Appendix

Message from the Chairman

Sustainability Awards and Recognition

Sustainability Highlights and Breakthroughs

Managing Sustainability

Leader in Sustainable Finance

1 Finance and Integrity Capital

2 Intellectual Capital

3 Human Capital

4 Natural Resources Capital

5 Social and Relationship Capital

Appendix

About this Report

Cathay Financial Holding Co., Ltd. (hereinafter referred to as "Cathay FHC") upholds the principle of prudent management in the face of global political and economic change. We have identified three engines of growth—"Insurance, Banking and Asset Management"—as our core strategy to seek continued growth and realize our vision of becoming "the leading financial institution in the Asia-Pacific region."

Report Period

Cathay FHC has been issuing non-financial reports on an annual basis since 2011. The Cathay FHC 2019 Corporate Sustainability (CSR) Report issued in July 2020 presents Cathay FHC's economic and environmental (E), social (S), and governance (G) performance in 2019 (1/1-12/31). The report allows all stakeholders interested in Cathay's performance to understand Cathay's efforts in various issues. Chinese and English versions of Cathay FHC's CSR Report can be downloaded from the "Corporate Sustainability" section on our website. The last edition was released in June 2019.

Basis for this Report

This report is compiled in accordance with the core options of the GRI Standards of the Global Reporting Initiative (GRI), and discloses the five capitals using the integrated reporting framework established by the International Integrated Reporting Council (IRC). Contents of this report also correspond to the UN's Sustainable Development Goals (SDGs). This report also takes into consideration the Financial Services Sector Supplement, Corporate Social Responsibility Best Practice Principles for TSE/TSX/TSMX Listed Companies, ISO 26000 Social Responsibility Practice Principles No. 1, "Audit and Review of Non-financial Information" and ISAE3000, to which PwC has concluded with an opinion of limited assurance. A copy of this opinion is included in the appendices of this report.

Report Verification and Assurance

The Company enticed BSI Taiwan to verify the report based on the GRI Standard: Core Options and A1000 AS Type 2 High Assurance. Its independent assurance statement is published as an appendix to this report. The Company has engaged PwC Taiwan to combine its indicators of sustainability performance report compiled based on the GRI Standard 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" and ISAE3000, to which PwC has concluded with an opinion of limited assurance. A copy of this opinion is included in the appendices of this report.

Cathay Financial Holding Co., Ltd.

Date of Incorporation: December 31, 2001

Brand Spirit: Radiating Happiness

Core Values: Integrity, Accountability, Innovation

Headquarters Address: No. 289, Section 6, Nanxi Road, Taipei City, Taiwan (R.O.C.)

Contact Department: Corporate Sustainability Office, Cathay FHC

Mail: cscathay@cathayholdings.com.tw

Tel: +886-2-27087698

Full Time Employees: 47,223 people

Total Assets: NT$ 147.02 billion

Capital: NT$ 417.12 billion

Corporate Sustainability Website: http://www.cathayholdings.com/en/sustainability

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Message from the Chairman

When facing the risks and opportunities brought by extreme climate conditions, an aging population, and the rise of Fintech, Cathay Financial Holdings (Cathay FHC) must strive to utilize our core competencies in financial services to benefit all our stakeholders.

Exerting Every Effort to Make Progress in Both EPS and CS

Cathay FHC has a strong sense of responsibility that drives us to contribute to society and the environment. We strive to utilize our core competencies in financial services to benefit all our stakeholders.

Embracing Digital Transformation Towards the Future

We actively embrace the changes arising from the digital era and have become more agile in every aspect. Cathay FHC has been promoting the Digital, Data & Technology Center (DDT) in 2019 to drive the group's digital transformation. In 2019, we used our “reward and recognition fund” as a reward to highlight our contributions in digital business, as well as utilized the “Performance Fund” to support education in rural areas. Furthermore, we integrated the resources of Cathay Life and Cathay FHC as an insurance company, and launched the “Cathay At Your Side Health Project” on this basis, using AI and big data analytics to screen policyholders with chronic illnesses and high health risks, and work together with healthcare institutions to actively assist policyholders in managing their health. As a result, we seek to transform the role of insurance companies and become a partner in protecting the health of our policyholders.

Cathay FHC will soon be celebrating its 60th anniversary. It is at this crucial time that we use the spirit of "What if We Could" to bring sustainability into our daily operations and to make breakthroughs. We hope to become a company that allows employees to fully utilize their talents, is trusted by customers, provides investors with long-term returns, and is respected by society.

Chairman

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Sustainable Cathay : What If We Could

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Chairman
Cathay FHC has been recognized for its efforts in sustainability, and the real and priceless feedback we have received continues to drive us towards excellence. The following are honors received by Cathay for efforts in sustainability in 2019:

**Cathay FHC 2019 Corporate Sustainability Report**

**Sustainability Highlights and Breakthroughs**

- **A Trustworthy Enterprise** - CH1 Finance and Integrity Capital
  - Outsource an external unit to complete external board performance evaluation.
  - Added 1 female independent director and increased the number of independent director seats from 3 to 4.

- **A Responsible Financial Service Provider** - CH2 Intellectual Capital
  - Selected as a constituent stock of the DJSI World Index for five consecutive years.
  - Selected as a constituent stock of the FTSE4Good Emerging Index for five consecutive years.
  - Recognized with the Corporate Governance Evaluation by the Taiwan Stock Exchange.
  - Ranked in the top 5% of the 5th Governance Evaluation.
  - Recognized with Level A of MSCI ESG Rating for 3 consecutive years.
  - Recognized as a constituent stock of the FTSE4Good TIP Taiwan ESG Index.
  - Rated in the leadership Level A-.

- **A Leader of Climate Change Management** - CH3 Human Capital
  - The first in Taiwan’s financial industry to carry out climate scenario analysis to evaluate the financial impact of climate change.
  - Cathay Life’s life insurance policy is the first in the industry to be recognized with the carbon reduction label, and Cathay Century is the first property insurance company to establish Product Category Rules (PCR).
  - The only financial institution in Taiwan to participate in the CDP Non-Disclosure Campaign. Taiwan now ranks 9th globally in NDC success rate according to CDP Report.

- **A Corporate Citizen that Actively Contributes** - CH5 Social and Relationship Capital
  - Cathay Life and CUB both won first place in the first Financial Industry Treating Customers’ Fair Evaluation.
  - Use of the chattel ‘Alpha’ accounts for over 30% of overall customer services. The ratio of customers transferred by ‘Alpha’ to a customer service representative decreased from 4.5% when the chatbot was first launched to 1.5%.
  - Offered diverse volunteer service opportunities, and the number of volunteer service hours grew by 61% in 2019.
Cathay FHC has established well-rounded management mechanisms and communication channels through the Cathay CS Committee, in order to address the complex and rapidly changing social and environmental challenges. Cathay FHC implemented the following action plans under the four focus areas of sustainability, which are based on areas where we can contribute our core competencies in finance after considering the 17 Sustainable Development Goals (SDGs) of the United Nations. We established sustainability goals based on issues of concern to the 8 types of stakeholders, and explain capital inputs and outputs from the sustainable value creation process. Finally, we tracked the impact of Cathay FHC’s business activities on society and the environment from a monetary approach, in hopes of achieving our vision of becoming a leading financial institution in the Asia-Pacific region.

Cathay FHC’s CS Committee is subordinate to the Board of Directors and is the core unit for promoting corporate sustainability. The CS Committee is supervised by independent directors, and chaired by the President of Cathay FHC. The committee comprises five main working groups, each headed by a senior executive. The CS Committee began making advancements every year since 2011 in order to achieve breakthroughs. Our milestones over the years are as follows:

- Founded Cathay FHC CSR Committee and assembled five main working groups
- Established Corporate Social Responsibility Best Practice Principles
- Published a CSR Report for the first time
- Signed the U.K.’s Carbon Disclosure Project (CDP)
- Developed CSR reporting mechanism
- Included corporate sustainability in training programs for new employees
- Refined the response to ESG messages from international institutional investors
- Convened a strategy advancement meeting with the six working groups and established the four focus areas of sustainable development
- Introduced social return on investment (SROI)
- Signed the Taiwan Stewardship Principles for Institutional Investors
- Responded to and was selected into the Dow Jones Sustainability Index (DJSI) for the first time
- Signed the Equator Principles (EPs) and became Taiwan's 1st Equator Principles Financial Institution
- Acquired Conning, Inc., which signed the Principles for Responsible Investment (PRI)
- Restructured into the Cathay FHC CS Committee at the Board of Directors level supervised by independent directors
- Assembled the Responsible Investment Working Group
- Cathay United committed to complying with the UNEP FI's Principles for Responsible Investment (PRI)
- Cathay Century committed to complying with the UNEP FI's Principles for Sustainable Insurance (PSI)
- The six working groups were restructured into a dual secretary system
- Developed an initiative that links financial returns to sustainability issues and business performance
- CUB committed to complying with the UN Principles for Responsible Banking (PRB)
- Selected into the DJSI World Index
- Cathay Life disclosed the first Stewardship Report in Taiwan
- Completed the audit of every index in the 2018 Cathay FHC CS Report
- Cathay FHC established the Corporate Sustainability Section
- Reviewed and refined the Four Focus Areas of sustainable development established in 2016
- Started to follow TCFD in 2017. The TCFD task force led by the Chief Risk Officer comprehensively monitored climate-related risks in 2019
**Four Focus Areas for Sustainability and Response to SDGs**

The UN proposed 17 SDGs in 2015 in hopes of resolving crises worldwide through solutions proposed by governments, enterprises, and organizations. Cathay FIC seeks a balance between economic development, social inclusion, and environmental sustainability from the perspective of its subsidiaries’ financial competencies.

**Cathay ESG Four Focus Areas**

Cathay FIC established the four focus areas for sustainability through the following procedures, and focus on 10 SDGs to achieve sustainability.

**Identified issues to establish the ESG four focus areas**

We established Cathay ESG four focus areas in 2016, which are Renewable Energy and Infrastructure, Aging Society and Health, Financial Inclusion, and Community and Financial Inclusion. In 2021, we reviewed the identification process to ensure alignment with international standards. After evaluating the results of the recent discussions, we decided to keep the four focus areas.

**Goals set and tasks accomplished**

We set short-term, midterm, and long-term goals to achieve each sustainability issue, and periodically examine the results of implementing ESG in daily operations. It allows us to increase our positive impact.

**Identified four focus areas**

- Renewable Energy and Infrastructure
- Aging Society and Health
- Financial Inclusion
- Community and Financial Inclusion

**Identified tasks**

- Low carbon investment/lending amount reached NT$565.2 billion.
- Cumulative premium income from green vehicle insurance reached NT$495.6 million.
- Cumulative insured amount of bicycle insurance reached NT$945.6 million.
- Cumulative insured amount of green building insurance reached NT$637.1 million.
- Cumulative amount of assets in CUB’s Charitable Trust reached NT$37.63 billion.
- Cumulative balance of loans provided by CUB to microfinance institutions (MFIs) in Southeast Asia reached US$56.5 million.
- The Elevated Tree Program made cumulative donations reaching NT$172 million in Taiwan and overseas, and were used to help over 100,000 underprivileged students pay their tuition and boost their sense of achievement.

**Identified corresponding capital**

- Financial and Integrity Capital, Intellectual Capital, Natural Resources Capital
- Finance and Integrity Capital, Intellectual Capital, Human Capital
- Finance and Integrity Capital, Natural Resources Capital, Social and Relationship Capital
- Financial and Integrity Capital, Intellectual Capital, Social and Relationship Capital

**Identified tasks corresponding to the four focus areas**

- The only financial institution in Taiwan to participate in the CDP Non-Disclosure Campaign, and successfully engaged 16 Taiwanese companies since 2017.
- CUB no longer provides loans to any coal-fired power plants, and Cathay Life no coal-fired power companies that are not actively transitioning to renewable energy as not eligible for investment.
- Co-organized the Climate Change Forum with Taiwan Stock Exchange and AIGCC.
- Facility low carbon products, reduced paper use by nearly 100 million sheets in 2019, which is equivalent to over 12,000 trees.
- The average margin of raises in the past three years was 3.32%.
- Cumulative insurances of CUB’s Group Insurance reached NT$2.7 billion from social enterprises.
- CUB rendered 148,131,270 steps to help physically disabled people.
- ‘Cathay Walker’ project has helped 1.3 million employees to keep their distance.
- The Elevated Tree Program made cumulative donations reaching NT$172 million in Taiwan and overseas, and were used to help over 100,000 underprivileged students pay their tuition and boost their sense of achievement.

**We began discussing adjustments to focus areas at the end of 2019 to become more aligned with international trends and use our core abilities. We expect to complete adjustments in 2020.**
Cathay FHC 2019 Material Topic Matrix

Cathay FHC 2019 Materiality Analysis

Stakeholder Engagement
Cathay FHC listens to the needs of stakeholders, makes immediate adjustments to its approaches to maintaining corporate sustainability, and takes stakeholders’ opinions into consideration when formulating its corporate sustainability strategy. Cathay identifies 8 groups of stakeholders based on four indicators: Cathay’s form of business management, 1. Levels of interaction with Cathay, and 2. Levels of influence by Cathay. We uphold four principles of engagement: materiality, effectiveness, flexibility, and respect and followed Cathay FHC Stakeholder Engagement Guidelines in 2018. We describe engagement results through a variety of communication channels which from the perspective of stakeholders to concerns of stakeholders. Engagement methods include: issuing reports and press releases; holding stakeholders’ meetings, investor conferences, forums, and charitable events; responding to investors’ ESG questions and participating in international initiatives; conducting employee and customer satisfaction surveys.

Cathay FHC’s stakeholder communication channels, engagement frequency, engagement feedback, mechanisms, and 2019 communication results are disclosed on the official website of Cathay FHC.

Identification and Response to Material Sustainability Issues
Cathay FHC conducted the CS Issue Materiality Analysis in 2019, combining with organizational PESTEL analysis for identifying material sustainability issues. Identified below.

1. Collect information and identify issues
Identify issues that are concerned about and analyze global regulations on CSR discourses, benchmark companies in the industry, international trend reports, and Cathay FHC’s reason for sustainability and organizational development goals.

2. Potential issues
Identify potential issues from 4 environmental, 3 organizational, 2 intellectual, and 8 societal issues related to Cathay.

3. Understand the materiality of issues
Cathay FHC conducted the issue materiality analysis questionnaire in 2017 to survey the level of concern about sustainability issues among 155 stakeholders, and 15 senior executives each year determined the impact of sustainability issues on organizations.

4. Prioritize issues
Take stakeholders’ opinions into consideration when ranking the materiality of issues by level of concern and analyzing their impact.

5. Adjust the priority of issues
Senior executives and the sustainability team discuss results of the materiality analysis.

6. Draw the matrix
Generate the 2019 Materiality Matrix.

7. Set sustainability goals
Set short-term, mid-term, and long-term goals for material issues, and actively manage and track the goals to respond to stakeholders’ expectations. Please see the relevant chapters for details on sustainability goals.

Response to the GRI
This report has been prepared based upon the scope of the consolidated financial statements. It encompasses Cathay FHC and its subsidiaries: Cathay Life Insurance (Cathay Life), Cathay United Bank (Cathay United), Cathay Century Insurance (Cathay Century), Cathay Securities Corporation (Cathay Securities), Cathay Securities Investment Trust (Cathay SIT), Cathay Fortune and Cathay Futures, and disclosed information that is relevant to Cathay’s core line of operations. This report provides information on important investment and lending counterparties, suppliers, and customers based on the disclosure requirements of each type of capital.

Note: Items marked with a green material topic of Cathay FHC is in 2019.

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Cathay FHC 2019 Corporate Sustainability Report

Managing Sustainability

Leader in Sustainable Finance
1 Finance and Integrity Capital
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Appendix
Cathay FHC understands that in addition to pursuing business growth, a company must also consider the positive and negative effects of its business activities on the environment and society. In order to create sustainable value in the long term, we collaborated with academic institutions in developing the 5 Capital Profit & Loss (5C P&L) evaluation method based on the triple bottom line (TBL) of economy, environment, and society. We used 2017 as the baseline year and outlined the value chain’s effects on sustainability in monetary terms, driving more effective management decisions. This also allows stakeholders to more easily understand the real value we create on the path to corporate sustainability.

We further applied the evaluation of natural resource capital in 2019 to make our analysis results more complete and reasonable. This included being the damage to the ecosystem and stakeholders in externality evaluations, and developing localized factors suitable for business locations in Taiwan. We also began developing valuation factors suitable for each region based on local economic conditions and environmental characteristics to evaluate the impact of our investments all over the world. Furthermore, we covered all of our investments in 2019 instead of only the 10 major industries selected in 2017.

The externality impact pathway of Cathay’s value chain activities is determined based on ESG and the 5 capitals. Cathay FHC has collaborated with academic institutions in developing the 5C P&L evaluation method based on the triple bottom line (TBL) of economy, environment, and society. We used 2017 as the baseline year and outlined the value chain’s effects on sustainability in monetary terms, driving more effective management decisions. This also allows stakeholders to more easily understand the real value we create on the path to corporate sustainability.

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Cathay FHC Integrates International Framework into Three Core Businesses and Implementation Status

Cathay Life’s Major Achievements on Four PSI Principles in 2019

- Principle 1: We will embed in our decision-making system the UN’s Sustainable Development Goals (SDGs) and the Paris Agreement.
- Principle 2: We will work together with our clients and business partners to ensure awareness of environmental, social and governance issues, manage risk and develop solutions.
- Principle 3: We will work together with governments, regulators and other key stakeholders to promote widespread action across society in environmental, social and governance issues.
- Principle 4: We will demonstrate accountability and transparency in regularly disclosing our progress in implementing the Principles.

Cathay FHC 2019 Corporate Sustainability Report
Leader in Sustainable Finance

Cathay FHC pursues corporate sustainable development to contribute social stability and bring more value cycles in the society and also improves the company’s long-term value. Corporate sustainable development requires systematic actions, therefore we incorporate sustainability into Cathay’s core competencies in accordance with the international sustainability framework and promote sustainable finance. Especially on the largest financial institution in Taiwan with total assets more than NT$1 trillion, serving half of Taiwanese population. Cathay has the responsibility to lead the industry towards sustainability.

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The Company completed the election of the 7th-term Board of Directors, added 1 female independent director, and increased the number of independent director seats from 3 to 4, in order to increase Board diversity and independence.

Cathay FHC has commissioned the “Taiwan Institute of Ethical Business and Forensics” to conduct the external performance evaluation of the company’s Board of Directors, and discusses and implements enhancement measures in accordance with the Institute’s optimization recommendations.

Established a risk management framework based on sustainability concepts, included emerging risks in the risk management policy, and established the Emerging Risk Management Guidelines.

Introduced tools and technologies to continue optimizing compliance governance related mechanisms and improve the group’s compliance management.

The financial industry is strictly supervised by the competent authority. The impact of risks from emerging issues has gradually increased in a rapidly changing financial environment with frequent law amendments. How companies effectively manage their risks and seize opportunities through well-rounded organization management and mechanisms is the key to achieving sustainable development. Corporate governance is the foundation of corporate sustainability. Cathay FHC will continue to enhance its corporate governance, enhance its competitiveness of core competencies, and implement various risk controls to create a virtuous cycle for sustainable development.

