the financial industry
- ▲ Taoyuan Xpark (45 kW) – Formally began generating electricity at the end of 2020

Power purchase agreement (PPA)

Cathay Life, Dingshan LOHAS Development Association, Sino Greenergy Group, National Cheng Kung University, and Mr.Watt completed the first renewable energy purchase collaboration project in Taiwan at the end of 2019. Completed the construction of solar panels on the roof of Dingshan Elementary School in Tainan in 2020, and a PPA is expected to be completed in Q2 2021. Cathay Life Insurance will purchase 120,000 kWh of green electricity each year; the proceeds will be donated to fund activities for the elderly in local communities. We will continue to develop innovative public welfare models using green energy.

Purchasing renewable energy certificates

Completed the first batch of T-RECs transaction in Taiwan in 2017, and subscribed to 253 T-RECs (1 T-REC = 1,000 kWh) from Pingtung's National Museum of Marine Biology & Aquarium as of 2020.



Eco-Friendliness and Sustainable Homeland

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

Sustainable Supply Chain

102-9 Principle 3

Cathay Life leads by example and was the first to establish a "Sustainable Procurement Policy" and "Sustainable Procurement Promotion Process", which clearly states that green eco-friendly products must be given priority during procurement, e.g., purchasing FSC certified paper and using eco-friendly soy ink to print documents. In 2018, we began complying with ISO 20400 Sustainable Procurement – Guidance and passed the BSI examination, becoming the first financial institution in the world to obtain this certification. The amount of our green procurements was approximately NT\$150 million in 2020.

With believes in growing together with suppliers, Cathay Life formulated policies to support eco-friendly suppliers with our buying power, and also periodically provided them with our practical experience to become more sustainable together. We organized two corporate sustainability sharing events in 2019; a total of 162 companies participated in these events, which invited outstanding companies to share their practical approaches. In 2020, we organized supplier education and training online to comply with the epidemic prevention policy, a total of 620 suppliers participated and passed the test.

The amount of our green procurements was approximately NT\$150 million.

We organized supplier education and training online to comply with the epidemic prevention policy, a total of 620 suppliers participated and passed the test.

ISO 20400 Sustainable procurement — Guidance

We integrated sustainability concepts into our guidelines for organizational procurement procedures, and clearly defined the principles, including transparency, due diligence, respect for human rights and ethical conduct. These efforts aim to increase the level of sustainability and reduce procurement risk in our supply chain.



Environmental Education

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

(I) Green Consumption

After obtaining the carbon reduction label from the EPA at the beginning of 2020, every insurance policy of Cathay Life became a green product, and every time customers choose Cathay Life, they are choosing to reduce carbon.

Reducing Carbon Footprint Insurance Promotional Animation

 (Link)

Uses easy-to-understand daily life experiences to explain the importance of low carbon choices. This animation won the 4th PwC CSR Impact Award.



Carbon Reduction Label Thanksgiving Lucky Draw

Employees' efforts in promoting mobile services and policyholders' support for low carbon consumption are the starting point for environmental protection actions, and helped Cathay Life obtain the carbon reduction label. We organized the Thanksgiving Lucky Draw to show our gratitude to our employees and policyholders for their support, and to encourage them to participate in the environmental protection point collection app designed by the EPA. This event attracted 90,000 participants.



Employee and policyholder feedback

"The label creates a professional image in the eyes of policyholders, and we can boast to our customers that we take environmental protection seriously. Our corporate culture is already moving towards environmental protection, and policyholders have said that choosing products with the carbon reduction label makes them feel like they are helping the planet."