1.1 Business Performance
1.2 Corporate Governance
1.3 Risk Management and Internal Control
1.4 Information Security
1.5 Ethical Corporate Management
1.6 Tax Governance

Completed an external Board Performance Evaluation

Included emerging risks in the risk management policy

Established systematic management of compliance risks
1.1 Business Performance

Cathay FHC adopts a customer-centric approach and utilizes smart technologies and online to offline integration to provide customers with a full range of high quality financial services, as it takes strides towards the vision of becoming a leading financial institution in the Asia-Pacific region. By focusing on our three engines of growth, Insurance + Banking + Asset Management, we aim to create greater value for our shareholders.

Sustainability Vision for Finance and Integrity Capital

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<th>2019 Goals</th>
<th>Midterm (2023)</th>
<th>Long-term (2025)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Corporate Governance</strong></td>
<td>Goals reached</td>
<td>Goals attained</td>
<td></td>
</tr>
<tr>
<td><strong>Corporate Governance</strong></td>
<td>Improve the composition, appointment and performance of the Board of Directors</td>
<td>Complete the selection of new Board members</td>
<td>Complete the selection of new Board members</td>
</tr>
<tr>
<td><strong>Participation in assessment</strong></td>
<td>Complete the evaluation of the Board of Directors</td>
<td>Complete the evaluation of the Board of Directors</td>
<td>Complete the evaluation of the Board of Directors</td>
</tr>
<tr>
<td><strong>Risk Management</strong></td>
<td>Improve the Group’s risk management system and mechanisms</td>
<td>Complete the implementation of new risk management systems</td>
<td>Complete the implementation of new risk management systems</td>
</tr>
<tr>
<td><strong>Compliance</strong></td>
<td>Establish a build a sound group-level governance and internal control mechanisms</td>
<td>Complete the establishment of new governance and internal control mechanisms</td>
<td>Complete the establishment of new governance and internal control mechanisms</td>
</tr>
<tr>
<td><strong>Information Security</strong></td>
<td>Establish a build a sound group-level governance and internal control mechanisms</td>
<td>Complete the establishment of new governance and internal control mechanisms</td>
<td>Complete the establishment of new governance and internal control mechanisms</td>
</tr>
<tr>
<td><strong>Security Operation Center (SOC) service</strong></td>
<td>Establish a build a sound group-level governance and internal control mechanisms</td>
<td>Complete the establishment of new governance and internal control mechanisms</td>
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</tr>
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</table>

Financial performance in the last three years

<table>
<thead>
<tr>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated total assets (NT$ billion)</td>
<td>3,842</td>
<td>3,224</td>
</tr>
<tr>
<td>Consolidated shareholder equity (NT$ billion)</td>
<td>908</td>
<td>529</td>
</tr>
<tr>
<td>Consolidated after-tax profits (NT$ billion)</td>
<td>36.7</td>
<td>51.8</td>
</tr>
<tr>
<td>Consolidated after-tax EPS (NT$)</td>
<td>4.47</td>
<td>3.85</td>
</tr>
<tr>
<td>Consolidated return on equity (%)</td>
<td>9.98</td>
<td>8.83</td>
</tr>
<tr>
<td>Average revenue per employee (NT$ thousand)</td>
<td>11,517</td>
<td>16,838</td>
</tr>
<tr>
<td>Average earnings per employee (NT$ thousand)</td>
<td>1,177</td>
<td>987</td>
</tr>
<tr>
<td>Consolidated return on assets (%)</td>
<td>0.84</td>
<td>0.77</td>
</tr>
<tr>
<td>Outstanding shares (million)</td>
<td>13,387</td>
<td>14,897</td>
</tr>
<tr>
<td>Cash dividends per share (NT$)</td>
<td>2.5</td>
<td>1.5</td>
</tr>
<tr>
<td>Stock dividends per share (NT$)</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Book value per share (NT$)</td>
<td>42.7</td>
<td>34.0</td>
</tr>
</tbody>
</table>

Note: Adjustments were made to the categories of the income and expenses of the Company’s subsidiaries.
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<tr>
<th>Businesses of Cathay FHC and Business Performance of Subsidiaries</th>
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<tr>
<td>Cathay FHC and its subsidiaries all comply with laws and regulations in the sale of products and services. No products or services were prohibited from being sold in Taiwan in 2019.</td>
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<tr>
<td>Cathay United Bank</td>
</tr>
<tr>
<td>Wealth management, consumer banking, corporate banking, international banking, trust services, investments, and sales of financial products</td>
</tr>
<tr>
<td>Profit performance</td>
</tr>
<tr>
<td>Unit NTD billion</td>
</tr>
<tr>
<td>56.7</td>
</tr>
<tr>
<td>Cathay Life</td>
</tr>
<tr>
<td>Life insurance, accident insurance, health insurance, annuity insurance, and investment-linked insurance</td>
</tr>
<tr>
<td>Total licenses</td>
</tr>
<tr>
<td>Unit NTD billion</td>
</tr>
<tr>
<td>2017</td>
</tr>
<tr>
<td>1438</td>
</tr>
<tr>
<td>NO. 1 in the industry for 3 consecutive years</td>
</tr>
<tr>
<td>Cathay Century</td>
</tr>
<tr>
<td>Car insurance, fire insurance, marine insurance, engineering insurance, and other insurance</td>
</tr>
<tr>
<td>Profit performance</td>
</tr>
<tr>
<td>Unit NTD billion</td>
</tr>
<tr>
<td>1.9</td>
</tr>
<tr>
<td>NO. 2 in the industry for 3 consecutive years</td>
</tr>
<tr>
<td>Total premium income</td>
</tr>
<tr>
<td>Unit NTD billion</td>
</tr>
<tr>
<td>2017</td>
</tr>
<tr>
<td>768</td>
</tr>
<tr>
<td>NO. 3 in the industry for 3 consecutive years</td>
</tr>
<tr>
<td>First-year premium income</td>
</tr>
<tr>
<td>Unit NTD billion</td>
</tr>
<tr>
<td>233</td>
</tr>
<tr>
<td>NO. 1 in the industry for 3 consecutive years</td>
</tr>
<tr>
<td>First-year premium equivalent</td>
</tr>
<tr>
<td>Unit NTD billion</td>
</tr>
<tr>
<td>2017</td>
</tr>
<tr>
<td>79</td>
</tr>
</tbody>
</table>

Emergency Response Measures for COVID-19

Cathay FHC established an epidemic prevention emergency response team to address the COVID-19 pandemic in January 2020. The team is assembled by Cathay FHC President, Chang-Ken Lee, and consists of supervisors of related units in each subsidiary, who jointly plan group-wide response measures and resource allocation. The measures are implemented in operations management, information security, and customer services to lower the risk of business suspension and protect employees’ health and customer rights.

Information security

- The Board of Directors resolved to hire an external consultant to comprehensively inspect the network security, equipment security, data protection, and confidentiality of the entire platform, in order to strengthen information security of the telework mechanism.

Customer services

- Strengthen customer trading services, e.g., policy holders can enjoy 33 insurance policy services after joining the member center on the official website, and the chatbot Alpha.
- Allow customers who are impacted by the pandemic to defer premium payments or loan payment and provide medical personnel with consolation money.

Routine management

- Prepare masks and alcohol for sterilization.
- Strengthen cleaning and access control of office buildings.
- Initiate remote backup and divide personnel of operations that cannot be suspended into different office buildings and prohibit them from visiting each other.
- Encourage video conferencing or reduce the number of participants in each meeting.
- Establish telework and work from home mechanisms.

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Appendix
1.2 Corporate Governance

Cathay FHC’s Corporate Governance Framework

Composition of the Board of Directors

- Non-Executive Director (28%)
- Executive Director (10%)
- Independent Directors (42%)

Age Distribution of the Board of Directors

- 51-60: 23%
- 61-70: 46%
- 71-77: 31%

Gender Ratio of the Board of Directors

- Male: 92%
- Female: 8%

Professional Qualifications and Independence of the Board

Cathay FHC features a Corporate Governance and Nomination Committee and adopts the candidate nomination system. All director candidates are nominated and their qualifications are reviewed by the Corporate Governance and Nomination Committee. All candidates are approved by the Board of Directors, then they are elected and appointed during the shareholders’ meeting. According to Paragraph 3, Article 30 of Cathay FHC’s Corporate Governance Best Practice Principles, the members of the Board of Directors shall possess the knowledge, skills, and experience necessary for performing their duties. In response to issues concerning corporate governance and corporate sustainability in Taiwan and abroad, the directors of Cathay FHC actively participate in relevant internal and external training, which covers issues including risk management, corporate governance, corporate social responsibility, AML/CFT, and information security. The average training hours for the directors stood at about 12 in 2019.

Cathay FHC completed its 7th election of Directors in 2019 and increased from 3 to 4 Independent Directors. Two of the newly elected Independent Directors, M. Li-Ling Wang and Mr. Tsai-Chien Wu, have professional experience and expertise in insurance, securities, risk management, finance, and banking, effectively improving the effectiveness of corporate governance of the Company’s Board. To achieve an ideal level of corporate governance, the Board of Directors shall possess the following abilities:

- Ability to make operational judgements
- Ability to perform accounting and financial analysis
- Ability to conduct management administration (including asset management and management of subsidiaries)
- Ability to handle crisis management
- Knowledge of the industry
- An international market perspective
- Leadership
- Ability to make policy decisions
- Risk management knowledge and skills

Board Diversity

Cathay FHC continues to improve the composition and structure of the Board of Directors in accordance with Paragraph 3, Article 30 of the Corporate Governance Best Practice Principles. The Company elected the 7th-term Board of Directors, added 1 female independent director, and increased Board diversity in 2019.

Implementation of Cathay FHC’s Board Member Diversity Policy

The Board of Directors of Cathay FHC convened 10 meetings in 2019 with an attendance rate of 90%; directors on average held the position for 3.3 years. Cathay FHC established the Audit Committee, Remuneration Committee, and Corporate Governance and Nomination Committees under the Board of Directors to improve the Board’s efficiency. The committees are responsible for reviewing proposals. The responsibilities and operations of each functional committee are as follows:

- Audit Committee: Formed by 4 independent directors. Improves the internal control system and oversees the company’s risk management.\n- Remuneration Committee: Formed by 3 independent directors.\n- Corporate Governance and Nomination Committee: Formed by 3 directors (including 2 independent directors).\n
Basic Composition

- Independent
- Executive
- Non-Executive

Industry Experience

- Banking
- Science
- Technology
- Information
- Risk
- Management
- Accounting
- Payment
- Third-Party
- Industry/Technology
- Others

Professional Knowledge/Abilities

- Banking
- Science
- Technology
- Information
- Risk
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Note: Independent Director Feng-Chiang Miau had been in the position for 3.5 years as of the end of 2019.

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- Female: 8%

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- Information
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1.3 Risk Management and Internal Control

Facing the growingly complex global financial environment with more diverse risks, Cathay FHC continues to improve the group’s risk management, and carefully evaluates the potential impact of risks on the group in order to be prepared. Our businesses include life insurance, banking, property insurance, securities, and asset management. This scope involves a wide variety of risks, including price fluctuations, credit default, negligence, insufficient liquidity, and numerous emerging issues. The company has an independent risk management organisation with well-rounded mechanisms and immediate risk reporting and control, making risk management a part of routine operations and decision-making to lower the frequency and impact of risks.

<table>
<thead>
<tr>
<th>Risk Management Framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Cathay FHC Board of Directors is the highest decision-making authority among our risk management organisations, and is in charge of the supervision and approval of the Risk Management Policy as well as other major risk management systems. We established a Risk Management Committee and independent risk management units. The Chief Risk Officer is the highest level supervisor of risk management units, the Risk Management Committee meets on a monthly basis.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Risk Management Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cathay FHC established the risk management policy to provide the basis for risk management, and established individual management guidelines to control major risks. We included emerging risks in our risk management policy and established the Emerging Risk Management Guidelines in 2019. Cathay FHC and major subsidiaries periodically submit reports on the implementation of risk management to the Risk Management Committee and Board of Directors, in order to fully disclose the group’s risk exposure and ensure the compliance with the risk management system.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Risk Management Measures and Reporting Mechanisms</th>
</tr>
</thead>
<tbody>
<tr>
<td>We established risk assessment indicators for major risks. All of the indicators were reviewed and approved by the Board of Directors, and are periodically assessed and monitored to determine if the risk exceeds our risk appetite, so that further management measures can be implemented. This risk appetite is subject to stress-testing to ensure that it remains appropriate given changes in the business environment.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Risk Reporting Mechanism</th>
</tr>
</thead>
<tbody>
<tr>
<td>We established Regulations for Reporting Operational Risk Events, Regulations for Reporting Emergency Credit Risk Events, and Regulations Governing the Handling of Major Incidents to improve our risk management performance, and established corresponding reporting systems. When a risk event occurs, units or subsidiaries shall immediately report it to the Risk Management Division to open a case for management. The units or subsidiaries inspect the progress of risk events and implementation of improvement plans each month, and report progress to the Risk Management Division.</td>
</tr>
</tbody>
</table>

Shareholder Structure and Communication

We take shareholder communication very seriously, and organized 4 investor conferences and 4 online investor conferences in 2019. Shareholders can express their opinions at any time through communication channels, including the spokesperson system, investor service, and the “Contact Us” mailbox.

<table>
<thead>
<tr>
<th>Shareholder Structure and Communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholder Structure (Common Stock)</td>
</tr>
<tr>
<td>Settlement date: April 14, 2020</td>
</tr>
<tr>
<td>Government agencies: 5.7%</td>
</tr>
<tr>
<td>Financial institutions: 4.9%</td>
</tr>
<tr>
<td>Other corporations: 42.1%</td>
</tr>
<tr>
<td>Individuals: 26.5%</td>
</tr>
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<td>Foreign institutions and foreigners: 20.4%</td>
</tr>
</tbody>
</table>

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<thead>
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<tbody>
<tr>
<td>Cathay FHC 2019 Corporate Sustainability Report</td>
</tr>
<tr>
<td>For its Directors, supervisors, and key staff</td>
</tr>
<tr>
<td>Supervisors, and the Company in general, Cathay FHC has commissioned the “Taiwan Institute of Ethical Business and Forensics” to conduct the external performance evaluation of the company’s Board of Directors in 2019, and discusses and implements enhancement measures in accordance with the Institute’s optimization recommendations. For the results of Cathay FHC’s internal and external Board and functional committee performance evaluations in 2019, please see official website.</td>
</tr>
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In order to lower the risks taken on by directors, supervisors, and the Company in general, Cathay FHC has purchased liability insurance since 2007 for its Directors, supervisors, and functional committee members, including those from its subsidiaries. This is in line with the legal requirements during the term of office. The contents of the insurance policy are reviewed annually and reported to the Board after the policy is renewed each year.

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Emerging Risk Management

Facing the increasingly complex financial environment, and in light of the impact brought by technological developments, extreme weather, and aging population, we included emerging risk management into our risk management policy in 2019. We clearly defined emerging risks, established Emerging Risk Management Guidelines, and prepare an emerging risk report each year for review by the Risk Management Committee. The reports are submitted to the Board of Directors to explain our current risks and the risk management system. The group's emerging risks in 2019 include FinTech, climate-related, information security, and law amendments. We assessed the impact of the risks on our operations and established response measures.

Emerging Risk Identification Procedures and Response Measures

Risk identification
Subsidiaries refer to the list of emerging risks compiled by Cathay FHC, take into consideration emerging risks identified by the industry's benchmark company, and then assess the impact and probability of the risks they may face.

Risk assessment
Cathay FHC compiles existing risks of its subsidiaries, identifies emerging risks at the FHC-level to compile the group's risk map, and assesses the impact on operations.

Response to risks
Cathay FHC establishes response measures after assessing the impact of risks on operations. The measures are reported to the Risk Management Committee for monitoring and periodic review.

Risk reporting
Cathay FHC’s Risk Management Division periodically reports emerging risks to the Board of Directors, and explains the implementation of risk management.

Emerging Risks

Climate-related risks
Global temperatures have caused socio-economic losses and more frequent incidents of extreme weather, as well as changes in the atmospheric circulation. Such developments have not only brought extreme weather to locations unfamiliar to climate disasters, but may also impact our business. We will also continue to cultivate finance talent who are well versed in innovative technologies.

FinTech risk
Refers to the risk that a company will need to adjust its business model or change distribution channels due to emerging technologies (such as blockchain, mobile payment, and new APIs) or emerging needs of consumers brought by the trend of FinTech.

First line of defense
Operational and Management Unit
Responsibility in the Board of Directors towards risk management and internal control, and continue to enhance the model’s effectiveness. In 2019, it has audited the three lines of defense as well as the direction for future optimization of the group, and classified controls to ensure that internal risk management. Besides publishing monthly law, risk and audit periodical, sharing information of relevant issues and actual cases of regulatory compliance, risk management and auditing, units conduct compliance and internal control self-evaluations and self-inspections every six months, in order to identify potential risks of each unit and verify that operations are in compliance with related systems. Units are required to implement improvement measures for non-compliant matters.

Second line of defense
Risk Management and Compliance Units
Awards with risk system planning, and carries out risk assessments, suggestions, and supervision.

Third line of defense
Audit Unit
Assesses the compliance and implementability of various regulations, mechanisms, and internal procedures, and verifies improvements of related units.

The Board of Directors and management of Cathay FHC are required to take corporate governance and risk management courses to raise the risk awareness of all employees. All employees in the group are also required to take basic education courses on risk management. Training completion rate reached 100% in 2019, and a variety of risk training courses are provided to different subjects based on the business of each subsidiary, so that employees are able to effectively control risks. We have included a “risk management” indicator in the criteria of Board and functional committee performance evaluation to increase a sense of responsibility in the Board of Directors towards risk management. Meanwhile, Cathay FHC also has included internal control implementation results and compliance implementation results among the categories of performance management development (PMG) for managers and all employees, so as to maintain effective operation of the risk management system.
1.4 Information Security

**Information Security Organization and Mechanisms**

Cathay FHC has an Information Security Committee that formulates the group’s information security policy and implements the information security management system. Cathay FHC, Cathay Life, CUB, and Cathay Century have each an independent information security unit and departmental level responsible for planning, monitoring, and implementing information security management. The implementation and management status of information security in the previous year is reported to the Board of Directors in the first quarter of each year. Cathay FHC has a cross-company and cross-division Information Security Communication Committee and_pci-level information security team to promote information security work that is fully dedicated to information security management and quality improvement.

Cathay FHC Information Security Committee

- **Chair:** Chief Compliance Officer
- **Members:** Chief Information Officer, Chief Audit Officer, and other senior management

**Information Security Education and Training**

Cathay FHC takes information security and customer information protection as a high priority, and has improved employees’ understanding of information security by regularly organizing education and awareness training. These measures aim to raise our employees’ awareness of information security, protect information assets from interference, damage, invasion, or any unauthorized actions and intents, and properly implement information security management. Cathay FHC and its subsidiaries provide all employees with 3 hours of information security education and training each year, and the completion rate of information security training at all subsidiaries was 100% in 2019. Furthermore, Cathay FHC has implemented information security training courses to at least 15 hours of professional information security training annually.

Cathay FHC’s Information Security training and education cover all aspects of information security, including awareness training, employees’ training in handling information security issues, and training for new employees.

**Information Security Incident Management**

In the event that Cathay FHC and its subsidiaries discover a cyber attack or misuse, the information security incident reporting and response mechanism is initiated. The highest level responder to an emergency information security incident is the President in all companies, and the incident is handled in accordance with the Information Security Incident Reporting and Emergency Response Management Guidelines. Cathay FHC shall summarize severe information security incidents of all subsidiaries and present it to the Information Security Committee.

Cathay FHC and its subsidiaries have periodically analyzed and continued to make improvements to systems vulnerabilities of important data or equipment, so as to achieve the goal of reducing information security risks. Cathay FHC has invited external independent consultants to perform risk assessments. Cathay FHC has also taken measures to prevent and detect any illegal activities. Cathay FHC implements a corporate culture of integrity and ethics management system. We conduct compliance self-assessment as one of the key points in our annual internal assessment and ensure that all operations comply with the regulation. The group’s compliance and AML/CFT self-assessment is as a whole based on the Group Compliance Committee’s guidelines implemented at level and region. The Chief Compliance Officer is responsible for the Chief AML/CFT Officer and is appointed by the Board of Directors in charge of the management of group’s compliance, as well as annual reports on compliance implementation to the Board of Directors and Audit Committee in the subsidiaries. Cathay FHC and its subsidiaries have implemented information security training courses to at least 15 hours of professional information security training annually. Cathay FHC summarizes and generates information security summary reports each quarter, which are reviewed at Board of Directors meetings.

**Information Security Incident Reporting and Management Guidelines for the Company**

The guidelines include information security incident reporting and management guidelines, and the process of incident handling, including reports from internal whistleblowers and 1 report from an external investigator in 2019. Investigation reports were completed for all cases and all cases were closed within 90 working days.

Cathay FHC implements a corporate culture of integrity and ethics management system. We conduct compliance self-assessment as one of the key points in our annual internal assessment and ensure that all operations comply with the regulation. The group’s compliance and AML/CFT self-assessment is as a whole based on the Group Compliance Committee’s guidelines implemented at level and region. The Chief Compliance Officer is responsible for the Chief AML/CFT Officer and is appointed by the Board of Directors in charge of the management of group’s compliance, as well as annual reports on compliance implementation to the Board of Directors and Audit Committee in the subsidiaries. Cathay FHC and its subsidiaries have implemented information security training courses to at least 15 hours of professional information security training annually. Cathay FHC summarizes and generates information security summary reports each quarter, which are reviewed at Board of Directors meetings.

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Cathay FHC established the AML/CFT Management Guidelines, group-level risk methodologies, risk factors, and important internal control mechanisms, as well as risk warning mechanisms and monitoring indicators, in response to international AML/CFT trends and domestic and overseas supervision requirements. Cathay FHC and all of its subsidiaries continue to develop AML/CFT systems by adopting the risk-based approach; we have also included relevant SOXs in the categories of self-inspection and internal audit; and enhanced customer due diligence and continuous monitoring measures in terms of high risks. We convened a total of 4 group-level AML/CFT meetings in 2019. The meetings covered basic knowledge, including financial supervision, developments and regulatory trends. The sessions took the forms of case sharing, movie appreciation, and group discussions, and covered basic knowledge, including financial supervision, information security, and digital technology. Cathay FHC’s Subsidiaries and Improvement Measures in 2019

Developing AML/CFT Mechanisms

Cathay FHC established the AML/CFT Management Guidelines, group-level risk methodologies, risk factors, and important internal control mechanisms, as well as risk warning mechanisms and monitoring indicators, in response to international AML/CFT trends and domestic and overseas supervision requirements. Cathay FHC and all of its subsidiaries continue to develop AML/CFT systems by adopting the risk-based approach; we have also included relevant SOXs in the categories of self-inspection and internal audit; and enhanced customer due diligence and continuous monitoring measures in terms of high risks. We convened a total of 4 group-level AML/CFT meetings in 2019. The meetings covered basic knowledge, including financial supervision, developments and regulatory trends. The sessions took the forms of case sharing, movie appreciation, and group discussions, and covered basic knowledge, including financial supervision, information security, and digital technology.

Enhance AML/CFT Data Sharing and Management Mechanisms

We reaffirm the AML/CFT guidelines and the practices of the Bankers’ Association of the Republic of China, and established group-level information sharing regulations and platform, so as to improve the synergistic effects of group-level management. There are numerous types of information that we strive to achieve data sharing and collective learning of technical knowledge and risk warning. Types of information include group-level test results, types of suspicious transactions, information on suspicious customers/transactions, and exchange of risk data between subsidiaries. We hope to deploy a group-wide defense network through these efforts. We continued to carry out periodic reviews and optimization, improve information sharing results, and strengthen cross-business risk management between subsidiaries in 2019 to improve overall AML/CFT results at the group-level.

Compliance Training Courses of Cathay FHC and its Five Major Subsidiaries

We arranged a wide range of compliance education and training sessions for different subjects in 2019 in response to the Group’s developments and regulatory trends. The sessions took the forms of case sharing, movie appreciation, and group discussions, and covered basic knowledge, including financial supervision, information security, and digital technology.

Taxes in 2019

Paid NT$11.4 billion

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taiwan</td>
<td>88%</td>
</tr>
<tr>
<td>China</td>
<td>4%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>4%</td>
</tr>
<tr>
<td>Others</td>
<td>3%</td>
</tr>
</tbody>
</table>

Taxes in 2018

Paid NT$22.6 billion

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taiwan</td>
<td>92%</td>
</tr>
<tr>
<td>Others</td>
<td>8%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>2%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1%</td>
</tr>
<tr>
<td>Others</td>
<td>3%</td>
</tr>
</tbody>
</table>

Taxes in 2017

Paid NT$31.4 billion

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taiwan</td>
<td>88%</td>
</tr>
<tr>
<td>Others</td>
<td>12%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>2%</td>
</tr>
<tr>
<td>Others</td>
<td>2%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1%</td>
</tr>
<tr>
<td>Others</td>
<td>3%</td>
</tr>
</tbody>
</table>
2 INTELLECTUAL CAPITAL

2.1 Responsible Investment and Lending
2.2 Green Finance
2.3 Financing for the Elderly
2.4 Financial Inclusion
2.5 Financial Innovation

The 2019 Global Climate Risk Index pointed out that over 11,000 extreme weather events occurred in the 20 years between 1998 and 2017, and caused economic losses of approximately US$3.47 trillion. Taiwan’s government plans to increase the percentage of power generation accounted for by renewable energy to 20% by 2025, in order to promote environmental sustainability and develop a green economy. This will result in financing needs reaching NT$1.8 trillion to achieve the abovementioned goal. According to the report published by IPCC (Intergovernmental Panel on Climate Change), the amount of investment need to reach 2.76 trillion dollars each year from 2015 to 2035 to achieve the goal to restrict the global temperature increase below 1.5°C.

Furthermore, the World Bank put forward an ambitious goal of Universal Financial Access by 2020, hoping that financial services will no longer be inaccessible to the one billion financially underprivileged people worldwide due to their identity, geographic region, or industry. Since the first phase of providing access to open data of banks was formally implemented, banks are no longer merely locations, and have become involved in every part of daily life. The trend of openness and sharing will accelerate the development of scenario-based finance, and provide consumers with a wider range of value-added financial services.

Phase out investing and lending in coal-fired power generation
CUB has stopped approving new loans to coal-fired power plants, and Cathay Life’s exclusive list of investment/lending has included the coal-fired power plants which don’t actively transit to renewable energy.

Highest low-carbon investment amount among Taiwan financial institutions
Cathay defined its low carbon industries based on its experience from participating in the Low Carbon Investment Registry (LCI Registry). The total investment amounted to NT$1.852 trillion as of end 2019.

Acted as Mandated Lead Arrangers in the largest offshore wind transaction financed in Asia Pacific to date
CUB acted as Mandated Lead Arranger for the Yunlin offshore wind transaction. The project has a total of 80 wind turbines and is the largest offshore wind transaction financed in the Asia Pacific to date.

Accumulated number of steps on “Cathay Walker” project was enough for 142.6 round trips to the moon
As of the end of 2019, the total number of steps on Cathay Life’s Cathay Walker project reached 175.4 billion approximately, enough for 142.6 round trips to the moon.

Launch of Cathay Financial Innovation Lab
DDT in Cathay FHC has launched the “Cathay Financial Innovation Lab” and shortlisted 9 startups from all over the world to collaborate with Cathay’s various business units.

Capital at Risk and Opportunities

Key association:  
Potential association:  

Message from the Chairman
Sustainability Awards and Recognition
Sustainability Highlights and Breakthroughs
Managing Sustainability
Leader in Sustainable Finance
1 Finance and Integrity Capital
2 Intellectual Capital
3 Human Capital
4 Natural Resources Capital
5 Social and Relationship Capital
Appendix
## Sustainability Vision for Intellectual Capital

<table>
<thead>
<tr>
<th>Key Performance Indicators</th>
<th>2019 Goals</th>
<th>2019 Goal Achievement</th>
<th>2019 Goal</th>
<th>Long-term (2024)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsible Investment and Lending</td>
<td>Improve the integration of ESG into the decision-making process</td>
<td>Improve the integration of ESG into the decision-making process</td>
<td>Reduce default rate on the new loans</td>
<td>Reduce default rate on the new loans</td>
</tr>
<tr>
<td></td>
<td>Define thematic investing/lending</td>
<td>Define thematic investing/lending</td>
<td>Improve voting disclosures</td>
<td>Improve voting disclosures</td>
</tr>
<tr>
<td></td>
<td>Responsible Investment/ Lending</td>
<td>Responsible Investment/ Lending</td>
<td>Keep improving internal education and training</td>
<td>Keep improving internal education and training</td>
</tr>
<tr>
<td>Financial Inclusion</td>
<td>Number of products for financial inclusion</td>
<td>10 or more</td>
<td>Number of products for financial inclusion</td>
<td>Number of products for financial inclusion</td>
</tr>
<tr>
<td>Loss Control</td>
<td>Shaping Cathay’s risk awareness</td>
<td>N/A</td>
<td>Shaping Cathay’s risk awareness</td>
<td>Shaping Cathay’s risk awareness</td>
</tr>
<tr>
<td>Digital Finance</td>
<td>Growth rate of people transacting through Cathay’s digital services platforms</td>
<td>20%</td>
<td>Growth rate of people transacting through Cathay’s digital services platforms</td>
<td>Growth rate of people transacting through Cathay’s digital services platforms</td>
</tr>
</tbody>
</table>

Note: The original goal data contained a clerical error. The 2019 goal for growth rate of digital services transactions has been corrected to 20%.

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### Green Finance

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Installed capacity of the solar power plants financed by CUB</td>
<td>527.6MW</td>
<td>Growth rate of number of reward points</td>
<td>Growth rate of number of reward points</td>
<td>Growth rate of number of reward points</td>
</tr>
<tr>
<td>installed capacity</td>
<td></td>
<td>(redemption): 10%</td>
<td>(redemption): 10%</td>
<td>(redemption): 10%</td>
</tr>
<tr>
<td>Installed capacity of the offshore wind farms financed by CUB</td>
<td>70.6MW</td>
<td>Growth rate of people transacting through Cathay’s digital services platforms</td>
<td>Growth rate of people transacting through Cathay’s digital services platforms</td>
<td>Growth rate of people transacting through Cathay’s digital services platforms</td>
</tr>
</tbody>
</table>

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### Changes in Demographic Structure

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of new products offered for the elderly</td>
<td>5</td>
<td>Offer more than 5 financial products to meet the needs of older citizens</td>
<td>Offer more than 5 financial products to meet the needs of older citizens</td>
<td>Offer more than 5 financial products to meet the needs of older citizens</td>
</tr>
<tr>
<td>Number of new health promoted insurance products</td>
<td>1-2</td>
<td>Offer 1-2 health promoted insurance products and services to promote prevention of insurance</td>
<td>Offer 1-2 health promoted insurance products and services to promote prevention of insurance</td>
<td>Offer 1-2 health promoted insurance products and services to promote prevention of insurance</td>
</tr>
</tbody>
</table>

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### Message from the Chairman

Cathay Financial Holdings Limited (CATHAY) is a leading business group in the financial sector, consisting of Cathay Life, Cathay Pacific, Cathay Financial Holding Fund, and Cathay Pacific Airlines. Cathay FHC is committed to sustainability and responsible business practices. As a financially responsible institution, Cathay FHC aims to deliver sustainable financial returns to shareholders, customers, and stakeholders while minimizing the environmental impact of its operations. Cathay FHC strives to align itself with the United Nations Sustainable Development Goals (SDGs) and promotes green finance, environmental sustainability, and social responsibility. Cathay FHC is dedicated to fostering a sustainable future through responsible finance and bridging the gap in coverage of financial services to underserved communities. Cathay FHC is committed to providing value to its shareholders, customers, and stakeholders through a sustainable approach to business operations and a focused strategy in the financial sector.

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### Note

Note 1: Due to the gradually maturing solar power financing market in Taiwan and the consideration of risks and rewards, we are more selective in providing the financing to the clients.

Note 2: The original goal data contained a clerical error. The 2019 goal for growth rate of digital services transactions has been corrected to 20%.
2.1 Responsible Investment and Lending

The responsible investment and lending is a stabilizing force with positive impact on society, and it is also one of the core competencies to increase investment/lending profitability and management efficiency. Cathay has established responsible investment/lending policies and management procedures and actively developed its capacity for ESG analysis to assist investment and lending decisions. Cathay aims to use ESG to provide holistic and more profound perspectives for decision-making, reinforce ESG integration and report for more information on how Cathay integrates ESG in investment and lending decisions.

Delivering ESG Training to Strengthen Capability of ESG Risks Management

Cathay has actively learned international responsible investment practices from external institutional, governmental and academic institutions. We invited international experts to Taiwan for ESG training and seminars, such as the PRI in Responsible Investment and the EU & Bank of England. We established the elimination task force in 2018, which comprises the front/mid/back offices of the investment team. The task force continuously learns the latest international practices, and exchanges ideas with global peers on trends, methodologies and practices in order to establish action plans to refine and improve the ESG integration process. At the end of 2019, the task force of Cathay Life and Cathay SITE has around 40 and 11 members, in which 2 and 1 members are dedicated to responsible investment.

CUB established the Sustainable Finance Loan Management Section in 2016, which is responsible for reviewing ESG-related cases and has reviewed it as the Sustainable Finance Section in 2017. The Section is now the dedicated unit in charge of creating comprehensive ESG risk management within the bank.

Cathay leverages the ESG investment team, professional ESG database, training, and the establishment of responsible investment policies to include ESG factors in the screening of the list of eligible investments. Cathay established comprehensive ESG integrated investment policies and procedures that interact with investment companies and regulators. Cathay continuously identifies and protects the rights and interests of stakeholders. Cathay Life is the first Taiwanese insurance company creating the ESG risk review process and also established ESG Investment Management Principles to guide Sensitive Industries to focus on industries with high ESG risks (e.g., power producers whose main source of revenue is coal-fired power generation and have not actively switched to renewable energy are listed as not acceptable for investments). Cathay Life established a watchlist of investment targets with potential ESG risks (e.g., high ESG ratings or sensitive industries). When adding new investment targets, Cathay Life starts by conducting ESG risk review processes before internal discussions and assessments for reaching decisions of either “Observe,” “Stop investing temporarily,” or “Underweight.” The existing targets are reviewed every year.

2019 Results of ESG Risk Review for Investee Companies

Cathay Life reviewed a total of 246 investments with potential risks, including listed equity and fixed income (non-corporate bonds and corporate bonds) in 2019.

TCFD and Investment Carbon Footprint

To actively address the impact of climate change, Cathay established Group TCFD task force led by Group Chief Risk Officer. We have calculated investment carbon footprint to identify high-risk investment and manage the risks with responsible investment mechanism. The investment carbon footprint was 313 KtCO2e per annum as of the end of 2019. Please refer to Chapter 6 for more information on TCFD and its role for investment carbon footprint.

Cathay FHC Investment and Lending ESG Integration Procedures

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Applicable Management Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Loans</td>
<td>100% applicable under the Responsible Investment/Lending Policy</td>
</tr>
<tr>
<td>Real estate</td>
<td>100% applicable under the Responsible Property Investment and Management Policy</td>
</tr>
<tr>
<td>Corporate loans</td>
<td>100% applicable under the Responsible Investment/Lending Policy</td>
</tr>
<tr>
<td>Assets that are defined as themed investment</td>
<td></td>
</tr>
<tr>
<td>Corporate Loans under ESG management</td>
<td></td>
</tr>
<tr>
<td>Funds and real estate assets under ESG management</td>
<td></td>
</tr>
<tr>
<td>Real assets under ESG management</td>
<td></td>
</tr>
<tr>
<td>Equity and bonds applicable for exclusion policy</td>
<td></td>
</tr>
<tr>
<td>Equity and bonds applicable for ESG review process</td>
<td></td>
</tr>
<tr>
<td>TCFD Investment Carbon Footprint</td>
<td></td>
</tr>
<tr>
<td>Investment and Lending Exclusion Policy of the Group</td>
<td></td>
</tr>
<tr>
<td>Cathay screens high-risk industries (e.g., controversial weapons and astronautic) and countries (e.g., countries that severely violate human rights or are sanctioned) to define the exclusion list of the group. The Responsible Investment Working Group reviews the exclusion list every year.</td>
<td></td>
</tr>
</tbody>
</table>
Expanding the spirt of EPIs for Environmental & Social (E&S) post-loan management
CUB follows EPIs spirit for focus and management in the project planning and construction stage. For non-EPIs loan for which credit limit reaches a considerable scale and the purposes of whose funds meet the definition of sensitive industries such as mining, advertising, real estate, financial, coal-fired power generation, and forestry, CUB during approval review process must include evaluation of the EIS impact of credit application cases, proposals of post-loan management solutions, and examination of and management of follow-up EUPS performance through regular E&S reviews.

ESG Regulations for Corporate Loans fully reject coal-fired power plants
Starting from 2017, CUB complies with the ESG Regulations for Corporate Loans in all of its corporate lending cases so that ESG risk management is included in all corporate loan screening, evaluation, and post-loan management. In 2018, CUB added coal-fired power plants with higher greenhouse gas emission to the list of ineligible borrowers (e.g., tobacco products and pornography). It also completely stopped new loans to any coal-fired power plants in October 2018 to demonstrate to customers CUB’s increased focus on environmental protection and corporate social responsibility and that they must improve their performance to obtain loans from financial institutions.

Establishing ESG risk guidelines for sensitive industries
In April 2018, CUB established ESG Guidelines targeting the power generation, paper, chemical materials, general manufacturing, mining and metal industries to further strengthen its ESG risk management mechanism. The Guidelines consider many ESG risks that industries faced in the different operation cycles such as the risks involving water resources, dust, and noise posed by the paper industry in the materials production period, production and processing period, and the operation period. The Guidelines specify best-practice principles, provide customers with specific advice on mitigation, and help employees recognize ESG risks in KYC procedures.

Corporate Loan ESG Risk Review
Among the total of 6,643 corporate loan applications reviewed and closed in 2019, 330 applications with ESG concerns (e.g., sensitive industry, pollution issues, and management integrity) were approved with detailed reasons for granting or maintaining business relationships, and 1 were rejected because of integrity issues of the owner. A total of 3,146 current credit reviews underwent ESG assessment, of which 112 cases exhibiting ESG-related concerns (such as pollution issues and management integrity) were documented with detailed measures for maintaining business relationships and post-loan management.

Themed Investing
CUB also collaborates with the top management of investee companies in the forms of telephone conferences, forums, investor meetings, or attending shareholders’ meetings. In 2019, a total of 5,581 delegates from Cathay Life, Cathay Century and Cathay SITE related 5,982 companies.