(II) Food and Agricultural Education

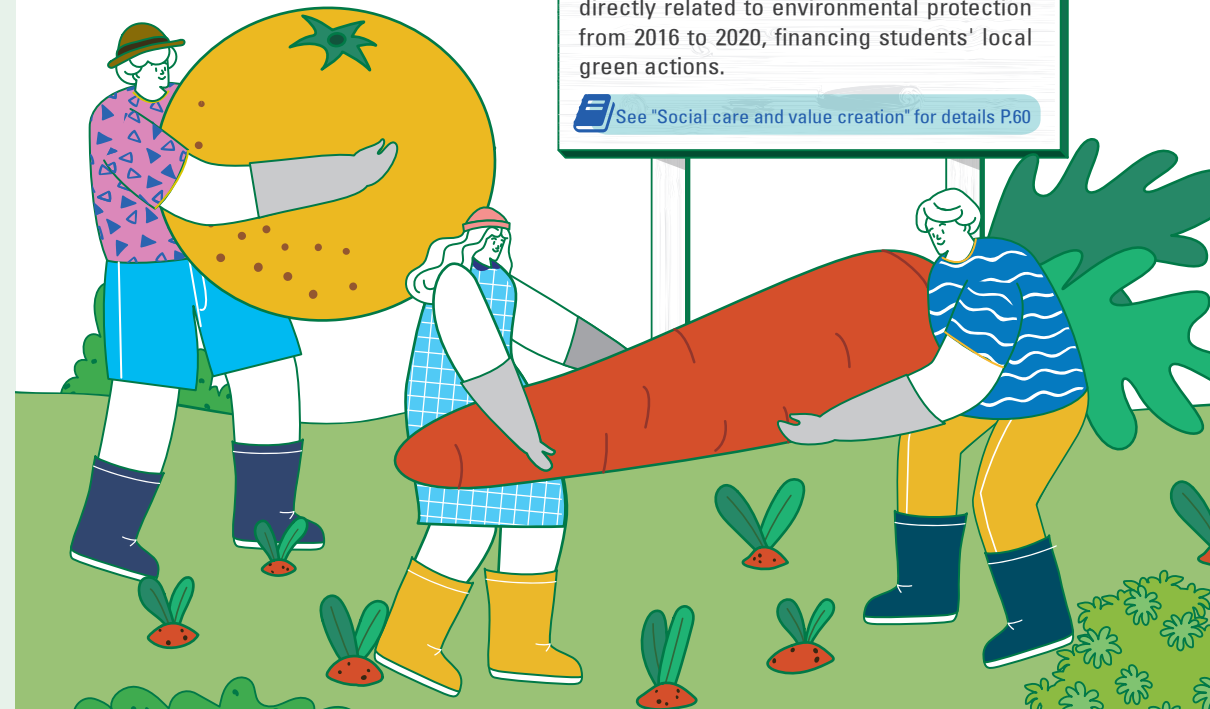
Cathay Life Insurance and Cathay United Bank co-organized food, agricultural, and ecological parent-children activities in local farms (environmental education facilities certified by the EPA). Guide of the farms led nearly 160 employees on a field trip to let them experience and interact with nature. Our employees participated in the entire process of a fresh produce from the production, processing, and cooking of agricultural products. The event allowed employees to understand the growth process of agricultural crops, and raised their awareness of healthy diets while promoting the importance of environmental protection and agricultural education.



Cathay Youth Excellence Scholarship

Cathay Life Insurance provided NT\$2.25 million in subsidies to 16 creative proposals directly related to environmental protection from 2016 to 2020, financing students' local green actions.

 See "Social care and value creation" for details P.60



Appendix

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Medium and Long Term (2025-2030) Goals

Sustainability Strategic Focuses	Strategic direction	Aspect	Medium and Long Term (2025-2030)
Commitment	Solid Governance and Steady Operations	Corporate governance and operation integrity	Integrate sustainability into senior executives' performance (2025)
		Information security and customer privacy	Complete a total of 3 certifications or compliance audits from ISO in information security or personal data protection (2030)
		Integrate ESG into enterprise risk management (ERM)	1. Conduct climate risk scenario analysis and social risk qualitative evaluation (2025) 2. Implement control mechanism into climate risk and undertake social risk quantitative model studies (2030)
	Supporting initiatives and expanding our scope of influence	Responses and initiatives	<p>A benchmark enterprise of sustainable risk management among financial service providers in Taiwan (2025)</p> <p>Expand the scope of reports for risk trend to other ESG aspects</p> <p>A benchmark enterprise that leads investee companies in Taiwan in sustainable development</p> <ul style="list-style-type: none"> ■ Participate in "Climate action 100+" (2023) and "CDP Non-Disclosure Campaign" ■ Organize one engagement meeting every year ■ Study the viability of participating in other international initiatives for responsible investment (2030)
Accountability	Responsible Investment and Paradigm Proposal	Comply with TCFD	<ol style="list-style-type: none"> 1. The goals for coverage rate of carbon footprint checks in stock and bond positions are 100% and 30% respectively (2025) 2. Coverage rate of carbon footprint checks in bond position reach 100% (2030) 3. Set climate change response strategies for Cathay's overall investment position (2030)
		Responsible Investment and Lending	<p>Refine the content of ESG risk review</p> <ul style="list-style-type: none"> ■ Adjust focus industries and investment and lending exclusion lists and watchlists based on international trends and ESG factors ■ Organize two responsible investment training events targeting investment teams every year
			<p>Advance stewardship management and facilitate disclosure of responsible investment measures</p> <ul style="list-style-type: none"> ■ Adjust engagement themes based on international trends and ESG risk factors ■ Disclose voting results proposal by proposal in shareholders' meetings ■ Issue stewardship reports
			<p>Aging society and health investment</p> <p>Investment amount grow by 10% (by 2025) and 20% (by 2030) using 2018 as the baseline year</p>
			<p>Low-carbon green energy investments</p> <p>Investment amount grow by 20% (by 2025) and 40% (by 2030) using 2018 as the baseline year</p>