Taiwan Stewardship Principles for Institutional Investors
Five subsidiaries (Cathay Life, Cathay Century, CUB, Cathay SITE and Cathay Securities) have been signatories to the Taiwan Stewardship Principles for Institutional Investors. In particular, Cathay Century is the only one Taiwanese financial institution participating in the CDP-Fin Disclosure Campaign and Climate Action 100+ in Taiwan. In 2018, Cathay Life, Cathay Century and Cathay SITE were selected by FTSE4Good as “Signatories with better practices and compliances”. Cathay counted for 3 out of 5 selected domestic investors.

In 2019, Cathay attended a total of 1,457 shareholders meetings and voted on 9,597 proposals. Cathay voted in support for 9,495 proposals and against 51 proposals. Cathay abstained from voting on 45 proposals due to the compliance with government regulations (such as anti-corruption laws and voting). Cathay also communicates with the top management of investee companies through regular E&S reviews. For details on number of proposals and votes, please see:

PE Fund for Sustainable Industries
Cathay PE has signed limited partnership contracts with, promising investment totaling NT$6.5 billion. The fund mainly invests in key sustainable industries in Taiwan, including circular economy, sewage treatment and waste processing and reuse, renewable energy (e.g., solar energy, geothermal-energy, hydro-power, and energy storage), as well as the “5 + 2” innovative industries promoted by Taiwanese government (e.g., Internet of Things, smart machinery, new agriculture, and long-term care).

Labor Pension Fund ESG Investment Mandate
Cathay SITE received the Bureau of Labor Funds’ investment mandate for the first ESG fund in Taiwan in March 2018. The asset management amounted to NT$5.5 billion. The ESG mandates fundbenchmarks investment performance against the FTSE4Good ITR Taiwan ESG Index which is the index combining environmental, social, and corporate governance (ESG) and financial indicators.

Asset Manager Mandating and Monitoring
Cathay Life and Cathay Century took ESG into consideration when signing contracts with external managers to ensure they will fulfill their duties as asset managers. As of the end of 2019, 39% of Cathay Life and Cathay Century’s external asset managers are either PRI signatories or have followed the government stewardship code, 1% higher than the previous year.

Note: According to Article 166 1 of the Insurance Act, insurance companies may not vote in director and supervisor elections of domestic companies and public utilities and social welfare enterprises they have invested in. Hence the absence votes for proposals related to the appointment of directors and supervisors.

Responsibility Lending and ESG Integration Management Mechanisms
Project Financing EPIs Review and Control
During 2019, a total of 2 applications reached financial close (1 project was classed as Category A and 1 project as Category C), and were disclosed accordingly.

Cathay Life
Cathay Century
Cathay SITE

Financial
14.34%
10.76%
12.28%

Distribution
6.56%
6.65%
5.80%

Other Business
46.52%
46.35%
46.75%

Directors Related Transaction
11.07%
11.07%
11.07%

Remuneration
7.48%
7.48%
7.48%

Shareholding and Related Party
0.68%
0.68%
0.68%

Other
0.06%
0.06%
0.06%

For details on number of proposals and votes, please see:

Taiwan Stewardship Principles for Institutional Investors
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Engagements and International Initiatives
One of the key spirits of responsible investment is to accompany the investee companies toward sustainable growth. Cathay therefore actively takes investor engagement actions and expects ourselves being the engagement leader in Taiwan. Cathay is the only one Taiwanese financial institution working toward sustainable growth. Cathay is the only one Taiwanese financial institution participating in the CDP-Fin Disclosure Campaign and Climate Action 100+ initiative and also one of the founding member of ASGC. Cathay’s active efforts in responsible investment has received international recognition. Sophia Cheng, Chief Investment Officer of Cathay FHC, was appointed Chair of ASGC in 2018 and a member of Climate Action 100+ Asia Advisory Group in 2019. Cathay also collaborates with global investors to urge world government leaders to limit average global temperature rise to no more than 1.5 degrees Celsius. To deepen the engagement with investee companies, Cathay has set up the Engagement Policy in 2018 and defined “climate change” and “ESG” as the main engagement strategy in 2019. Refer to p.79 for more information regarding Cathay’s engagements and initiatives.

ESG Investment Products and Services
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Asset Manager Mandating and Monitoring
Cathay Life and Cathay Century took ESG into consideration when signing contracts with external managers to ensure they will fulfill their duties as asset managers. As of the end of 2019, 39% of Cathay Life and Cathay Century’s external asset managers are either PRI signatories or have followed the government stewardship code, 1% higher than the previous year.

Note: According to Article 166 1 of the Insurance Act, insurance companies may not vote in director and supervisor elections of domestic companies and public utilities and social welfare enterprises they have invested in. Hence the absence votes for proposals related to the appointment of directors and supervisors.
2.2 Green Finance

CUB is the first bank in Taiwan to become a signatory to the Equator Principles, and adopted the Principles for Responsible Banking (PRB) on its own initiative, taking corporate actions to fulfil its corporate social responsibility as a financial institution. Cathay is the leading bank in green finance in the Asia Pacific, and fully utilizes its core competencies to respond to global climate risk, working together with the industrial sector and customers in developing green energy and creating a sustainable homeland.

Themed Investing/Lending

Climate change is a challenge that the world must face together. CUB has defined low carbon and infrastructure industry as a subject for thematic investing/lending, and using the power of cash flow to create a situation that benefits both sustainability and commerce.

Investment in the Renewable Energy Industry

CUB plays an important role in Taiwan’s energy transformation using its professional experience, and actively participates in development projects in the market, contributing to Taiwan's environmental protection and sustainable development via different roles and methods.

Investment in the Renewable Energy Industry

**Solar Power Financing**

- **Funded over 2,080 solar power systems in total (marked capacity reaching 517MW).**
- **Reduced carbon emission by over 700,000 metric tons each year, equivalent to approximately 700 times the carbon absorption of Da'an Forest Park.**

2019

- Provided funding to Taiwan's first large-scale rooftop solar power development project in compliance with the EPA and criteria for project financing.
- Served as the lead arranger for the syndicated loan project for Advanced Energy. The total installed capacity of 27.9MW of the solar power plant made it the largest syndicated loan in Taiwan that year.

2018

- Won the Top Solar Awards - Top Solar Financier from the Bureau of Energy for the third time.
- Won the Taiwan Banking and Finance Best Practice Awards - Green Project Financing Award from the Taiwan Academy of Banking and Finance.

**Offshore Wind Farm Financing**

- **Fomosa I Offshore Wind Project** (the first offshore wind power financing project in Taiwan): CUB served as the Mandated Lead Arranger, Documentation Bank, L/C Issuing Bank, Onshore Security Agent, Offshore Commercial Facility Agent and Guarantee Facilities Agent for the syndicated loan in 2019. The project has a total of 80 wind turbines and is the largest offshore wind farm in the Asia Pacific to date.

2019

- **First green loan revolving facility in Taiwan: CUB together with two other banks secured the mandate with ShinChao and co-arranged a 4-year NT$5 billion green loan revolving facility in 2019 to provide capital for the “Greater Changhua Offshore Wind Power Project.”**

2017

- **Fomosa II Offshore Wind Project** (the second offshore wind power financing project in Taiwan): CUB served as the Guaranteed Facilities Agent, actively participates in the offshore wind transaction in different roles and methods, contributing to Taiwan’s environmental protection and sustainable development.

2018

- **Named Lead Arranger of the syndicated loan for 80 wind turbines of the Yunlin wind farm in the Asia Pacific, to date.**
- **Served as the Mandated Lead Arranger of the first green loan facility in Taiwan initiated by Dhedral, a global offshore wind power company.**

**Low-Carbon Investing/Lending**

- **Cathay utilizes its experience from participating in the GIC Low Carbon Investment Registry (LCI Registry) and established the low-carbon and infrastructure industry as a subject for thematic investing and lending in 2017, including: energy (excluding nuclear power and fossil fuel), architecture, waste recycling, transportation, and environmental remediation facilities.**

2018

- **Established the Project Finance & Advisory (PFA) Department, the first Project Finance Specialized Team in Taiwan.**
- **Completed funding for Taiwan’s first offshore wind farm project, a syndicated loan that complies with the EPs.**
- **Served as the Strategic advisor for an offshore wind farm project, acting as a legal entity provided by the DH (East China) Offshore Wind Power Project Co., Ltd.**
- **Served as the Onshore Security Agent, Offshore Commercial Documentation Bank, LC Issuing Bank, acted as the Mandated Lead Arranger, Onshore Security Agent, and Offshore Commercial Facility Agent and Guarantee Facilities Agent for the syndicated loan in 2019.**
- **Named Lead Arranger of 80 wind turbines of the “Greater Changhua Offshore Wind Power Project.”**

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Appendix

Cathay Financial Holdings

Message from the Chairman

Sustainability Awards and Recognition

Sustainability Highlights and Breakthroughs

Managing Sustainability

Leader in Sustainable Finance

1 Finance and Integrity Capital

2 Intellectual Capital

3 Human Capital

4 Natural Resources Capital

5 Social and Relationship Capital

Appendix

Cathay Financial Holdings

Notes

-1 Source: Taiwan Power Company. As of March 31, 2019, a total of 80 solar power systems in Taiwan with an average power of 214 MW in 2018, according to the householder consumption information transmission system of the Bureau of Energy, MOEA, the equivalent carbon intensity of electricity is approximately 0.533 kg of CO2 per kWh.

-2 According to the electricity emission factor announced by the Bureau of Energy, approximately 0.533 kg of CO2 per kWh. Calculated based on Bureau of Energy, MOEA, data, which indicates that one unit of energy (100 GW) will result in approximately 0.533 kg of CO2 per kWh.

-3 Source: Taiwan Power Company. As of March 31, 2019, a total of 80 solar power systems in Taiwan with an average power of 214 MW in 2018, according to the householder consumption information transmission system of the Bureau of Energy, MOEA, the equivalent carbon intensity of electricity is approximately 0.533 kg of CO2 per kWh.

-4 Source: Taiwan Power Company. As of March 31, 2019, a total of 80 solar power systems in Taiwan with an average power of 214 MW in 2018, according to the householder consumption information transmission system of the Bureau of Energy, MOEA, the equivalent carbon intensity of electricity is approximately 0.533 kg of CO2 per kWh.

-5 Source: Taiwan Power Company. As of March 31, 2019, a total of 80 solar power systems in Taiwan with an average power of 214 MW in 2018, according to the householder consumption information transmission system of the Bureau of Energy, MOEA, the equivalent carbon intensity of electricity is approximately 0.533 kg of CO2 per kWh.
2.3 Financing for the Elderly

Taiwan only has six years before it transitions from an aged society to a hyper-aged society, and the economic pressure and healthcare demands of the elderly population are set to become potential issues. Cathay has made a breakthrough in the structural compensation framework of insurance in recent years, and instead achieves an income prevention by encouraging customers to independently manage their own health, thereby maintaining social stability in an era of rapid demographic changes.

Themed Investing / Lending

- **Aging Society and Health Investment / Lending**
  - In 2019, Cathay referenced the definitions of related industries made by the National Development Council and PRI, and included aging society and health service, product, and facility supply industries into the scope of the aging society and health industry.
  - Aging society and health investment/lending amount reached NT$413.8 billion in 2019.

Responding to Aging Society and Health Promotion

- **Health-promoted insurance creates a new function for insurance.**
  - Cathay Life led the industry in combining insurance with health management in 2014, and added the prevention function to insurance.
  - Since 2015, Cathay Life has expanded the coverage of health-promoted insurance to encourage people to enroll in health-promoted insurance with their family and friends, so that they can develop the habit of regular exercise while enjoying insurance coverage.
  - If health-promoted insurance policies are available for applying to Cathay Walker project. Among them, two major health products are exclusively in the industry that allow customers to receive claims with a NHI major illness certificate, providing greater coverage compared with conventional diabetes disease insurance policies.
  - Cathay Life further designed a special underwriting mechanism for unhealthy customers, so that sub-health policyholders can improve their health and gain greater coverage through the health policy. Cathay Life aims to lead Taiwanese towards a healthy life by policyholders to participate in it.
The first in the industry to provide long-term care insurance products with in-kind benefits

- Cathay Life led the industry in offering 2 long-term care insurance products with in-kind benefits. Customers’ needs for long-term care services are met by service providers when the need arises. Helping resolve the burden of long-term care on policyholders.

- Cathay Life was the first to work with an external long-term care institution “Chunghwa Senior Care” in offering an insurance with in-kind benefits that pre-orders long-term care services. When policyholders require long-term care services, they may freely choose between services or pay-outs in cash, thus creating a more flexible long-term care safety net and improving the quality of life for the elderly.

Target Date Fund

Cathay SIFTE realized that many Taiwanese people were insufficiently prepared for retirement. Thus, it launched the Target Date 2030/2035/40/45 Fund of Funds” in 2019. Target date fund of funds are the most popular among Europeans and Americans for retirement planning, as they provide investors with the assurance of a understood investment method. All investors need to do is think about when they plan on retiring and adjust their investments in line with the closest target date while asset allocation is handled by a team of professional fund managers, who adjust the ratio of stocks and bonds. Cathay SIFTE is constantly optimizing the Cathay Retirement Plan Platform for more people to better achieve their pension planning. It only takes five simple steps to calculate the amount needed to retire, and takes into consideration the individual’s life insurance, labor pension, and national pension, clearly calculating any gaps in retirement and choosing the best plan to maximize resources. People can prepare for retirement in advance.

Cathay at Your Side Health Project

Cathay integrated the resources of Cathay Life and its hospitals, and worked together with an US-based insurance company, Clover Health, in developing a chronic disease risk prediction model. We launched the “Cathay at Your Side Health Project” on this basis, using AI and big data analysis to screen policyholders with chronic diseases as high-risk health, and worked together with healthcare institutions to actively assist and thoughtfully accompany policyholders in managing their health. We hope to prevent greater risks from occurring, and transform the role of insurance companies from passively providing insurance claims to actively and thoughtfully staying at the side of policyholders for staying healthy.

Health advocates play an important role in the “Cathay at Your Side Health Project.” This project is backed by Cathay General Hospital with the concept of “patient-centered.” The project tracks and cares for high risk policyholders with chronic diseases, caring for them one-to-one like family and friends to help them achieve their health management goals.

Furthermore, Cathay will jointly establish a health-risk index prediction model together with the startup Knowlens. Research. Besides providing insurance coverage and payout, it will also help each customer understand his/her own health score, promoting physical health and management rather than seeking an insurance payout after getting sick. This will instill the values of health promotion and disease prevention among policyholders.

Cathay at Your Side Health Project

Cathay Retirement Plan Platform” allows people to prepare for retirement in advance.

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Cathay at Your Side Health Project

Cathay Retirement Plan Platform” allows people to prepare for retirement in advance.
Providing student group insurance for the third consecutive year
- Cathay Life provides student group insurance to cover three million students with the total insured amount at approximately NT$3 billion.

Jointly implementing the Sustainable Campus Project with the K-12 Education Administration
- Cathay Life’s 5,500 student group insurance service personnel serve as “campus sustainability promotion ambassadors,” and provide activities and teaching materials on sustainability issues, such as “anti-drug campaign,” and “knowledge of wealth management and insurance.” The project upgrades the function of group insurance from compensation services to prevention, from ex-post to ex-ante, and inculcates students with important sustainability concepts, creating a mutually beneficial cycle.

In 2019, Cathay Group Insurance Vietnam and Cathay Forward (Vietnam) launched the first student group insurance on the online platform PaGamO in 2019, and Cathay and the well-known online learning and teaching platform iCare Benefits, which linked employee salary accounts from companies to the platform. And the CVE provides financial services such as installment payments and loans starting in September 2019. The services were used by nearly 130,000 local customers as of the end of the year.

Also, Cathay Insurance Vietnam, in collaboration with the largest online travel platform FLYVE began the first to provide one-stop travel insurance services to online travel agencies (OTA). This significantly shortened the waiting time of insurance enrolment or claims.

More than 16,000 businesses and 350,000 employees are covered by the 350,000 policies, generating NT$1.26 billion in revenue.

Friendly and Convenient Claims Services
- Cathay Life’s “claim payments automatically deducted from hospitalization expenses” service is an on-stop service that actively shows concerns for hospitalized policyholders, actively handling claims by directly paying their medical expenses when they are discharged from hospital.

As of the end of 2019, Cathay Life provides this service in 5 hospitals around Taiwan, to 15 million policyholders, and over NT$260 million in medical expenses that can be handled by the service, effectively save policyholders from complex claim procedures and discharged process for hospitalization.

Establishing a benefits pre-paid
- Cathay Life's benefits pre-paid mechanism that allows policyholders to collect benefits, up to 7 days, without needing to be discharged. This mechanism allows policyholders to receive medical care with complete basic medical coverage in time.

Driving Taiwan’s Economic Growth
SME loans
- CU’s long-term partnership with the SME Credit Guarantee Fund
  - CU offers a number of SME financing projects and has provided loans of NT$7.5 billion as of the end of 2019, the loans totaled NT$276 billion.
  - CU has been recognized with the “Credit Guarantee Loan Growth Award” from the SME Credit Guarantee Fund of Taiwan for three consecutive years, and also the “Award for Assisting Regional Development” in 2019.

- CU utilizes its financing expertise to aid the growth of SMEs
  - As of the end of 2019, the balance of SME loans provided by CU reached NT$329.4 billion, and the balance is expected to grow by 5% in 2020.

Investment under Regular Savings Plans
- New investment plan of the regular digital investment plan
  - Cathay Securities launched a new service on its mobile platform in 2019 for clients to invest in a fixed sum of money invested in Taiwan with a regular plan. Cathay Securities provides a platform for clients to easily participate in the capital market, especially for those who are just about to accumulate their assets yet too busy to monitor the financial market, by leveraging the single stock minimum subscription amount from NT$1,000 to NT$5,000.
  - Aimed to promote financial inclusion, Cathay Securities shares more profiles with this type of clients by charging them NT$1 for every subscription amount under NT$10,000.
  - Until the end of December 2019, there were 16,000 investors used this service and the AUM grew to NT$7.5 billion within just 3 months since the launch of the service.
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Performance of Financial Inclusion

Products/Services over the Years

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Products</td>
<td>4,104</td>
<td>2,132</td>
<td>2,094</td>
</tr>
<tr>
<td>Services</td>
<td>9,813</td>
<td>6,461</td>
<td>6,010</td>
</tr>
</tbody>
</table>

2.5 Financial Innovation

Cathay FHC established Digital Data & Technology (DDT) in 2016. DDT regards “data-driven” as culture. With “Digital, Data, Technology” as its three pillars, DDT builds the infrastructure for big data analysis and application, utilizes new technologies in financial operations to create a data ecosystem, and creates an environment for creative talent from diverse backgrounds.

Furthermore, DDT is in hopes of making Cathay FHC become the leading brand in the domestic digital and data ecosystem, and assists Taiwan to take a leap onto the international stage through the digital transformation process.

DDT has recruited over 550 interdisciplinary talents to promote the digital transformation in the nearly four years since it was established. Utilizing group resources, DDT gathers strategic partners to collaborate with startups around the world in expanding overseas markets.

Digital
Extensively penetrate digital ecosystems, combine online and offline channels and application scenarios to create the friendliest and most effective customer experience.

MyRewards app

- MyRewards app enables rapid response to market demands through agile development, and provides an excellent digital experience.
- MyRewards app owns over 2 million members in 2019, an increase of 30% from the previous year.
- MyRewards app actively worked together with Teach For Taiwan (TFT) in 2019, caring for education and teacher training in rural areas of Taiwan.
- MyRewards app further worked together with Teach For Taiwan (TFT) in 2019, caring for education and teacher training in rural areas of Taiwan.

As of the end of 2019, approximately 35 million reward points were donated, providing resources to help the underprivileged and allowing digital finance to create greater social value.

MyRewards app provides the exclusive “reward point donation” function through a blockchain between MyRewards app and Teach For Taiwan (TFT).

Utilize technologies, strategic alliances, and cross-industry collaboration to create new business models.
Cathay Robo

Cathay Robo Integrates the group’s asset management items, which developed an algorithm using the smart artificial intelligence technology of the Hong Kong group’s Fintech center to revamp the existing robo investment services. Cathay Robo’s “scientific financial management” continuously optimizes the algorithm and investment portfolio through the collaboration of expertise and data models, so that customers can keep focusing on long-term investment with worry free.

- Cathay Robo further launched the industry’s first “strategic investment portfolio” in 2018, offering four new investment assortments for different strategies. Customers can choose a strategy based on their own risk attributes and appetite. Even customers can easily figure out what is best for them.

- Data shows the 98.52% of users that utilized robo investment services for at least 9 months achieved a positive return, and the average ROI after investing for 1 year reached 4.73%.

- Cathay Robo also introduced a new function “Check what others are buying,” which shows investments on the same age group or specific problems to provide optioned advice.

- Cathay Life also worked with Cathay Travel, the number one platform for independent domestic travel, and completed the first supervision sandbox case in Taiwan, providing a one-stop travel service experience. When people are applying travel insurance products in the future, they only need to complete 4 procedures, in 1 minute, to meet their insurance needs.

- The app exclusive for policyholders is able to directly integrate the users’ travel personal and policy details.

- Cathay Life updated its platform to provide customers any need to alter the travel plans, exchange, or extend the terms of the insurance application.

Cathay Life “Digital and Omni-Channel Business Plan”

Cathay Life led the industry in offering the patented “CathayWay” service, which shortened the time required for underwriting and claims.

- Mobile Application
  - Mobile Underwriting Policy
  - Pay-in
  - Claim Management
  - Policy Annulment

Online insurance enrollment and recommendation service

The number of Cathay Life’s online insurance members surpassed one million in 2019. Cathay Life ranks number one in the industry in terms of the three major indicators of online insurance enrollment, specifically the number of registered members, insurance policies, and cumulative insurance premiums. Cathay Life has a 50% share of the market with premium revenue growth by over 35%.

- The industry’s first insurance consultant website “My insurance buddy - ProAdvisor” provides guidance to customers who need insurance consulting or need to apply insurance, so that they are able to immediately and freely choose an excellent salesperson.

- Cathay Life provides customers with an easier, more convenient, and more comprehensive experience and improves the comprehensiveness of online to offline services.

- The first in the industry, Cathay Life took the initiative by upgrading the functions of chatbot “Alpha” allowing customers to apply travel insurance through three simple steps.

CUB creates an experience economy through omnichannel services

CUB promotes “from omnichannel to omni-channel” services to provide customers with a whole new digital service experience.

- CUB aims to create an excellent customer experience without any break points, in order to create a whole new digital finance system. The services are provided via brick-and-mortar branches and digital channels through online to offline integration involving front-office, middle-office, and back-office.

- As of the end of 2019, CUB already has 4.03 million digital user accounts (including MyBank, MyMobibank, and KOKO users), accounting for 45% of all customers, and an increase of more than 17% compared with the previous year.

My Mobibank “Flexible Loan” (MFL)

CUB’s KOKO began offering “Freestyle” personal loans that meet the needs of the younger generation in 2018, featuring “freedom in tranche” and “interest incurred after disbursement” to tear down the barriers between age and financial service use. CUB was also the first in the industry to offer a fully automated, onestop online loan service “Flexible Loan” on the app MyMobibank in 2018 with a fully automated loan process allowing customers to complete travel insurance through three simple steps.

- Customers can drawdown or repay their loan at any time, preparing them for family, financial, and medical emergencies. Customers can drawdown or repay their loan at any time, preparing them for family, financial, and medical emergencies.

- With this app, customers can access emergency funds, to meet any financial needs using their mobile phone.

- “Flexible Loan” service on My Mobibank has a fully automated loan process, allowing customers to easily make the best preparations for any sudden expenses.

- CUB also also marketed “Flexible Loan” service, allowing customers to apply for travel insurance as late as 2 hours before departure. If customers need to file claims, all they need to do is to update the date of an incident for claims. Customers can monitor the claim application status online, and do not need to handle it at a service counter or mail an application. This resolves the issue of long enrollment procedures for travel insurance that need to be completed at a service counter, providing customers with a whole new financial service experience.

KOKO

KOKO and Cathay Century in 2019 launched the innovative “KOKOpay,” which significantly improves the customer experience by allowing customers to complete their travel insurance enrollment, inquiry, and receiving notices on their claims through the KOKO app. Customers can quickly purchase travel insurance as late as 2 hours before departure. If customers need to file claims, all they need to do is to update the date of the incident for claims. Customers can monitor the claims application status online, and do not need to handle it at a service counter or mail an application. This resolves the issue of long enrollment procedures for travel insurance that need to be completed at a service counter, providing customers with a whole new financial service experience.

Data

Improving service efficiency by understanding what customers need

CUB leads the industry in implementing Data Management Platforms (DMP) and Real-Time Decision Management (RTDM)

CUB was the first in the industry to launch the customer-centered CRP and RTDM with an emphasis on “innovate” and “personalization,” creating a big data ecosystem based on the customer journey. The two platforms link together online, offline, internal, and external data of customers, and take the initiative to immediately provide services when customers most need it. This satisfies the diverse and immediate needs of digital users for financial services.

Data collaboration, jointly developing the global data ecosystem

DMP cooperates with subsidiaries of Cathay FHC and domestic enterprises to analyze data and build new business models, in order to provide customers with new financial services and solutions.

Integrating group’s measures, DMP partners with different enterprises in Taiwan and overseas to create new digital experiences and services without any break points. It not only created a financial ecosystem for different scenarios in travel, telecommunications, housing, and e-commerce in Taiwan, but also helped expand the business development of Cathay FHC in Southeast Asian markets, and furthermore, gradually developing a complete global data ecosystem.

CUB and T-Star offered the innovative loan project, and applications for one specific risk plans increased nearly 15% month over month during the trial period.

CUB and Sinyi Realty Inc. co-organized the “Happy Neihu by Cathay & Sinyi” event to promote a new real estate community. The event provides a scenario-based financial services through online to offline to stimulate local districts

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Technology
Open API and Middle-End Micro Services

- Cathay actively participates in operations of Financial Information Service Co., Ltd. and serves as the convener of a task force. Besides, Cathay wants the competent authority and all users in the field of open banking to join hands to rump up the global presence of Taiwan’s FinTech innovation.

- DDT led the industry in adopting the DevOps culture.

- Cathay actively adopted the DevOps culture, and extensively applied in numerous digital financial products, such as KOKO, MyRewards app, Cathay Robo, and My MobiBank.
- DDT accelerates digital software development through agile development, software testing, Continuous Integration/Continuous Delivery (CI/CD), as well as operations maintenance and monitoring, laying a solid foundation that can integrate front, middle, and back end resources and innovation momentum for the development of FinTech and open banking.

- The middle-end supports automatic expansion and has an automatic load balance mechanism, with transaction processing performance reaching 4,000-5,000 TPS; daily transaction volume surpassed 5 million transactions, higher than the market average.

- DDT in Cathay FHC is actively promoting the middleware platform and the micro-services architectures for banks. All internal systems are interfaced using the APIs, which is also the interface for providing services externally. The implementation of a robust platform system allows innovations in digital products to be more flexible, more agile, allows services to be more rapidly provided to customers, and provides greater information security.

Robotic Process Automation (RPA)

- Cathay FHC implemented RPA for employees to resolve the necessity of heavy business process. Employees can schedule a specific robot to perform a specific task at a specific time, or manually enable the robot when necessary. Employees can perform other tasks while the robot is working, and verify the execution results of the robot later on. This human-robot collaboration has transferred operations to become more flexible, effective, and agile, leading the financial industry into the digital era.

- DDT has assisted in the successful application of RPA in Cathay Life, CUB, and Cathay Century in 2019, which has optimized the companies’ business processes. As of the end of 2019, 50 RPA application scenarios were available. We will further expand to Cathay Securities, Cathay FHC, and even non-financial businesses to accelerate Cathay’s digital transformation.

- Cathay Life utilized RPA to shorten the time required for processing external correspondence to one-tenth of what it used to be. CUB utilized RPA to shorten the convenience store collection part of the credit card payment and write-off process to one-sixth of what it used to be.

- Cathay Robo was the first to develop 18 open APIs for accessing open data in the first phase in compliance with regulations of the FSC and Financial Information Service, and completed interfacing with multiple third-party service providers (TPS) through the Open API platform.
- Cathay Life utilized RPA to shorten the time required for processing claims of what it used to be.
- CUB utilized RPA to shorten the convenience store collection part of the credit card payment and write-off process to one-sixth of what it used to be.

- DDT in Cathay FHC is actively promoting the middleware platform and the micro-services architectures for banks. All internal systems are interfaced using the APIs, which is also the interface for providing services externally. The implementation of a robust platform system allows innovations in digital products to be more flexible, more agile, allows services to be more rapidly provided to customers, and provides greater information security.

- DDT was the first to develop 18 open APIs for accessing open data in the first phase in compliance with regulations of the FSC and Financial Information Service, and completed interfacing with multiple third-party service providers (TPS) through the Open API platform.

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- DDT accelerates digital software development through agile development, software testing, Continuous Integration/Continuous Delivery (CI/CD), as well as operations maintenance and monitoring, laying a solid foundation that can integrate front, middle, and back end resources and innovation momentum for the development of FinTech and open banking.

- Cathay FHC implemented RPA for employees to resolve the necessity of heavy business process. Employees can schedule a specific robot to perform a specific task at a specific time, or manually enable the robot when necessary. Employees can perform other tasks while the robot is working, and verify the execution results of the robot later on. This human-robot collaboration has transferred operations to become more flexible, effective, and agile, leading the financial industry into the digital era.

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- DDT established the Data Science Lab.

- DDT in Cathay FHC has launched the Cathay Financial Innovation Lab to broaden the global presences of data, technology, and technology operations, and to integrate Taiwan’s unique FinTech technologies. The lab focuses on six fields, namely FinTech, InsurTech, MedTech, RegTech, PropTech, and artificial intelligence (AI). With an innovative approach, Cathay Financial Innovation Lab selected 5 startups out of over 400 learners through an open audition. With the assistance of DDT, the shortlisted startups will then work closely with Cathay’s business units such as Cathay Life, CUB, and Cathay Century to resolve pain points in various business scenarios.

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HUMAN CAPITAL

3

3.1 Employee Composition and Diversity
3.2 Human Rights Protection
3.3 Human Capital Development and Digital Transformation
3.4 Employee Happiness and Healthy Workplace

Capital at Risk and Opportunities

From automation and artificial intelligence to big data, technology has become the most important force driving changes in the financial service industry, and Cathay FHC has begun to develop towards the FinTech service industry. The outcome of human resource transformation is closely related to the future development of a company. With the rapid pace of changes in a digital age, as well as structural changes in the employment population, studies show that the main risks of human resource digital transformation are inadequate skills and a workplace culture that lacks innovation and autonomy.

Cathay is actively involved in the field of data analysis, predictive insight, and artificial intelligence in response to digital transformation, and aims to develop employees’ learning ability, agility, and dialogue ability. We implemented the digital citizen development plan to strengthen employees’ innovation ability and digital thinking, seize new business opportunities, and develop into the leading brand in technology and finance. Furthermore, we have improved employees’ experience through optimization of the operating system, flexible work hours, and dress code adjustments, and created a new workplace culture of What If We Could.

Scored 4.35 points (5 points in total) in employee commitment for two consecutive years
Scored 4.35 points (5 points in total) in the item “I am proud to be a member of Cathay” in the group’s Employee Engagement Survey for two consecutive years.

The most CFP® certificates in the financial industry
Cathay Life and CUB both had the highest number of new and total CFP® certificates in the financial industry in Taiwan.

Recognized as one of the “Best Companies to Work for in Asia” for the second consecutive year
Cathay FHC was recognized as one of the “Best Companies to Work for in Asia” by HR Asia Magazine for the second consecutive year in 2019 under the theme “Steady and Sustainable, Towards Becoming a Leading Financial Institution in the Asia-Pacific.”

The ratio of employees with high health risk decreased by 3% compared with the previous period
Cathay FHC continues to implement the health promotion plan, and the most recent employee medical check-up results show that employees with high health risk decreased by 3% compared with the previous period.
Cathay Financial Holdings

Sustainability Vision for Human Capital


1. Finance and Integrity Capital
   Leader in Sustainable Finance

2. Intellectual Capital
   Breakthroughs

3. Human Capital
   Sustainability Highlights and Breakthroughs

4. Natural Resources Capital
   Sustainability Awards and Recognition

5. Social and Relationship Capital
   5 Social and Relationship Capital

3.1 Employee Composition and Diversity

Cathay attaches importance to and respects the individual differences of every employee, and believes that a corporate culture with diversity and tolerance will increase the value created by the uniqueness of individuals, allow employees to self-identify and gain a sense of belonging at work, and further enhance the company's competitiveness. Therefore, we strictly abide by the local laws and regulations as well as local culture and customs of our businesses worldwide, and also comply with international conventions on human rights. We fully support our employees' human rights policy and do not discriminate against race, class, language, ideology, religion, political party, nationality, place of birth, gender, sexual orientation, age, marital status, appearance, facial features, nationality, place of birth, gender, sexual orientation, age, marital status, appearance, facial features, disabilities, or other factors. Furthermore, we are actively implementing various projects to achieve talent internationalization and help international talents assimilate into local society. We hope that this will expand our talent pool and assist the operation and development of overseas businesses.

Composition of Employees

Cathay provides indigenous employees with indigenous holiday leave. Indigenous employees may choose to take leave during any leave. Cathay's office buildings have barrier-free facilities to help employees with disabilities, and it is the company's work environment to respect employees' safety. Cathay's employees come from a total of 15 countries. We encourage employees to participate in voluntary activities that serve new employees' indigenous holiday leave. In 2019, Cathay provided 411 employees with indigenous leave, accounting for 2.4% of all employees. Cathay's Office buildings have barrier-free facilities to help employees with disabilities. Cathay provides indigenous employees with indigenous holiday leave. Indigenous employees may choose to take leave during any leave.

Creating a Workplace with Diversity and Inclusion

3.2 Inclusion

Creating a Workplace with Diversity and Tolerance

We will continue to implement the strategy of developing overseas markets using local talent and engaging in local communities. We will continue to implement the strategy of developing overseas markets using local talent and engaging in local communities.

Number of Full-time Employees/Distribution by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taiwan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manager</td>
<td>2,856</td>
<td>2,231</td>
<td>5,087</td>
</tr>
<tr>
<td>General Staff</td>
<td>30,358</td>
<td>11,745</td>
<td>42,103</td>
</tr>
<tr>
<td>Total</td>
<td>33,214</td>
<td>13,976</td>
<td>47,190</td>
</tr>
<tr>
<td>Overseas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manager</td>
<td>10</td>
<td>24</td>
<td>34</td>
</tr>
<tr>
<td>General Staff</td>
<td>65</td>
<td>124</td>
<td>189</td>
</tr>
<tr>
<td>Total</td>
<td>75</td>
<td>148</td>
<td>223</td>
</tr>
</tbody>
</table>

Note 1: This table only includes full-time employees.
Note 2: There are a total of 223 doctors employees, including part-time employees, interns, hourly employees, and contractors.

Number of Employees by Gender/Age

<table>
<thead>
<tr>
<th>Age</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>17-19</td>
<td>14</td>
<td>15</td>
<td>29</td>
</tr>
<tr>
<td>20-24</td>
<td>115</td>
<td>112</td>
<td>227</td>
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<tr>
<td>25-29</td>
<td>261</td>
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<td>160</td>
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<td>102</td>
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<td>27</td>
<td>25</td>
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<td>1,176</td>
<td>2,376</td>
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Creating a Workplace with Diversity and Inclusion

We will continue to implement the strategy of developing overseas markets using local talent and engaging in local communities. We will continue to implement the strategy of developing overseas markets using local talent and engaging in local communities.

3.3 Inclusion

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Cathay is implementing various projects for talent internationalization and diversification. We are expanding into other countries, but also look forward to talent from different countries to become a part of Cathay, in order to achieve the goal of becoming the leading financial institution in the Asia Pacific. Cathay FHC’s GMA (Global/Group Management Associates) project provides overseas job-rotation opportunities. Among our two largest subsidiaries, Cathay Life implemented the VMMA Vietnam Office Reserve Talent Program and Vietnamese Actuarial MA Program, and CUB implemented the Southeast Asia Financial Market Pilot Program.

The VMMA Vietnam Office Reserve Talent Program recruits Vietnamese students who graduate in Taiwan, provides them with practical training in Taiwan and Vietnam, and hires them as sales supervisors in Vietnam. Through the training programs, graduates were selected to join the ranks of MA, 6 were completed training and were appointed as sales supervisors in Vietnam as of the end of 2019.

Additionally, the Vietnamese Actuarial MA Program was implemented in 2018 to help subsidiaries in Vietnam cultivate actuarial talent. Cathay Life recruited local students from Vietnam and offered internships at the actuarial department of Cathay Life in Taiwan. One student has currently completed the first year of graduate school.

Cathay’s gender-friendly measures that goes beyond the regulatory requirements

**Gender Friendly**

Cathay makes a commitment in its Human Rights Policy to not treat employees differently in promotions, salaries, and conduct due to gender, race, gender identity, or sexual orientation. The company conducts a four-focus areas for achieving sustainability. We strive to provide equal opportunities and to ensure the playing field is fair for all of our employees. We provide many gender-friendly benefits, which are not restricted to our regulated regions. We also have a gender-friendly workplace, and hope that all employees will make an active effort to achieve work-life balance without any constraints.

**Menstrual Leave/Sick leave**

Full pay for 5 days in 1-year cycle.

(Note: CUB’s leave policy requires employees to provide leave slips.)

**Miscarriage Leave**

Employees that have served for less than 6 months are also eligible for leave.

(Note: CUB’s leave policy requires employees to provide leave slips.)

**Paternity Leave**

(Note: CUB’s leave policy requires employees to provide leave slips.)

**Statistics of Female Managers**

<table>
<thead>
<tr>
<th>Positions</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Staff</td>
<td>60.9%</td>
<td>76.1%</td>
<td>76.1%</td>
</tr>
<tr>
<td>Insurance Sales Agents</td>
<td>39.1%</td>
<td>23.9%</td>
<td>23.9%</td>
</tr>
<tr>
<td>Female in management positions</td>
<td>46.4%</td>
<td>59.8%</td>
<td>59.8%</td>
</tr>
<tr>
<td>Female in senior management positions</td>
<td>27.5%</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Note: Based on CUB’s female employment management positions (as of higher positions skyrocket). There is no relevant position for the insurance sales agent.