Sustainability Strategic Focuses	Strategic direction	Aspect	Medium and Long Term (2025-2030)
Accountability	Diverse Coverage and Thoughtful Services	Products and Services for Sustainability Issues: Aging Society and Health	<p>Create a health-promoting ecosphere (2025)</p> <ul style="list-style-type: none"> Continue to develop insurance products with spillover effect and extend the breadth and depth of health-promoting services by leveraging resources from Cathay as well as other industries Attract participation from the social circles of our employees and policyholders to expand the scope of influence <p>Shape a cultural atmosphere upholding healthy lifestyle (2030)</p> <ul style="list-style-type: none"> Create long-term value for society, policyholders, and our company Accumulate data of long-term health behavior and develop new business opportunities for health-related matters
		Products and Services for Sustainability Issues: Aging Society and Health	<p>Develop an ecosphere for the elderly (2025)</p> <ul style="list-style-type: none"> Continue to develop products fulfilling the needs of the elderly, and expand the breadth of our services by leveraging resources from Cathay as well as other industries Realize elderly care by collaborations with external organizations and by organizing charity events <p>Shape a brand image of professional elderly care (2030)</p> <ul style="list-style-type: none"> Provide comprehensive and optimized in-depth elderly care to fulfill the requirements of the golden years Improve brand identification and brand loyalty
		Products and Services for Sustainability Issues: Aging Society and Health	<p>Cultivate the awareness of protection (2025)</p> <ul style="list-style-type: none"> Continue to disseminate the principle that “happiness requires sufficient insurance coverage” to construct proper concepts of insurance planning Improve public awareness for preparation of retirement so as to adapt to a hyper-aged society without anxiety <p>Create a virtuous cycle of insurance (2030)</p> <ul style="list-style-type: none"> Re-focus on the core of insurance, and facilitate insurance industry towards sustainable development Comprehensively improve basic protections for Taiwanese people
		Products and Services for Sustainability Issues: Financial Inclusion	<p>Create a friendly financial environment (2025)</p> <ul style="list-style-type: none"> Continue to provide alternative financial inclusion products to fulfill demands for various social groups Improve the access and usage of our products and services with the assistance of FinTech <p>Build a stable society with mutual prosperity (2030)</p> <ul style="list-style-type: none"> Work towards equal financial services for all social groups, and maximize social stability centered on insurance
		Customer Rights Preservation	<p>Apply AI to elevate service efficiency (2025)</p> <ul style="list-style-type: none"> Optimize service efficiency using AI and thereby improve customer satisfaction <p>Elevate the intelligence level of services and optimize customer experience (2030)</p> <ul style="list-style-type: none"> Pursue a close human-machine collaboration and actively protect customer rights, thereby offering customers innovative values and experiences Customer service satisfaction score: 90% or higher Relational Net Promoter Score (r-NPS): 20 or higher
		Financial technology application	Digital service satisfaction reaching 90% or higher