**Comparison of Male and Female Managers’ Annual Salaries (Male vs Female)**

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<thead>
<tr>
<th>Position</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-level manager</td>
<td>100:99</td>
<td>100:98</td>
<td>100:100</td>
</tr>
<tr>
<td>Mid-level manager</td>
<td>100:109</td>
<td>100:109</td>
<td>100:105</td>
</tr>
<tr>
<td>Entry-level manager</td>
<td>100:110</td>
<td>100:110</td>
<td>100:112</td>
</tr>
<tr>
<td>General Staff</td>
<td>100:94</td>
<td>100:93</td>
<td>100:96</td>
</tr>
</tbody>
</table>

**Human Capital**

### Southeast Asia Financial Market Pilot Program

CUB is the first financial institution in Taiwan to cooperate with the government’s New Southbound Policy, integrating resources of industry, government and academia, and independently cultivate professional financial talent. CUB thus implemented the Southeast Asia Financial Market Pilot Program to cultivate outstanding Southeast Asian financial experts who are familiar with local markets.

Starting in mid-January 2019, 23 students from Vietnam, Cambodia, and Laos began a one-year internship that rotates between future, and back offices under the Southeast Asia Financial Market Pilot Program, which provides training to fill in the gap in future talent demand of overseas branches. Mentors in the internship process will set different topics for students from different countries to implement projects and prepare reports. Students are also encouraged to form teams and participate in bank-wide events, such as the table tennis tournament and road runs, connecting our corporate culture and core values through soft activities. We hope that once they are appointed to positions in our overseas branches, they will be able to immediately contribute and also facilitate communication between the head office and overseas branches.

### Southeast Asian Talent Development

Cathay FHC’s subsidiaries Cathay Life, Cathay Century, and CUB have expanded into Vietnam. Thus, Cathay Life implemented the VMMA Vietnam Office Reserve Talent Program and Vietnamese Actuarial MA Program, and engaged in industry-academia collaboration with higher education institutions, in order to find outstanding Vietnamese talent to assist in the business operations of subsidiaries in Vietnam.

The VMMA Vietnam Office Reserve Talent Program recruits Vietnamese students who graduate in Taiwan, provides them with practical training in Taiwan and Vietnam, and hires them as sales supervisors in Vietnam. Through the training programs, graduates were selected to join the ranks of MA, 6 were completed training and were appointed as sales supervisors in Vietnam as of the end of 2019.

Moreover, the Vietnamese Actuarial MA Program was implemented in 2018 to help subsidiaries in Vietnam cultivate actuarial talent. Cathay Life recruited local students from Vietnam and offered internships at the actuarial department of Cathay Life in Taiwan. One student has currently completed the first year of graduate school.

### Human Rights Policy and Grievance/Reporting Mechanism

Cathay FHC’s business locations all comply with local human rights protection related laws and regulations. Furthermore, we established the Cathay Financial Holdings—Human Rights Policy in accordance with international frameworks, such as the UNGA Universal Declaration of Human Rights, Guiding Principles on Business and Human Rights as well as UN Global Compact and International Labour Office’s Global Freeslae, to ensure that the implementation and protection of human rights is established and implemented on our official website. Cathay employees are required to abide by the Code of Conduct for Employee and the conduct prohibited from any form of discrimination in the workplace that violates human rights. We provide education and training related to the protection of personal and trade secret confidentiality on an annual basis, so that all of our employees understand and abide by the abovementioned policy. In 2019, the coverage and completion of education and training related to the Code of Conduct for Employee both reached 100%.

Cathay FHC established a whistleblower system so that any person who discovers crimes, frauds or violation of laws by Cathay may report the misconducts via the system. The system is overseen by an independent director and is planned by the head of compliance. The system’s implementation results are reported to the board of directors and Audit Committee at least once every six months. Cathay established the “Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace” and the “Sexual Harassment Prevention, Grievance and Investigation Policy” to prevent sexual harassment and violations of gender equality. We also set up an e-mail account and established the Sexual Harassment Grievance and Investigation Committee to investigate sexual harassment cases. If a sexual harassment complaint is found to be true, the offender will be brought before the Personnel Evaluation Committee, which will decide on the appropriate disciplinary measures, while the victim will receive counseling and care. Meanwhile, sexual harassment education and training will be intensified for all employees to eradicate further cases of sexual harassment from occurring. Moreover, Cathay accepts cases reporting employees harassed by outsiders and we help the employee fight for rights by support of external units. Finally, employees can report other issues not mentioned above to the audit or administration department. In 2019, the whistleblowing system received 7 reports from internal whistleblowers and 1 report from an external whistleblower. Investigation reports were completed on all cases and all cases were closed without any finding evidence of violations of the law. Moreover, the group received 8 cases of sexual harassment or violations of gender equality and 2 labor-management disputes. All cases were disposed properly according to relevant regulations and policies.
**Human Rights Risk Management**

Cathay established a human rights risk investigation process to periodically evaluate the impact on persons of interest and improve management. We look into consideration international human rights frameworks, the company's development strategy, and external trends, and selected risk items after reviewing the opinions of stakeholders, including Cathay FHC’s CSR Committee, employees, and external consultants. We then examined the risk rating of each item and identified high-risk human rights management issues for management.

**Cathay human rights risk investigation and management process**

1. **Identification of risk issues**
   - Social and environmental responsibility
   - Labor rights
   - Local communities
   - Suppliers

2. **Risk assessment**
   - Probability of occurrence and importance of impacts
   - Additional factors

3. **Establishment of management plan**
   - Provide the human rights impact assessment
   - Large management measures
   - Risk management measures

4. **View results**
   - Conduct evaluation and feedback

5. **Improve the management plan**
   - Regularly improve based on feedback

**Stakeholders**

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Risk Items</th>
<th>Risk Mitigation Measures</th>
<th>Social Capital Mitigation Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>Poor working conditions</td>
<td>Ensure a safe and healthy working environment</td>
<td>Provide comprehensive health and safety training</td>
</tr>
<tr>
<td></td>
<td>Occupational safety and health</td>
<td>Ensure occupational safety and health</td>
<td>Provide occupational safety and health training and inspection</td>
</tr>
<tr>
<td></td>
<td>Diversity, inclusion, and equality</td>
<td>Ensure diversity, inclusion, and equality</td>
<td>Provide equal opportunity and non-discrimination policies</td>
</tr>
</tbody>
</table>

**Business**

Establish the Cathay FHC Sustainable Procurement Guidelines for 20400 Sustainable Procurement Guidelines

- Establish a periodic drill mechanism for emergency response
- Offer consultation and care to victims

**Cathay's Two Major Programs for Talent Recruitment and Cultivation Program**

**Program Features**

- **Talent Recruitment**
  - **Dual-track of “research projects” and “special projects”**
  - **Exclusive mentor**
  - **Training program**

- **Talent Cultivation**
  - **Talent Cultivation Platform**
  - **ESG risk guidelines for sensitive groups**

**Program Goals**

- Produce the project products and prove the project for the future
- **Exclusive mentor**
- **Prearranged invitations (on a priority basis)**

**Cathay FHC & National Taiwan University: “Make NTU!”**

- **Cathay Agile Internship Program Features**
  - **Hands-on experience**
  - **Real-world problem-solving**
  - **Career development**

**New Facebook fan page, collaborations with YouTubers**

Cathay's talent recruitment Facebook page has transformed into interactive posts with social media managers. A post received 225 likes and gained 32 comments. The total number of resumes received in a single day was tripled from the same period last year.

Furthermore, Cathay also used the YouTube channel “Brian”, an online talk show celebrity, to provide digital talent with the latest trends and insights. Cathay also partnered with a well-known talent recruitment website that reached 10 million viewers.

**Cathay Life & the social enterprise “City Wanderer”**

- **Career Diary**
- **Career Insights**
- **Career Opportunities**

**New Employee Statistics**

<table>
<thead>
<tr>
<th>Gender</th>
<th>Age %</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>Total</td>
<td>550</td>
<td>534</td>
<td>513</td>
</tr>
<tr>
<td>Male</td>
<td>Total</td>
<td>450</td>
<td>466</td>
<td>487</td>
</tr>
</tbody>
</table>

**Note 1:** Cumulative reinstatement rate = Cumulative number of employees recruited prior to difficulty of data collection.

**Note 2:** This table only includes full-time employees, part-time employees are not included due to special characteristics.

**Note 3:** This table only includes full-time employees, part-time employees are not included due to difficulty of data collection.

**Results**

Cathay FHC recruited about 130 digital talents in 2019 and plans to recruit another 150 digital talents in 2020.
Optimizing the e-Learning Environment

Cathay is constantly optimizing the way knowledge is disseminated, and uses more and more efficient ways to provide employees with different learning resources, encourage employees to engage in two-way learning, and learn double the amount through sharing. We developed a digital life app based on employees’ lifestyles, and optimize their routines at work so that they can enjoy a digital life.

Cathay Talent Transformation Plan

Facing the rise of FinTech and rapid changes in society, the financial industry must improve the professional service abilities of salespeople to ensure the company’s stable growth and high customer satisfaction. Using the two major substrates of Cathay FHC as an example, we implemented a number of talent transformation plans for salespeople to gain key knowledge and skills, so that salespeople will be able to face the threat of being replaced by robots in a digital era. The place makes them more agile at work through the proper use of technology, which increases their productivity and the retention rate of new recruits.

Cathay Digital Citizen Development Plan

Cathay FHC has focused on allowing employees to maintain curiosity and take on challenges in response to changes brought by the digital era, and empowers employees to create momentum for innovation in the company. Cathay FHC understands the key role of talent in the digital transformation process, and proposed the spirit of “What if We Could” for transformation in 2019. We implemented organizational change and provided training in hope that every member of Cathay will become a digital citizen who embraces the DNA of creativity, while driving the company’s business growth.

Five Cores of Cathay’s Digital Citizen Development Plan

- Develop a data team with self-learning and growth ability
- Improve the proficiency of digital talents
- Develop a data alliance that comprises three subsidiaries
- Improve the profitability of digital channels
- Strengthen wealth management Program

Cathay e-Learning Network

Cathay e-learning platform is a website exclusive for Cathay employees. Employees can log in to the multi-media learning material on the website for education and testing, and take proficiency tests after completing each course. Course contents include risk management, information security, and management training. Some courses are conducted on the Cloud Library, a website that employees can access without logging in. Cloud Library is a website that employees can access without logging in.

Cathay Life was the Only Winner of the Celent Model Insurer Award Digital & Omnichannel Technologies in Taiwan in 2019. Cathay Life was the only winner of the Celent Model Insurer Award Digital & Omnichannel Technologies in Taiwan in 2019.

Results in Each Phase of the Cathay Digital Citizen Development Plan

- Commercial benefits and quantified effect in 2019
- Developed a Digital Talent Platform
- Improved Digital Innovation
- Improved the profitability of digital channels
- Strengthen wealth management Program
- Train seed data instructors to further spread data

Cathay Life was the Only Winner of the Celent Model Insurer Award Digital & Omnichannel Technologies in Taiwan in 2019. Cathay Life was the only winner of the Celent Model Insurer Award Digital & Omnichannel Technologies in Taiwan in 2019.
Complete On-the-job Training Mechanism

Cathay believes that human resources are the key personnel. They invest heavily in training and development to create a talent pool and build a professional team. In 2019, Cathay held a total of 5,331,416 training delivery hours for employees. On average, each employee received 34.5 training hours, and the overall training hours per employee reached 5.6 hours.

Overview of Evaluation of Employee Training

Cathay continued to optimize training, and periodically tracked related data. The Company used Kirkpatrick's Model and human capital ROI to examine the learning outcomes of the training we provide. Cathay upgraded the contents of education and training and responded to the financial market's rapid changes.

Evaluation of Overall Benefits from Employee Training

Overall evaluation of employee education and training measures.

Performance Management Development (PMD) Mechanism

Cathay believes that employees want a career that will allow them to utilize their abilities and contribute their value. Besides a satisfactory salary, they hope to have a sense of achievement, and continue to grow in the future. Cathay thus established the Employee Performance Management and Development Guidelines and Employee Performance Improvement Guidance Plan to provide employees with a fair and reasonable performance management, development, and improvement system. Employees and supervisors can communicate work goals and individual career development through the two evaluations each year, linking together employee performance with company strategy. Employees' overall performance for the year is used as the basis for adjusting salaries and positions and distributing bonuses.

Reporting of Full-time Non-managerial Employees Salary Information

Cathay published the "Full-time Non-managerial Employees Salary Information" and "FAQ" guidelines. The numbers were calculated according to the "Notes on Reporting of Full-time Non-managerial Employees Salary Information" and "FAQ" guidelines published by Taiwan Stock Exchange Corporation. There were 3 grievances in 2019, and all of them were reviewed and dealt based on the guidelines.

Mean salary of full-time non-managerial employees (NT$5,180)

Note: The annual average salary is calculated according to "Notes on Reporting of Full-time Non-managerial Employees Salary Information" and "FAQ" guidelines published by Taiwan Stock Exchange Corporation.
Cathay FHC 2019 Corporate Sustainability Report

Long-term Incentives and Internal Job Rotation

All full-time office staff are reviewed annually for determining whether they should be given a raise. Average raises over the last three years were about 3.2%. We encourage employees to have the Company’s long-term interests in mind, and reward employees according to their contribution to the Company over a long period of time. In addition to the Guidelines on Incentives for Senior Employees, we issue service bonuses for senior employees and encourage employees to subscribe for shares during cash capital increase. Cathay FHC retained 10% of shares for employee subscription during each cash capital increase, including the issuance of preferred stock A for a capital increase in 2015, issuance of preferred stock B for cash capital increase in 2018, and issuance of ordinary shares for cash capital increase in 2019. The number of shares subscribed is determined according to the employee’s position, performance over the last three years, and years of service. After receiving the Company’s business results to encourage employees. Cathay FHC and its subsidiaries engage in a wide range of financial services, including life insurance, banking, property insurance, securities, securities investment trust, venture capital, future, and venture capital investment. This is why we are able to provide an abundance of opportunities for inter-department and inter-company rotation and transfer. We encourage employees to take part in job rotation or internal transfer, and establish the “LinYuan Group Employee Rotation Regulations” and “Talent Exchange and Development Guidelines.” The purpose of these regulations is to make employees of the group continue to take on new challenges based on their individual interests and career planning, and gain interdisciplinary abilities as well as diverse development opportunities. In 2019, 60% of Cathay’s job openings were filled by internal employees.

Employee Turnover Statistics

<table>
<thead>
<tr>
<th></th>
<th>Voluntary turnover (%)</th>
<th>Involuntary turnover (%)</th>
<th>Total turnover (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>941</td>
<td>521</td>
<td>525</td>
</tr>
<tr>
<td>Male</td>
<td>643</td>
<td>722</td>
<td>1,175</td>
</tr>
<tr>
<td>Age 31+</td>
<td>717</td>
<td>717</td>
<td>1,434</td>
</tr>
<tr>
<td>Age 31-</td>
<td>717</td>
<td>190</td>
<td>908</td>
</tr>
<tr>
<td>Age 30 and under</td>
<td>50</td>
<td>166</td>
<td>511</td>
</tr>
<tr>
<td>Total</td>
<td>1,484</td>
<td>1,643</td>
<td>3,127</td>
</tr>
</tbody>
</table>

Note: In statistics and marketing materials, we calculated the shares of turnover in the total turnover in the state above by the following special formulas:
Note 1: If annual turnover is less than 5%, the annual turnover is set as 5% and the monthly turnover is calculated as 5%/12 months. If the monthly turnover rate is 5% and 5% in 2017 and 2018, the monthly turnover rate is calculated as 0.42%.
Note 2: Due to the difficulty of counting rates in outstanding or non-employee turnover, such employees are not included in the turnover.

Employee Communication and Employee Engagement Survey

Cathay FHC has established a number of employee communication and reporting channels, including the employee forum, internal communication network, the chairperson’s mailbox, reporting mailbox, newsletter for sharing business information, and “Monthly Staff Meeting,” and Cathay FHC loan head meeting, in order to protect employee rights and interests, as well as facilitate labor-management communication. Furthermore, Cathay FHC and its subsidiaries implement employee-employer communication in accordance with the Guidelines for Implementing Employee-Employer Communication. Both sides elect representatives to report on, fully discuss, and propose resolutions to major employee-employer issues, which are carried out accordingly. A total of 28 employee-employer meetings were held in 2019.

Cathay FHC conducts an Employee Engagement Survey every year, which includes action plans based on data analysis and qualitative feedback and recommendations. Furthermore, we gain an in-depth understanding of employees’ needs through employee satisfaction surveys, and hope to create a better work environment to improve employee experience. As such, we have achieved the goal of the three-year average engagement score reaching 4.0 points (5 points is ideal). Cathay’s average engagement score of 4.17 points in 2017-2019 reflects the goal we set.

Cathay’s engagement survey comprises the following aspects: corporate sustainability, organizational commitment, employee happiness, leadership and management, work communication, and employee development. The 2019 survey covers Cathay FHC and all of its subsidiaries. The response rate reached 70% and overall employee satisfaction reached 4.14 points, in which satisfaction was the highest for organizational commitment and the lowest for leadership and management. However, correlation analysis shows that work commitment had the highest correlation with employee’s overall satisfaction. Hence, action plans formulated based on survey results include: hold supervisor communication meetings, conduct employee medical check-up surveys, formulate based on survey results include: hold supervisor communication meetings, conduct employee medical check-up surveys, formulate action plans based on data analysis and qualitative feedback and recommendations. Furthermore, we plan to integrate gender analysis in 2020 employee experience survey to understand the cause of differences between genders, and then formulate action plans to improve experience.

Employee Engagement Survey Results

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Sustainability</td>
<td>4.34</td>
<td>4.29</td>
</tr>
<tr>
<td>Employee Happiness</td>
<td>4.28</td>
<td>4.22</td>
</tr>
<tr>
<td>Engagement</td>
<td>4.34</td>
<td>4.30</td>
</tr>
<tr>
<td>Leadership and Management</td>
<td>4.21</td>
<td>4.12</td>
</tr>
<tr>
<td>Work Commitment</td>
<td>4.27</td>
<td>4.20</td>
</tr>
<tr>
<td>Overall Satisfaction</td>
<td>4.20</td>
<td>4.20</td>
</tr>
</tbody>
</table>

Note: All employees are included in the survey.

Comprehensive Employee Benefits “Happy Typhoon”

Cathay FHC provides employee benefits in five aspects based on the concept of “Happy Typhoon.” Descriptions of important benefits and how to apply for them are available in a dedicated section of the employee website, so that employees can easily understand and enjoy the benefits.

Learning and Development

Employee learning network, cloud library learning apps, further education subsidies, professional certification subsidies, and job rotation system

Family

Marriage, funeral, and children’s benefits. cathay’s nursery subsidies, further education benefits, Cathay pregnancy club, maternity healthcare program. Gifts for mothers, gift for fathers, and breastfeeding room.

Health and Leisure

Travel subsidies, cathay’s employee benefits website, airport drop-off and pick-up discounts, LinYuan Group hotel discounts, messages, health promotion activities, periodic medical check-ups, employee medical subsidies, and Cathay health management discounts.

Social Activities

Club activities, movie appreciation, singing contest, fun contests.

Financial and Asset Management

Preferential fund subscription, premium discount, preferential insurance. Cathay’s employee benefits website, airport discounts, Cathay’s employee benefits website, airport drop-off and pick-up discounts.

Family Care Related Leave Statistics

Comprehensive Care for Mothers

Cathay conducts “Care for Mothers” questionnaires to track the needs of pregnant employees, and provide benefits to new mothers to ensure a happy family life. Gifts to fathers and health education are provided after childbirth.