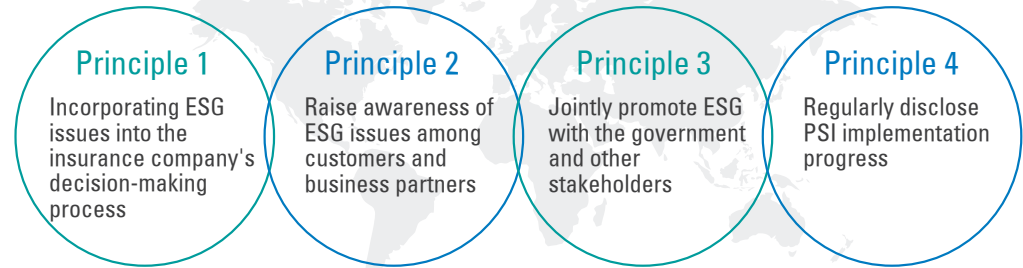
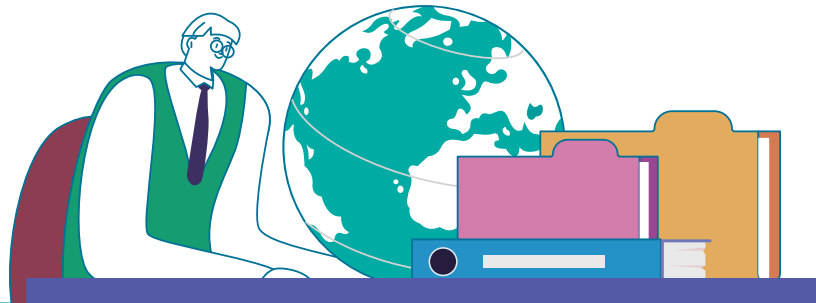
Sustainability Strategic Focuses	Strategic direction	Aspect	Medium and Long Term (2025-2030)	
Richness	Healthy Lifestyle and Work-life Balance	Attracting and developing talent	<p>Fulfill employees' needs for career transfer and form a talent ecosphere (2030) Actively develop diverse talents across groups, and reach an 8% appointment rate via internal recruitment</p> <p>Offer solid, convenient and instant training of high quality (2025)</p> <ul style="list-style-type: none"> Integrate various training resources and actively offer training resources and methods required in improving business operations and refining abilities Study the applications of new technologies, keep advancing and adjusting training methods, and set appropriate personal average training hours <p>Become the best employer for our employees (2030)</p> <ul style="list-style-type: none"> Concentrate on employees' needs, and improve the software and hardware environment for employee self-management and flexibility, thereby improving employee engagement and happiness Engagement score shall be 4.2 above; happiness score shall be 8.5 or above 	
			Workplace safety and health	<p>Prevent workplace hazards and shape a health-promoting culture (2025)</p> <ul style="list-style-type: none"> Implement differentiation of workplace hazard factors, realize risk management, enhance employees' safety and health awareness, and maintain disabling injury frequency below 0.5 Continue to implement employee health checkups and tiered management of anomalies; construct an employee health management system, improve health-promoting events, and maintain employee obesity rate below 50%
			Workplace Equality, Diversity and Inclusion	<p>Continue to promote female employees to senior managerial positions (2030)</p> <ul style="list-style-type: none"> 25% or a higher of positions in senior management shall be female
	Social Care and Value Creation	Social Care	<p>Develop professional volunteer services and improve social participation (2025)</p> <ul style="list-style-type: none"> Volunteer service hours for charity projects or events reach 84,000 Total beneficiaries of charity projects or events: 2.4 million counting from 2020 Assemble professional volunteer teams, which use their skills and specialties to improve their targets' knowledge, skills or quality of life 	
		Value Creation	<p>Exert social influence through charity and embed our image as a charitable brand (2030)</p> <ul style="list-style-type: none"> Deepen and expand the scope of value creation in social care using SROI 	
	Eco-Living	Green Operations and Impact Mitigation	Lower carbon emission generated in operations	<p>Improve the eco-friendliness of corporate operations</p> <ul style="list-style-type: none"> The basic goal is 14% carbon reduction using 2016 as the baseline year; the ideal goal is 28% reduction (2030) Promote electronic and mobilized operations to reduce annual paper consumption by 60% using 2017 as the baseline year (2025); pursue an annual paper reduction by 70% (2030) Control the volume of waste by 10% using 2020 as the baseline year (2030) <p>Increase the ratio of renewable energy consumption</p> <ul style="list-style-type: none"> Pursue a 10 - 20% increase in subscriptions to green energy or renewable energy certificates for Cathay-owned buildings with contract capacity of 800kW or higher (2030) Increase the installed capacity of solar power in Cathay-owned buildings to 500kW (2025) Increase the installed capacity of solar power in Cathay-owned buildings to 850kW (2030)
Respond to renewable energy policy				
Eco-friendliness and Sustainable Homeland		Green supply chain	<p>Build a green supply chain</p> <ul style="list-style-type: none"> Cumulative procurement amount via engagement shall account for 50% of green procurement introduced by suppliers (2025) Cumulative procurement amount via engagement shall account for 70% of green procurement introduced by suppliers (2030) 	
		Environmental sustainability promotion	<p>Expand the scope of influence and deepen the promotion of environmental sustainability</p> <ul style="list-style-type: none"> Pursue a doubling in the number of individuals reached by our environmental sustainability promotions using 2018 as the baseline year (2025) ; pursue a 150% increase in the number of individuals impacted (2030) Promote environmental education for employees and extend its reach to affiliated enterprises (2023) and suppliers (2025) 	

Corresponding PSI & SDGs

PSI

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







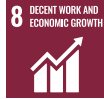







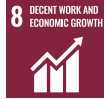






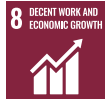






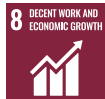






Established by the UNEPFI in 2012 as guidelines for sustainable development of the insurance industry, and encourages enterprises to actively respond to the risks and opportunities brought by ESG issues in operations. There are four major principles:



PSI	Stakeholders	Description	Corresponding Page
(1)Incorporating ESG issues into the insurance company's decision-making process	Board of Directors	<ul style="list-style-type: none"> Cathay Life Insurance established the Cathay Life Corporate Sustainability (CS) Team in 2016 in compliance with Cathay FHC's CS Committee Organizational Framework. The president is a member who supervises the team's operations. And senior vice president is the executive officer in this team. The 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. 	P.11
	Managers	<p>Risk management and underwriting</p> <ul style="list-style-type: none"> Cathay Life Insurance adjusted its strategies for investments, products, and fees in advance to smoothly transition to and reduce the impact of IFRS 17. Develop quantified financial risk and emerging risk models through industry-academia cooperation. Establish cross-subsidiary and department TCFD Task Force, actively respond to the risks and opportunities brought by climate change, based on the framework of Governance, Strategy, Risk Management, and Metrics and Targets 	P.19 P.20 P.24
	Employees	<ul style="list-style-type: none"> Establish an internal compliance culture and offer courses on compliance, information security, and AML/CFT. Improve employees' understanding of corporate sustainability through online and physical courses and channels. Create a healthy workplace with diversity, safe and equality, and also attaches importance to employees' voices and rights. We provide multiple internal communication channels, and have created a learning environment for diverse forms of learning and complete career development. 	P.22-23 P.50-56
	Investee and credit borrowers	<ul style="list-style-type: none"> Incorporate PRI into investment procedures through the establishment of regulations and system, as well as process adjustments Establish the Cathay Life Stewardship Principles, interact with investee companies through dialogue, engagement, and the exercise of voting rights, actively implement the stewardship principles for institutional investors, and issue stewardship reports each year^{note}. Note: stewardship report has been replaced by "responsible investment and stewardship report" since 2019. Cathay Life and Cathay FHC have co-organized the Climate Change Forum for four consecutive years, inviting business leaders at the chairman and president levels, leaders of government authorities responsible for climate policies, and distinguished academic experts on sustainable finance to discuss current trends and share their relevant experiences. 	P.32 P.35-40

PSI	Stakeholders	Description	Corresponding Page
(I) Incorporating ESG issues into the insurance company's decision-making process	Customers	<p>Products and services</p> <ul style="list-style-type: none"> Continue to offer innovative products in response to sustainability issues, and help each group gain a safety net of basic coverage. Launch products with spillover-effect and advocate health promotion, transforming the function of insurance from ex-post compensation to ex-ante prevention. Establish the customer-centric Treating Customers Fairly Committee to listen to the voices of customers, and use the power of digital technology and innovation to provide customers with a more convenient, safe, and fast service experience. <p>Sales promotion and claims management</p> <ul style="list-style-type: none"> Cathay Life Insurance conducts telephone interviews for information disclosure, so that customers will fully understand the products they purchased and their rights. We also use a variety of materials to raise their insurance awareness. Cathay Life Insurance led the industry in promoting mobile insurance to improve the quality of claims services. We also provide a variety of claims services to simplify the claims application procedures for customers. 	P.41-48
(II) Raise awareness of ESG issues among customers and business partners	Customers Suppliers	<ul style="list-style-type: none"> Promote Cathay Life's sustainability actions through the sustainability website, sustainability related videos, and physical events, in order to raise their awareness and participate in sustainability actions. Use FinTech applications such as the virtual assistant and mobile insurance to improve the service efficiency of sales agents and customer experience. Co-organize corporate sustainability sharing events with suppliers together with Cathay FHC and communicate ESG issues with suppliers. Promote green procurement; the procurement amount was around 150,000,000 in 2020. Promote low-carbon life by launching carbon reduction label Thanksgiving Lucky Draw that attracted 80,000 participants. Cathay Life Insurance began issuing CS reports in 2018. The reports are prepared in accordance with the GRI Standards with a third party for assurance and verification. 	P.45 P.68
(III) Jointly promote ESG with the government and other stakeholders	Government	<ul style="list-style-type: none"> Issued a Responsible Investment and Stewardship Report to show our stewardship as an institutional investor. Continue to invest in low carbon and green energy industries in response to the government's policy to support the 5+2 innovative industries. Develop a series of insurance with spillover effects products for health promotion. Provide student group insurance to protect students' health. Install solar panels for self-use, purchase renewable energy certificates, implement green procurement, and support the government's environmental policies, such as applying carbon reduction label. 	P.35-40 P.44-47 P.67-69
(III) Jointly promote ESG with the government and other stakeholders	Academic NGO Media	<ul style="list-style-type: none"> Actively respond to international organizations and ESG related initiatives, including the International Association of Insurance Supervisors (IAIS), AIGCC, Ceres Valuing Water Finance Task Force, CDP Non-Disclosure Campaign, TCFD, and Climate Action 100+. Collaborate with numerous NGOs to jointly promote sustainability issues, such as health promotion for the elderly and education for second-generation immigrants. Jointly develop quantified financial risk and emerging risk models with academia to complete risk mechanisms. Collaborate with different universities in the Sustainable Campus Project and Cathay Dream Come true program for Students to let students grow healthily and happily. Use anti-drug questions prepared by experts as e-learning materials for students. Offer related courses with different universities and engage in exchanges with students in insurance and ESG issues. Cathay Life Insurance issues a CS report every year according to the GRI Standards, and also discloses related results according to the PSI. Follow the policy of Corporate Governance 3.0 and voluntarily disclose information according to the framework of SASB. We promote sustainability concepts to stakeholders through a variety of online channels and physical events. 	P.24-33 P.42-43 P.51 P.58-59 P.62-63
(IV) Regularly disclose PSI implementation progress to achieve information transparency			

SDGs

Sustainability Strategic Focuses	Strategic Directions	Corresponding Sustainable Issues	SDGs
C	Solid Governance and Steady Operations	<ul style="list-style-type: none"> Corporate Governance and Ethical Corporate Management Information Security and Customer Privacy Integrated Risk Management Legal Compliance and Response 	 
	Support Initiatives and Expand Influence		       
A	Responsible Investment and Paradigm Proposal	<ul style="list-style-type: none"> Responsible Investment and Lending 	       
	Diverse Coverage and Thoughtful Services	<ul style="list-style-type: none"> Products and Services for Sustainability Issues Customer Rights Preservation and service quality FinTech Application Accessibility and Affordability of Products and Services(Financial Inclusion) 	      
R	Healthy Life Style and Work-life Balance	<ul style="list-style-type: none"> Attracting and Developing Talents Employee Welfare and Rights Workplace Safety and Health Workplace Equality, Diversity and Inclusion 	   
	Social Care and Value Creation	<ul style="list-style-type: none"> Participation in Charity and Welfare 	  
E	Green Operations and Impact Mitigation	<ul style="list-style-type: none"> Supply Chain Management Green Operations 	
	Eco-Friendliness and a Sustainable Homeland	<ul style="list-style-type: none"> Environmental Concern and Initiatives 	 