Employee Turnover Rate

Cathay FHC 2019 Corporate Sustainability Report

Parental Leave Statistics

<table>
<thead>
<tr>
<th></th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of parental leave applications in 2019</td>
<td>402</td>
<td>47</td>
<td>449</td>
</tr>
<tr>
<td>Expended expected number of employees reinstated from parental leave in 2019 (A)</td>
<td>207</td>
<td>18</td>
<td>225</td>
</tr>
<tr>
<td>Actual number of expected number of employees reinstated from parental leave in 2019 (B)</td>
<td>207</td>
<td>18</td>
<td>225</td>
</tr>
<tr>
<td>Actual number of reinstated expected number of employees reinstated from parental leave in 2019 (B)</td>
<td>207</td>
<td>18</td>
<td>225</td>
</tr>
<tr>
<td>Note: Reinstatement rate = (number of employees reinstated/number of employees reinstated after being reinstated from parental leave in 2018 (D)</td>
<td>65.25</td>
<td>65.75</td>
<td>65.4</td>
</tr>
<tr>
<td>Parental leave rate = D/C</td>
<td>83.5</td>
<td>81.6</td>
<td>82.5</td>
</tr>
</tbody>
</table>

Family Care Related Leave Statistics

<table>
<thead>
<tr>
<th></th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family care leave (per month)</td>
<td>2,877</td>
<td>575</td>
<td>3,452</td>
</tr>
<tr>
<td>Maternity/paternity leave (per month)</td>
<td>47,048</td>
<td>2,776</td>
<td>49,824</td>
</tr>
<tr>
<td>Maternity leave (days)</td>
<td>35,826</td>
<td>-</td>
<td>35,826</td>
</tr>
</tbody>
</table>

Employee Engagement Survey Results

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engagement</td>
<td>2017</td>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td>Overall satisfaction</td>
<td>77%</td>
<td>85%</td>
<td>78%</td>
</tr>
</tbody>
</table>
Message from the Chairman

Sustainability Awards and Recognition

Sustainability Highlights and Breakthroughs

Managing Sustainability

Leader in Sustainable Finance

1 Finance and Integrity Capital

2 Intellectual Capital

3 Human Capital

4 Natural Resources Capital

5 Social and Relationship Capital

Appendix

Safe, Healthy Workplace

We established the Safety and Health Work Guidelines, Occupational Safety and Health Management Plan, and Occupational Safety and Health Management Guidelines to ensure workplace safety and employee health. The implementation progress of related strategies and plans is reviewed at the annual meetings of the Group Occupational Safety Task Force. In 2019, there were four meetings. Moreover, responsible departments periodically conduct occupational accident statistical analysis reports at each subsidiary. If an employee undergoes surgery or becomes permanently disabled due to an occupational accident, medical personnel will follow up on the employee’s condition and evaluate if the employee is suitable for returning to work. Lastly, we have an employee health risk management program in place to ensure the mental and physical health of our employees. The results of employee health exams are periodically analyzed and classified for health risk management. We compiled an employee health risk map in this report. Accordingly, we implemented the Employee/Insurer Engagement Program (EAP) and organized health promotion activities.

Overview of Cathay Safe and Healthy Workplace Measures

Mental Health

A mental health evaluation questionnaire is administered every year to identify employees’ psychological illness, and stress relief activities are planned based on questionnaire results.

Physical Health and Ergonomics

• Periodically organize free employee health check-ups.
• Periodically conduct health and medical inquiry surveys for management personnel based on employees’ physical condition. Implement hardware improvement measures. Include providing accessible spaces.
• Provide numerous types of sports clubs.
• Organize employee skill, health, and nutrition training, and weight loss contests.
• Develop the Cathay Walker app and use group contracts and rewards to encourage employees to go walking.

Flexible Work Hours

• Employees may flexibly choose to work at 16:30 or 09:00 based on their individual needs.
• Specific departments (such as underwriting, claims, and financial investment) are allowed to adopt flexible working hours if it benefits the management of resources and departmental work efficiency.

Telework

• Ongoing for the basic 0.5 hours of training per week and business productivity time, substantially cut down the loss of work hours by businesses and use Cathay Biz to re-assign businesses to enhance business performance.
• Establish “virtual meeting” and “remote backup” work from home support mechanisms to facilitate the flexibility of working and further reduce the time and travel that employees need to spend commuting, such as video conferencing.

Workplace Safety

• Arrange for employees to receive qualified first aid training and provide first-aid training.
• Employee safety and health education and training.
• Periodically perform indoor lighting and air quality audits. Those that do not meet standards must immediately improve implementations and report results to the management.
4 NATURAL RESOURCES CAPITAL

4.1 Climate and Environmental Governance and Strategies
4.2 Climate and Environmental Risk Management
4.3 Metrics and Targets
4.4 Engagement and initiatives
4.5 Sustainable Procurement

In the Global Risk Report published by the World Economic Forum (WEF) in 2020, the risks with the highest probability in the past four years were brought by extreme weather. Three of the most likely and impactful risks in 2020 were related to the climate and environment, namely “extreme weather,” “ineffective policy to mitigate climate change,” and “loss of biodiversity.” This shows that the risk of climate change and damage to the environment can no longer be overlooked, as it will not only affect the well-being of mankind, but also severely impact the operations and assets of companies.

Cathay established the TCFD task force in response to this trend, and actively identifies and manages climate-related risks and opportunities. We established renewable energy and infrastructure as focus areas for sustainability, and implemented risk adaptation and mitigation measures through the monitoring of carbon emissions from our value chain and installation of solar panels to use renewable energy.

The first in Taiwan’s financial industry to carry out climate scenario analysis and management
Cathay’s TCFD task force responded to climate-related risks by using a model to simulate scenarios of real estate and mortgages and calculate the carbon footprint on listed equities, in order to manage the financial impact of the risks.

Won two first places in Taiwan and received the insurance service carbon label/carbon reduction label
Cathay Life’s products were the first in the industry to obtain the carbon reduction label, Cathay Century established product category rules (PCR) for the property insurance industry, and promoted digital/mobile services to achieve carbon reduction.

The highest installed capacity of solar panels in the financial industry in Taiwan
Cathay’s building in Wuri, Taichung has the highest installed capacity of solar panels in the financial industry in Taiwan, and received the LEED Gold Certification for green buildings in recognition of its environmental management performance.

International Climate Change Forum, with leading companies participate
Cathay FHC has organized the Taiwan Climate Change Forum for three consecutive years. Cathay FHC hosted the 2019 Climate Change Forum in co-organized with Taiwan Stock Exchange (TWSE) and Asia Investor Group on Climate Change (AIGCC). More than half of the companies in the FTSE TWSE Taiwan 50 Index took part in the event. And the total attendance increased 80%.

Cathay’s building in Wuri, Taichung has the highest installed capacity of solar panels in the financial industry in Taiwan, and received the LEED Gold Certification for green buildings in recognition of its environmental management performance.
Cathay FHC’s sustainable development strategy includes climate change and the environment. We view climate change and green operations as material issues to the group, and expanded stakeholders of concern from employees to also include the upstream and downstream stakeholders in our value chain, including raw material purchasers, intermediaries to downstream product users and third-party suppliers. We also expanded our influence to investee companies participating in Climate Action100+ and the GCPA’s Non-Disclosure Campaign.

Cathay FHC began responding to the CDP questionnaire in 2012, and signed the TCFD in 2018. We established a group-level TCFD task force and cooperated with secretarial under CS Committee to actively manage carbon issues and major energy and environment projects. We aligned the board’s “leadership level” (A) in the CDP’s 2018 questionnaire: the task force was leading the financial institution in the field of climate and environment. Besides, our subsidiaries Cathay Life and CUB were both recognized with the Bronze Medal in the National Environmental Protection Award, which also actively manage carbon issues and major energy and environment projects.

4.1 Climate and Environmental Governance and Strategies

Cathay FHC has comprehensive climate and environmental governance processes and frameworks. The president is the highest level leader and oversees the measures of Cathay FHC and its subsidiaries. The secretarial under CS Committee and TCFD task force work together and periodically submit supervision results to the Board of Directors. Please refer to P.6 for the Corporate Sustainability Committee’s operating model. The Committee formulates adaptation and mitigation measures through identification and evaluation of risks, which is the basis for forming the climate strategy that will enable us to seize opportunities, assisting Cathay FHC and its subsidiaries in developing low carbon businesses.

The Chief Risk Officer (CRO) leads the cross-company TCFD task force, which manages the effect of climate-related risks on real estate, renewable securities, corporate bonds, and insurance product. The TCFD task force reports the supervision situation to the CRO each month, and submits annual reports to the Risk Management Committee and Board of Directors. This strengthens our climate risk management and establishes a risk management framework, and ensures the risk is properly quantified according to stakeholders' requirements.

Cathay FHC analyzed and identified short-term, mid-term, and long-term risks and opportunities in its daily operations and financial business, and assessed the effect of different risks, such as physical risks, market risks or regulatory risk, on its business.

Scenario Analysis on Operation

Cathay FHC and its subsidiaries all implemented ISO 80001 and ISO 14001 Energy and Environmental Management Systems in daily operations. We assessed operational risks in two key areas, based on the EU and Japanese law, to achieve 20% renewable energy generation by 2025 announced by Taiwan’s government, as well as the goal of the Paris Agreement for temperature rise to not exceed 2 degrees Celsius. Methods such as increasing the ratio of renewable energy use to slow temperature rise create the risk of electricity price fluctuations. From a long-term perspective, this will impact our operating costs and requires us to formulate strategies.

Cathay FHC’s environmental strategy is centered on low-carbon products and services and digitalization. We not only offer digital services to increase efficiency, but also examine GHG emissions and energy consumption in our full design life, daily, after-sales service, and waste disposal processes. We then formulated response strategies, such as electronic documents and digital business processes. For example, the Dunnan Branch of Cathay Securities offers fully online account opening services, so that customers do not need to set foot in a branch.

Scenario Analysis on Real Estate and Mortgages

Cathay FHC and its consultants simulated scenarios to evaluate the risk of position on real estate assets and mortgages. We evaluated the short-term and long-term economic and financial risks of physical risks on real estate caused by typhoons and floods in the future (2030), as defined in the IPCC AR5, and determined that overall risk was non-material. Results also showed that typhoons and floods will cause minimal damage to collateral, and will not trigger defaults on mortgages. Furthermore, the group evaluated risks by purchasing insurance to limit the financial impact of typhoons and floods on the group.

Note: Data 2002 compared with last year, we are still using the indicators and water-saving devices.

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Natural Resource Capital
4.2 Climate and Environmental Risk Management

Cathay FHC uses the ERM framework to include emerging risks, such as climate-related risks, in its risk management policy, and established the Emerging Risk Management Guidelines. On financial business, the CFD risk team monitors market and credit risks, and assesses risks and opportunities, and have formulated management principles within business processes. On operational management, Cathay FHC will reference to all implement all environment management and environmental management system, stipulate the ROCA process, and establish an ‘Energy and Environment Management Policy.’ For better UHC, waste, and water resource management, we develop low-carbon service and conduct energy and building improvement. Related measures are as follows:

Corporate Lending:
- We review the risks through the responsible lending process and automated ESG risk assessment mechanism, and analyze the potential impact on the monitoring process. Future development to ensure the continued implementation of the responsible lending process (Please refer to P.30-40 for details on the responsible lending process).

Self-owned Real Estate and Mortgages:
- We assess the financial impact caused by typhoons and floods and analyze future scenarios-RCP 4.5, RCP 6.5 and RCP8.6 (Please refer to P.75 for details on scenarios analysis).
- We calculate the carbon footprint of securities and identify high risk investee (Please see P.38-40 for details on the responsible investment process).

Life Insurance and Property Insurance Products:
- We continue to examine climate-related risks on insurance products. Risk not only includes the damage on our property owned by tenant and flood risk but also the rising emission risk. Issued by temperature increasing, which would cause the death of each species. Carbon footprint will result in the loss of biodiversity and the loss of ecosystem service. According to the management service, we identify the loss of biodiversity and the loss of ecosystem service. We also assess the financial impact of high carbon emission customers (Please see P.67 for details on the responsible investment process).

Responsibility for China’s Sustainable Development:
- We continue to examine climate-related risks on insurance products. Risk not only includes the damage on our property owned by tenant and flood risk but also the rising emission risk. Issued by temperature increasing, which would cause the death of each species. Carbon footprint will result in the loss of biodiversity and the loss of ecosystem service. According to the management service, we identify the loss of biodiversity and the loss of ecosystem service. We also assess the financial impact of high carbon emission customers (Please see P.67 for details on the responsible investment process).

In addition to the continued replacement of energy-consuming equipment, in 2019 Cathay Life began using the solar panels (183 kW) installed on the roof of its Education Building in Wutang, Taichung. The solar panels alone generate about 200,000 kWh of electricity a year. The Pinghong Branch of CUB installed solar panels on its roof. The solar panels not only shade the branch from the sun, but also generate electricity for the branch, creating long-term benefits. Furthermore, Cathay began evaluating and installing solar panels on its new buildings in 2016. The current installed capacity exceeds 5,000 kW and actual electricity generation has exceeded 6 million kWh.

Life and Environment Management

Cathay Life and CUB focus on renewable energy use and increasing energy efficiency in reducing the group’s carbon emissions. The real estate management department takes a rolling inventory of equipment to increase energy efficiency, examining the service life and energy consumption of equipment to determine what equipment to replace. Equipment replaced in 2019 are as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Estimated carbon saving (KWh/year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elevator update</td>
<td>38</td>
</tr>
<tr>
<td>Air conditioning equipment renewal</td>
<td>753</td>
</tr>
<tr>
<td>Air conditioner</td>
<td>34</td>
</tr>
<tr>
<td>Light replacement</td>
<td>259</td>
</tr>
<tr>
<td>Facility and equipment improvement</td>
<td></td>
</tr>
<tr>
<td>Light replacement</td>
<td></td>
</tr>
<tr>
<td>Air conditioner</td>
<td></td>
</tr>
<tr>
<td>Equipment renewal</td>
<td></td>
</tr>
<tr>
<td>Fan and air conditioning equipment renewal</td>
<td></td>
</tr>
<tr>
<td>Elevator update</td>
<td></td>
</tr>
<tr>
<td>Light replacement</td>
<td></td>
</tr>
</tbody>
</table>

Note: The low carbon products described in this section are defined as satisfying one of the following conditions: (i) obtained the right to use the carbon footprint label from the government; (ii) carbon emissions significantly decreased by 14% between 2016 and 2018. Furthermore, Cathay Century led the industry in establishing PFR for property insurance services in November 2019 according to EPA regulations. Cathay Century hopes this will promote the calculation of carbon footprint for property insurance products. Both subsidiaries are important milestones for Taiwan’s development towards a low carbon economy. Cathay’s low carbon insurance products significantly reduce energy and resource use, and reduced paper use by nearly 100 million sheets in 2019, which is equal to over 12,000 trees.

<table>
<thead>
<tr>
<th>Item</th>
<th>Estimated carbon saving (KWh/year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUB and Cathay Securities</td>
<td>341 million sheets (Please refer to P.40+1)</td>
</tr>
<tr>
<td>CUB and Cathay Securities</td>
<td>341 million sheets (Please refer to P.40+1)</td>
</tr>
</tbody>
</table>

Note: The source of data is the Environmental Quality Protection Foundation. Note: The low carbon product described in this section is defined as satisfying one of the following conditions: (i) obtained the right to use the carbon footprint label from the government; (ii) carbon emissions significantly decreased by 14% between 2016 and 2018. Furthermore, Cathay Century led the industry in establishing PFR for property insurance services in November 2019 according to EPA regulations. Cathay Century hopes this will promote the calculation of carbon footprint for property insurance products. Both subsidiaries are important milestones for Taiwan’s development towards a low carbon economy. Cathay’s low carbon insurance products significantly reduce energy and resource use, and reduced paper use by nearly 100 million sheets in 2019, which is equal to over 12,000 trees.

All of Cathay’s insurance products are low carbon products, and business developments focus on becoming “mobile” and “electronics.” All of Cathay Life’s products that are identified as being certified with the carbon reduction label. Besides calculating the carbon emissions in the product life cycle, we also compare the margin of carbon reduction compared with three years ago, in which carbon emissions significantly decreased by 14% between 2016 and 2018. Furthermore, Cathay Century led the industry in establishing PFR for property insurance services in November 2019 according to EPA regulations. Cathay Century hopes this will promote the calculation of carbon footprint for property insurance products. Both subsidiaries are important milestones for Taiwan’s development towards a low carbon economy. Cathay’s low carbon insurance products significantly reduce energy and resource use, and reduced paper use by nearly 100 million sheets in 2019, which is equal to over 12,000 trees.
4.4 Engagement and Initiatives

Cathay has expanded risk identification to encompass the entire value chain, and includes the climate risks of partners on the value chain in its considerations. Furthermore, investors, entrepreneurs, clients, suppliers, employees, etc. are all included among the engagement targets. Cathay leverages its influence to address climate risks and opportunities together with our partners in the value chain, and actively contributes to the issue of climate change management.

**Investee Engagement**

**Carbon-related Metrics and Goals**

<table>
<thead>
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<th>2017</th>
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<td>Category 4</td>
<td>58,323.28</td>
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</table>

**Investee Engagement Climate Action 100+ initiative**

Launched by international organizations such as the Asia Investor Group on Climate Change (AIGCC) and Principles for Responsible Investment (PRI), the initiative engaged 161 companies including the top 100 companies representing at least two thirds of global greenhouse gas emissions.

- More than 450 global investors, who collectively manage more than USD 45 trillion in assets under management, have joined the initiative.

Cathay Life and Cathay SITE are the only two Taiwanese financial institutions participating in the Climate Action 100+ initiative since 2017. The initiative identified 161 focus companies of high carbon emitters and have been respectively engaging with all three Taiwanese focus companies since December 2017. We met the top management of these three companies and have been collaborating with international investors to urge the companies to integrate climate risks into business strategy. We also stated the investor expectations on climate red line and how the actions they take this year have been taken. Ultimately, we are aiming to urge the companies to reduce the carbon emission align with Paris Agreement.

**Borrower Engagement Expanding the Sprints of E&S and Post-loan Management**

CUB follows EPMs requirements for focus and management in the project planning stage. For non-EPMs loans for which credit limits reach a considerable scale and the purposes of which funds meet the definition of sensitive industries such as mining/oil refining/metallurgy, hydro/oil-fired power generation, and forestry, CUB lending approval review process must include evaluation of the E&S impact of credit application cases and proposals of post-loan management solutions, and examination and management of follow-up E&S performance through regular E&S reviews.
**4.5 Sustainable Procurement**

**Supplier chain engagement**
Sustainable supply chain management

Cathay FHC periodically organizes supplier conferences each year, and organized 2 supplier conferences in 2019. During the supplier conferences, we shared sustainability concepts, trends, and best practices overview, so that suppliers will step up their sustainability measures. We also communicated with engaged supply chain partners in specific industries through keynote speeches.

**Investee Engagement**
Climate Change Forum

Cathay FHC has organized the Taiwan Climate Change Forum for three consecutive years aiming to urge investee companies to take actions against climate impact. We invited, Mr. Al Gore, former U.S. Vice President in 2017 to discuss climate change issues with more than 20 Taiwanese business leaders. In 2018, we also invited the international organizations such as the World Customs Organization to share the practices of climate actions in the form of workshops. A total of 86 individuals and 55 companies participated in the event in 2018.