Corresponding SASB & GRI SASB

102-55

Code	Accounting Metric	Corresponding Data
FN-IN-270a.1	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers	<ul style="list-style-type: none"> ■ Cathay Life Insurance Official Website: Information Disclosure-Disposal by the competent authority (Chinese Only) https://reurl.cc/V3V0GQ ■ Cathay Life Insurance - Annual Report https://www.cathaylife.com.tw/cathaylife/webStatics/official/english/financials_reports.html
FN-IN-270a.2	Complaints-to-claims ratio	<ul style="list-style-type: none"> ■ “Information disclosure” by the Financial Ombudsman Institution (FOI): statistics of complaints and applications for ombudsman services (Chinese only) https://reurl.cc/AgZMn8
FN-IN-270a.3	Customer retention rate	<ul style="list-style-type: none"> ■ The following information refers to long term insurance persistency rate: Market Observation Post System for the insurance industry – public information on insurance – single entry point for inquiries (Chinese only) https://reurl.cc/4y9L5j
FN-IN-270a.4	Description of approach to informing customers about products	<ul style="list-style-type: none"> ■ Cathay Life Insurance Official Website – About Us – Treat Customers Fairly (Chinese only) https://bit.ly/3qzxtSk ■ Cathay Life Insurance 2020 CS Report – Treating Customers Fairly (P.47)
FN-IN-410a.1	Total invested assets, by industry and asset class	<ul style="list-style-type: none"> ■ Cathay Life Corporate Sustainability – CS Reports and Other Statements – Cathay Life Insurance Responsible Investment and Stewardship Report (link)
FN-IN-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment management processes and strategies	<ul style="list-style-type: none"> ■ Cathay Life Corporate Sustainability – CS Reports and Other Statements – Cathay Life Insurance Responsible Investment and Stewardship Report (link) ■ Cathay Life Insurance 2020 CS Report - TCFD (P.24)
FN-IN-410b.1	(The indicator is not applicable for Life insurance company)	
FN-IN-410b.2	Discussion of products and/or product features that incentivize health, safety, and/or environmentally responsible actions and/or behaviors	<ul style="list-style-type: none"> ■ Incentive rules related to health promotion mechanisms were added to the terms of insurance policies in Cathay Life's spillover-effect products (e.g., premium discounts and increases in insured amounts). Prices of the products shall be determined in accordance with relevant rules. ■ Cathay Life Insurance 2020 CS Report – Health Promotion (P.44)
FN-IN-450a.1 FN-IN-450a.2 FN-IN-450a.3	(The indicator is not applicable for Life insurance company)	
FN-IN-550a.1		
FN-IN-550a.2	(The indicator is not applicable)	
FN-IN-550a.3	Description of approach to managing capital- and liquidity-related risks associated with systemic non insurance activities	<ul style="list-style-type: none"> ■ Cathay Life Insurance Co., Ltd. and Subsidiaries Consolidated Financial Statements for the Years Ended December 31, 2020 and 2019 and Independent Auditors' Report (P.139-140) (3) Liquidity risk (Chinese only) https://www.cathaylife.com.tw/cathaylife/about/info/public-info/info-financial/finance-12

GRI

Universal Standards

GRI	Disclosure	Corresponding Section	Page
102-1	Name of the organization	Company Profile and Business Performance	P.8
102-2	Activities, brands, products, and services	Company Profile and Business Performance	P.8
102-3	Location of headquarters	Company Profile and Business Performance	P.9
102-4	Location of operations	Company Profile and Business Performance	P.9
102-5	Ownership and legal form	About This Report	P.1
102-6	Markets served	Company Profile and Business Performance	P.9
102-7	Scale of the organization	Company Profile and Business Performance	P.8
102-8	Information on employees and other workers	Appendix _ Supplementary Information	P.81
102-9	Supply chain	Eco-Friendliness and Sustainable Homeland	P.68
102-11	Precautionary Principle or approach	Solid Governance and Steady Operations	P.22-23
102-12	External initiatives	Support initiatives and expand influence	P.24-33
102-13	Membership of associations	Company Profile and Business Performance	P.8
102-14	Statement from senior decision-maker	Message from the President	P.4-5
102-15	Key impacts, risks, and opportunities	Stakeholders and Material Issues	P.14-15
102-16	Values, principles, standards, and norms of behavior	Solid Governance and Steady Operations	P.22-23
102-18	Governance structure	Solid Governance and Steady Operations	P.18-19

GRI	Disclosure	Corresponding Section	Page
102-22	Composition of the highest governance body and its committees	Solid Governance and Steady Operations	P.18-19
102-32	Highest governance body's role in sustainability reporting	Sustainable Organization Structure	P.11
102-40	List of stakeholder groups	Stakeholders and Material Issues	P.14
102-42	Identifying and selecting stakeholders	Stakeholders and Material Issues	P.14
102-43	Approach to stakeholder engagement	Stakeholders and Material Issues	P.14
102-44	Key topics and concerns raised	Stakeholders and Material Issues	P.15
102-45	Entities included in the consolidated financial statements	About This Report	P.1
102-46	Defining report content and topic Boundaries	About This Report	P.1
102-47	List of material topics	Stakeholders and Material Issues	P.15
102-50	Reporting period	About This Report	P.1
102-52	Reporting cycle	About This Report	P.1
102-53	Contact point for questions regarding the report	About This Report	P.2
102-54	Claims of reporting in accordance with the GRI Standards	About This Report	P.1
102-55	GRI content index	Appendix _ GRI Standards Index	P.78
102-56	External assurance	About This Report	P.2

Materiality

GRI	Disclosure	Corresponding Section	Page
Corporate Governance and Operation Integrity			
205-2	Communication and training about anti-corruption policies and procedures	Solid Governance and Steady Operations	P.23
Attracting and Developing Talents			
401-1	New employee hires and employee turnover	Healthy Lifestyle and Work-life Balance	P.81
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Healthy Lifestyle and Work-life Balance	P.54
404-1	Average hours of training per year per employee	Solid Governance and Steady Operations	P.22
404-2	Programs for upgrading employee skills and transition assistance programs	Healthy Lifestyle and Work-life Balance	P.52-56
Information Security and Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Solid Governance and Steady Operations	P.21
Legal Compliance and Response			
419-1	Non-compliance with laws and regulations in the social and economic area	Solid Governance and Steady Operations	P.22-23
Products and Services for Sustainability Issues			
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Diverse Coverage and Thoughtful Services	P.41-44
FinTech Application			
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Diverse Coverage and Thoughtful Services	P.45-46
Responsible Investment and Lending			
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	Responsible Investment and Paradigm Proposal	P.39-40
FS11	Percentage of assets subject to positive and negative environmental or social screening	Responsible Investment and Paradigm Proposal	P.39-40
Customer Rights Preservation and service quality			
FS15	Policies for the fair design and sale of financial products and services	Diverse Coverage and Thoughtful Services	P.47-48

Supplementary Information

Attendance of Board of Directors

Nineteenth session (from Jan 1st, 2020~Jun 11th, 2020)

Title	Name	Time(s) of actual attendance	Time(s) of proxy attendance	actual attendance
Chairman	Tiao-Kuei Huang	5	0	100%
Vice Chairman	Ming-Ho Hsiung	5	0	100%
Independent Director	Li-Ling Wang	5	0	100%
Independent Director	Tang-Chieh Wu	5	0	100%
Director	Tzung-Han Tsai	5	0	100%
Director	Chung-Yan Tsai	5	0	100%
Director	John Chung-Chang Chu	5	0	100%
Director	Shan-Chi Liu	5	0	100%
Director	Chao-Ting Lin	5	0	100%
Director	Yi-Tsung Wang	5	0	100%

Twentieth session (from Jun 12th, 2020~Dec 31st, 2020)

Title	Name	Time(s) of actual attendance	Time(s) of proxy attendance	actual attendance
Chairman	Tiao-Kuei Huang	4	0	100%
Vice Chairman	Ming-Ho Hsiung	4	0	100%
Independent Director	Li-Ling Wang	4	0	100%
Independent Director	Tang-Chieh Wu	4	0	100%
Director	Tzung-Han Tsai	4	0	100%
Director	Chung-Yan Tsai	4	0	100%
Director	John Chung-Chang Chu	4	0	100%
Director	Shan-Chi Liu	4	0	100%
Director	Chao-Ting Lin	4	0	100%
Director	Yi-Tsung Wang	4	0	100%

Employee Structure

Distribution of Employees by Region

Category	Taiwan			Overseas			Total
	Female	Male	Total	Female	Male	Total	
Manager	10,421	4,186	14,607	1	19	20	14,627
General Staff	14,212	4,481	18,693	2	61	63	18,756
Total	24,633	8,667	33,300	3	80	83	33,383

Note 1: Figures include full-time employees only.

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 unit supervisor

Note 3: 23 part-time employees in total, all of whom are hourly employees.

Composition of Employees by Gender & Age

Category	Female			Male			Total
	Age 30 and Below	31~49	Age 50 and Above	Age 30 and Below	31~49	Age 50 and Above	
Manager	152	1,0901	1,016	190	1,042	458	14,627
General Staff	3,383	9,815	9,179	2,705	3,402	950	18,756
Total	3,535	10,906	10,195	2,895	4,444	1,408	33,383

Note 1: Figures include full-time employees only.

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 unit supervisor.

For MSCI Climate VaR, CVaR data used throughout this report

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Numbers of New and Resigned Employees

Age	Female	male
Age 30 and Below	1,324	1,152
31~49	1,323	547
Age 50 and Above	213	69
Total	2,860	1,768

Figures of Disabled Employees

	2018	2019	2020
Number	319	340	333
(%)	1.00	1.02	1.00

Summary of Subject Matter Assured

#	Subject Matter Information	Applicable Criteria	Page	#	Subject Matter Information	Applicable Criteria	Page
1	Cathay Life has 40 quantitative models for financial risks, operational risks and emerging risks as of the end of 2020.	The total number of financial risks, and emerging risks models that	P.20				
2	Total training hours of legal compliance, information security and AML/CFT amount to 939 thousand hours in 2020.	The sum of related training hours which complies with corporate legal compliance policy in 2020.	P.22				
3	As of the end of 2020, 282,000 individuals participated in Cathay Walker and walked 391.25 billion steps.	As of the end of 2020, the Cathay Walker backend system counted the number of members and the total accumulative number of steps.	P.44	5	The total cases of Mobile Premium Payment in 2020 is 492 thousand and usage rate is 75.9%.	The total cases of Mobile Premium Payment: In 2020, number of authorized cases via tablet and eDDA. Usage rate of Mobile Premium Payment: In 2020, total cases of Mobile Premium Payment divided by the sum of total cases of Mobile Premium Payment and total cases of paper authorization which are available for authorization via tablet.	P.46
4	In 2020, Alpha was used 2,300,000 times. Furthermore, Alpha had a problem-solving rate of 88% and a satisfaction rate of 97.2%. Note1: Problem-solving rate is defined as customers not calling or email customer service personnel within 1 hours after using Alpha. Note2: Satisfaction score is defined as the percentage that customers give 4 or above score on satisfaction survey after using Alpha.	Total number of usage: Total number of Smart Digital Customer Services (SDCS) – Alpha usage in 2020. Problem-solving rate: Customers not contacting customer service personnel within 1 hours after using SDCS in 2020 divided by customers' total number of SDCS usage. Note: Customers' total number of SDCS usage is the number of person who use SDCS and log in member account and password. Satisfaction score: Number of satisfaction survey which give 4 score or above in 2020 divided by number of satisfaction survey in 2020.	P.45		The total cases of Mobile Policyholder Service in 2020 is 1,032 thousand and usage rate is 89.9%.	The total cases of Mobile Policyholder Service: For clients who qualify for on-line modification services, the number of on-line modification services executed by sales agents from January to December 2020. Usage rate of Mobile Policyholder Service: For clients who qualify for on-line modification services, the number of on-line modification services executed by sales agents from January to December 2020 divided by the total number of paper and online modification services executed for clients who qualify for on-line modification services at the end of the previous month.	
				6	The total cases of Electronic Insurance Policy in 2020 is 931 thousand and usage rate is 96.1%. The total cases of Electronic Documents in 2020 is 2,472 thousand and usage rate is 44.3%.	The total cases of Electronic Insurance Policy: The number of Electronic Insurance Policy in 2020. Usage rate of Electronic Insurance Policy: Number of Electronic Insurance Policy in 2020 divided by total number of Insurance Policy. The total cases of Electronic Documents: As of the end of 2020, the number of valid Electronic Documents applications. Usage rate of Electronic Documents: As of the end of 2020, the number of valid Electronic Documents applications divided by total number of valid policyholder.	P.46
				7	In 2020, we underwrote 97,000 medical insurance policies in response to the COVID-19 pandemic.	As of the end of 2020, total number of underwriting the policy of Hsin Ann Yi One-Year Medical Insurance.	P.41
				8	In 2020, the premium of Protection products reached NT\$13.11 billion.	Total premium of Protection products in 2020.	P.41

Independent Limited Assurance Report



Independent Limited Assurance Report

PWCM21000087

To Cathay Life Insurance Co. Ltd

We have been engaged by Cathay Life Insurance Co. Ltd (the "Company") to perform assurance procedures on the sustainability performance information identified by the Company and reported in the 2020 Corporate Sustainability Report (hereinafter referred to as the "CS Report"), and have issued a limited assurance report based on the result of our work performed.

Subject Matter Information and Applicable Criteria

The sustainability performance information identified by the Company (hereinafter referred to as the "Subject Matter Information") and the respective applicable criteria are stated in the "Summary of Subject Matter Assured" on page 82 of the CS Report. The scope of the aforementioned Subject Matter Information is set out in the "Reporting Period and Scope" on page 1 of the CS Report.

Management's Responsibilities

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

Our Responsibilities

We conducted our assurance work on the Subject Matter Information disclosed in the CS Report in accordance with the Statement of Assurance Engagements Standards No. 1, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" in the Republic of China, to identify whether any amendment is required of the Subject Matter Information to be prepared, in all material respects, in accordance with the respective applicable criteria, and issue a limited assurance report.

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

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

- Made inquiries of the persons responsible for the Subject Matter Information to understand the processes, 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

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- Based on the above understanding and the areas identified, performed selective testing including inquiry, observation, and inspection to obtain evidence for limited assurance.

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

Compliance of Independence and Quality Control Requirement

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

Our firm applies Statement of Auditing Standard No. 46, "Quality Control for Public Accounting Firms" in the Republic of China and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Inherent Limitations

Certain Subject Matter Information involves non-financial data which is subject to more inherent limitations than financial data. Qualitative interpretations of the relevance, materiality and the accuracy of data are subject to individual assumptions and judgments.

Limited Assurance Conclusion

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

Other Matter

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

PricewaterhouseCoopers, Taiwan

Li, Yi-Huah

Partner

June 30, 2021



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Cathay Life Insurance

C ommitment

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