Cathay FHC invited the 2019 Climate Change Forum in co-organized with TWSE and AIGCC, and we increased the target audience to all the listed companies besides our investee companies. We invited the Director of AIGCC to share the progress of TCFD implementation in Asian countries and other regions. We also hosted four parallel panel discussions which invited the leaders from the corporate, government, and academia to share their observations on implementation of TCFD and carbon reduction. Besides the insightful forum, we simultaneously organized the exhibition to showcase the feasible solutions on renewable energy and circular economy. The number of participants in 2019 jumped significantly with a total of 154 participants from 91 companies joined the event. More than half of the companies in the TWSE Taiwan 50 Index took part in the event.

**Other stakeholder engagement**
Beach cleaning

Cathay takes stakeholders and environmental issues very seriously. The “Act! Yilan Beach Cleaning Event” co-organized by Cathay and Lanyang Museum in 2019 not only invited employees and their dependents to serve as volunteers, but also invited suppliers to take part in the beach cleaning event, which cleaned over 500 kg of trash. This event corresponds to SDG 14 Life Below Water and protects marine resources.

**Sustainable Procurement Strategy**

Cathay FHC and its subsidiaries implemented the ISO 20400: Sustainable Procurement Guidelines in 2018 to influence our upstream suppliers who provide paper, uniform and equipments and so on by incorporating concepts of sustainability into procurement practices. Cathay FHC is the first financial institution worldwide to obtain the certification. We established the Cathay FHC Sustainable Procurement Policy after identifying and assessing risks and understanding their demand in our procurement process, and adopted the procurement strategy to “create local employment opportunities and a low carbon supply chain.”

**Sustainable Procurement Measures and Performance**

- **Sustainability Training for Suppliers:** 100%
- **Local procurement ratio:** 95%
- **Green procurement amount:** NT$ 521 million

Cathay FHC was recognized with the Green Procurement Enterprise Award from Taipei City Government for 10 years from 2009 to 2019. Cathay gives priority to local enterprises when making procurements, in order to support local industries and provide more job opportunities. We also reviewed current procurement items and contents and used them as indicators for evaluating suppliers. The procurement contract we sign with suppliers requires suppliers to fulfill their corporate social responsibility and comply with regulatory requirements. Furthermore, we engage our supply chain through holding Supplier Conference. For more details please refer P.80 and Cathay Website.

**Note:** Cathay FHC and its subsidiaries give priority to local suppliers where their business operations are located, provided that it does not affect safety and the fairness of procurement procedures. For more details please refer to Sustainable Procurement Process.
Financial consumer protection is an indicator of how advanced a country is in terms of financial regulation. The Financial Supervisory Commission (FSC) announced the principles of treating customers fairly in 2015, and organized the first Treating Customers Fairly Evaluation in 2019. Financial institutions ranked in the top 20% of the Treating Customers Fairly Evaluation are encouraged to make efforts to improve their performance in financial institutions and take consumer protection seriously, and also to increase consumers’ confidence in financial institutions. Furthermore, the digital era has changed how consumers and financial service providers interact, and financial institutions can use innovative models to provide customers with better services that what they had previously experienced.

In the report titled “Home, Social and Welfare Issues: Inequality” issued by the Organization for Economic Co-operation and Development (OECD) in 2019, the OECD pointed out that the wealth gap between OECD countries is at a peak in the past half a century. Cathay developed the conviction that “Happiness is giving happiness,” and utilizes its core competencies in finance along with key partners in creating greater opportunities, so that everyone will dare to dream and have the courage to make changes.

Cathay Life and CUB both placed first in the inaugural “Financial Industry Treating Customers Fairly Evaluation,” making Cathay FHC the only financial holding company with two subsidiaries both winning first place.

The ratio of customers transferred by chatbot to a customer service representative decreased to 1.5%.

On average over 20,000 people use the chatbot “Alpha” every day, accounting for over 30% of overall customer services. The ratio of customers transferred by “Alpha” to a customer service representative decreased from 4.5% when the chatbot was first launched to 1.5%.

90% of customers drawn by digital access.

Cathay Securities aims to become a leading digital securities firm in Taiwan, and developed 6 apps in response to the needs of its customers, which have successfully attracted over 90% of new customers.

Number 1 in Treating Customers Fairly

The 50th Anniversary of Cathay Women’s Basketball

Cathay Women’s Basketball sets the record of being the reigning champion for 26 consecutive years on the 50th anniversary of its establishment.

Number of group-wide volunteer hours grew 61%

Actively promoted volunteer leave, which totaled 56,284 hours for the year, up 61% compared to 2018.

Key association:  
Potential association:
Message from the Chairman

Sustainability Awards and Recognition

Sustainability Highlights and Breakthroughs

Managing Sustainability

Leader in Sustainable Finance

1 Finance and Integrity Capital

2 Intellectual Capital

3 Human Capital

4 Natural Resources Capital

5 Social and Relationship Capital

Appendix

5.1 Principles of Treating Customers Fairly

Cathay FHC views every one of our customers. We have a variety of customer complaint channels and a dedicated unit that handles customer complaints. Meanwhile, we establish regulations by the highest principle of "actively meeting responses and spontaneously showing concern" that requires our staff to immediately contact customers and propose solutions.

Cathay FHC’s subsidiaries Cathay Life and CUB both won first place in the inaugural Financial Industry Treating Customers Fairly Evaluation in 2015. Cathay FHC’s subsidiaries all completed the 3 hours of treating customers fairly education and training required by law.

Cathay Life was the first in the industry to establish the Treating Customers Fairly Committee in 2018 to establish a corporate culture based on the principles of treating customers fairly. The president is the chairperson of the committee and sets out from customer perspectives.

Cathay Century, Cathay FHC’s subsidiary, 

Mechanisms for Treating Customers Fairly

Established the Treating Customers Fairly Promotion Team with quarterly evaluations for better handling customer complaints. Besides, we established a Treating Customers Fairly Committee in 2018 to establish a corporate culture based on the principles of treating customers fairly.

CUB views the principles of treating customers fairly as important principles for business development. Besides periodically checking internal operating procedures, the Service Quality Team was also established, which is made up of directors and senior executives. Efforts were made to improve service quality were made in three areas in 2019, comprising feedback from customer satisfaction surveys: “Improvement of customer service and customer complaint handling performance,” and “Development of digital finance,” optimizing and adjusting systems and processes for each product and responsible unit. CUB regularly organizes education and training courses on consumer protection to ensure that all employees implement the principles of treating customers fairly during routine work. 

Cathay FHC’s subsidiaries Cathay Life and CUB both won first place in the inaugural Financial Industry Treating Customers Fairly Evaluation in 2015.

Cathay FHC’s subsidiaries Cathay Life and CUB both won first place in the inaugural Financial Industry Treating Customers Fairly Evaluation in 2015.

Appendix

Customer Relationship Management

Compliance rate of training at treating customers fairly (SVOE) short-term

Note: SVOE certification was completed in mid-February 2020.
5.2 Excellence in Customer Service Quality

Cathay FHC has a Service Quality Committee that sets the Group's service guidelines based on the principles of protecting customer rights and treating customers fairly. The committee periodically reviews service strategies and projects together with each subsidiary. Meanwhile, the Service Quality Team assembled by each subsidiary plans, implements, and follows up on service quality improvement plans, and listens to the voices of our customers so that Cathay FHC would continue to improve customer satisfaction and create customer value.

Cathay FHC's subsidiaries commission large, reputable market survey companies to conduct satisfaction surveys based on their business attributes. Aspects of survey include sales personnel, customer services, claims services, counter services, and online services, while outcomes provide us with a basis for further improving our service quality.

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<td>86.3</td>
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<td>88.0</td>
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</tbody>
</table>

Provides a one-stop solution to insurance policy issues via the Cathay Life SITE, Users can call the Contact Center via Internet phone as long as the mobile or Internet access, and they are not restricted by region.

Continue to optimize the insurance enrollment process with the primary mission to make it more convenient and simple to change policies. Dedicated personnel work together with the chatbot Alpha to provide customers with more comfortable and efficient services.

Gradually improved personnel, platform, and marketing services to provide a greater variety of customized products for different types of investment strategies in response to market changes, and also continue to optimize the insurance enrollment process with the primary mission to make it more convenient and simple to change policies.

Under the premise of maintaining a suitable contact frequency, satisfy customer needs on products and services, and improve customer satisfaction by providing accurate data, and added indicators for monitoring competitors and status.

Provided customer satisfaction survey results in timely and reasonable time, and added guidance for monitoring competitors and status.

5.3 Customer Experience Innovation

Net Promoter Score

We began implementing the net promoter score (NPS) since our 2016 satisfaction survey for examining customer service experience. Using NPS provides a reliable, consistent, and important point of contact with customers. We hope to continue improving the customer service experience through quantified and qualified analyses, as well as cross-departmental communication and collaboration.

NPS Framework Deployment

Cathay Life

Cathay Life's Customer Experience Management System was completed in 2018. Cathay Life values every point of contact with customers, and the NPS service node in the customer journey. The company optimizes the service experience and follows up on service quality and satisfaction between customers and employees.

CUB

Established the digital platform NPS mechanism, and used NPS along with customer experience to analyze and improve customer experience. Conducted cross-analysis to find factors that affect customer satisfaction, in order to provide more suitable products and services.

Cathay Century

Continue to optimize the insurance enrollment process with the primary mission to make it more convenient and simple to change policies. Dedicated personnel work together with the chatbot Alpha to provide customers with more comfortable and efficient services.

Cathay Securities

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Cathay Century

Established the digital platform NPS mechanism, and used NPS along with customer experience to analyze and improve customer experience. Conducted cross-analysis to find factors that affect customer satisfaction, in order to provide more suitable products and services.

Cathay SITE

CathaySITE is a service platform that provides a smart service experience for customers via the Internet phone. Users can call the Contact Center via Internet phone as long as the mobile or Internet access, and they are not restricted by region.

CUB

Established the digital platform NPS mechanism, and used NPS along with customer experience to analyze and improve customer experience. Conducted cross-analysis to find factors that affect customer satisfaction, in order to provide more suitable products and services.

Cathay Century

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Message from the Chairman

Sustainability Awards and Recognition

Sustainability Highlights and Breakthroughs

Managing Sustainability in the Future

1 Finance and Integrity Capital

2 Intellectual Capital

3 Social and Relationship Capital

Appendix

54 Customer’s Personal Information Protection

5.5 Happiness is Giving Happiness

Cathay upholds the value that “Happiness is giving happiness,” and integrated internal resources and external demands, established comprehensive strategies for charity, and utilized core competencies in finance to jointly implement projects with partners. These efforts aim to reduce the gap in resources and respond to society’s needs.

Focusing on the Four Topics for Mutual Prosperity in Society

Inclusive Care

Target: Provide better quality of life for clients

Method: Sustainable development of the elderly, poor, low-income groups, and disabled

Financial inclusion products, amount invested, number of beneficiaries

Sports Activities

Target: Promote health and well-being

Method: Promote regular physical activity

Tracking: Physical activity indicators

Art and Culture

Develop Cathay Arts and Culture, and humanities accomplishments

Promotion of Environmental Considerations

Promote green and carbon reduction businesses in response to the Paris Agreement

Total 452,909,821

Public Welfare Expenditure (Unit: NTD)

Charity Investment Categories and Amount (Unit: NTD)

Cathay Charity Annual Report

Cathay Public Welfare Policy

Cathay FHC 2019 Corporate Sustainability Report

Social and Relationship Capital

2015

Developed the Digital Securities Department

2016

Established the Centennial Payment Service Center and the industry’s first digital branch – “Digital Branch,” which created the digital business model of brokers in Taiwan’s stock market.

Cathay Securities and CUB integrated their operations through the Open App. The app allows customers to open a securities trading account, make investments, and register for various events. On the day of its launch, the number of LINE friends surpassed 280,000 as of the end of 2018, and usage rate was up 100% compared in 2015.

2017

Established a digital CEO to directly integrate and lead the corporate branches of the team of experts in digital technology, achieving internal and external integration.

Cathay developed the first mobile app of a securities company, which provides 24/7 services, allowing customers to have intuitive and easy-to-use interfaces offered by a major corporation with an established brand.

2018

2019

Cathay FHC and its subsidiaries provide customers with the most convenient investment process.

Cathay FHC has aligned its personal information protection management with international standards in-line with international privacy regulations.

Cathay FHC was listed with the Taiwan Stock Exchange, an achievement that is the best in the industry.

Cathay FHC and its subsidiaries are drawing in through online tools.

Cathay FHC is a leader in sustainable finance.

Cathay FHC successfully obtained the BS-10522:2017 Personal Information Management System Certificate issued by TSC, demonstrating the company’s strong corporate social responsibility.

Cathay FHC and its subsidiaries have all established emergency response procedures and periodic drill mechanisms for infringement incidents, and minimize the damages caused to parties affected.

Cathay FHC established a Personal Information Data Management System, fulfilling the new regulations required by the Personal Information Protection Act.

Cathay FHC and its subsidiaries have all established emergency response procedures and periodic drill mechanisms for infringement incidents, and minimize the damages caused to parties affected.

Cathay FHC and its subsidiaries have established four strategies for charity, and utilized its core competencies in finance to jointly implement projects with partners.

Cathay FHC and its subsidiaries have all established emergency response procedures and periodic drill mechanisms for infringement incidents, and minimize the damages caused to parties affected.

Cathay FHC upholds the value that “Happiness is giving happiness,” and integrated internal resources and external demands, established comprehensive strategies for charity, and utilized core competencies in finance to jointly implement projects with partners. These efforts aim to reduce the gap in resources and respond to society’s needs.
Employees are important members in the promotion of Community Engagement. They wear yellow vests when they walk into communities, where they show their enthusiasm and thoughtfulness, and take action to jointly face challenges with partnering communities. Cathay provides one-day of volunteer leave per year to encourage employees' active involvement in local communities. The number of volunteer hours in 2019 reached 95,977, accounting for 14% of overall inputs in public welfare activities. Cathay XXVII Foundation further commended the 72 volunteers for their enthusiastic participation, showing the Company’s recognition and appreciation of employees’ volunteerism for charity.

Social welfare initiatives include the “Show love through long-term care” activity, which combines activities being held in different departments to encourage departments to combine activities with volunteers, which led to over 150 volunteer participation. Cathay XXVII Foundation established volunteer associations in northern, central, and southern Taiwan, and invited more than 100 volunteer associations to participate in the campaign. Participation of employees in community activities increased from 52,130 in 2017 to 59,811 in 2018, with an increase of 15%. Cathay XXVII Foundation further commended the 12 volunteers for their enthusiastic participation, allowing the Company’s recognition and appreciation of employees’ volunteerism for charity.

Helping Students Pursue their Dreams

“Education is one soul awakening another’s.” Cathay encourages students in learning by how to face frustration and pursue their dreams, supports teachers in creating influence of education venues, and invites customers to take part in promotion.

Cathay’s Dream Come True Program Lets Children Take their Abilities with Them

Cathay encourages elementary school teachers in rural areas to set goals for projects to improve children’s problem-solving abilities. The programs are now in its sixth year, and a total of 1,194 children from 81 schools have participated. Cathay also integrated resources of CUB, Cathay General Hospital, Cathay Women’s Basketball Team, and Cathay Century Iron Man Team to organize children’s growth camps. Cathay will deepen relationships with elementary schools and fulfill its long-term commitment and vision in support of rural areas, which will have a positive effect on society.

Dreams Come True Elementary School - Minzu Daai

The program is now in its sixth year, and a total of 1,194 children from 81 schools have participated. Cathay also integrated resources of CUB, Cathay General Hospital, Cathay Women’s Basketball Team, and Cathay Century Iron Man Team to organize children’s growth camps. Cathay will deepen relationships with elementary schools and fulfill its long-term commitment and vision in support of rural areas, which will have a positive effect on society.

Credit card bonus points light up sparks of hope, bringing resources to rural areas

For every 100,000 bonus points, Cathay donates “teaching resources development funds” for students to conduct a project. For example, the “teaching resources development funds” for students’ project in a rural school in southern Taiwan reached NT$3.5 million.

Public Welfare Strategy 1 | Inclusive Care

Social Issue

The needs of the marginalized are ignored.

Cathay’s Solution

Helping second generation immigrants achieve their dreams.

5.6 Projects Implemented under the Four Public Welfare Strategies

There are currently over 200,000 second generation immigrants in Taiwan. Cathay collaborated with professional education partners in providing courses to develop a variety of abilities of second generation immigrants, training new southbound talent of the future. Furthermore, 2,100 Cathay volunteers worked together with Eden Social Welfare Foundation, Teaching YMCA, and KuanHua YMCA in organizing 3 charity bazaars. The NT$5.0 million of earnings from the bazaars were used to help over 150 second generation immigrants and their families.

Cathay’s Campus Education for Second Generation Immigrants

Courses were designed for second generation immigrants of different ages from the Taoyuan Campus of Cathay University. The courses focused on bilingual education, and were aimed at preparing students for the future. Cathay XXVII Foundation thus recognized the “Innovate Campus Education for Second Generation Immigrants” courses. The program was recognized by the SMEA with the Buying Power Special Award.”

Second Generation Talent Empowerment Program

Invited 20 high school students from Vietnam to Taiwan and offered a whole education course, which allowed Vietnamese and Taiwanese students to understand each other’s culture and learn English and Vietnamese, building a platform for exchanges between Vietnam and Taiwan. 85% of students felt that they learned more about the history and culture of Taiwan and Vietnam, nearly 60% of students believe that their dreams were very practical.

Cathay’s Solution

Invited 20 high school students from Vietnam to Taiwan and offered a whole education course, which allowed 79 Vietnamese and Taiwanese students to understand each other’s culture and learn English and Vietnamese, building a platform for exchanges between Vietnam and Taiwan. The program is now in its sixth year, and a total of 1,948 children have participated.

Helping Students Pursue their Dreams

“Education is one soul awakening another’s.” Cathay encourages students in learning by how to face frustration and pursue their dreams.

Cathay’s Dream Come True Program

The program is now in its sixth year, and a total of 1,194 children from 81 schools have participated.

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Volunteer Hours of Participation

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<th>Year</th>
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<td>2018</td>
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<tr>
<td>2019</td>
<td>96,284</td>
<td>16,992</td>
</tr>
</tbody>
</table>

Inclusive Care

Employees, Important Members in the Promotion of Community Engagement

Cathay XXVII Foundation is led by care for those in need and benevolence, to provide help to the community. Volunteers wear yellow vests when they walk into communities, where they show their enthusiasm and thoughtfulness, and take action to jointly face challenges with partnering communities. Cathay provides one-day of volunteer leave per year to encourage employees’ active involvement in local communities. The number of volunteer hours in 2019 reached 95,977, accounting for 14% of overall inputs in public welfare activities. Cathay XXVII Foundation further commended the 72 volunteers for their enthusiastic participation, allowing the Company’s recognition and appreciation of employees’ volunteerism for charity.
Loving Yourself Starts from You, Women Empowerment

Cathay FHC and its partners Rwelie, EVA Air, and StarShine Foundation organized the event “Loving Yourself Starts from You” for the first time in 2019 to promote female empowerment and help women find their value. Female executives of the Cathay FHC strongly supported the event and showed their confidence and power together with nearly 800 women at the event.“Yoga and aerobics, which modern women are the most interested in, are combined with lectures to help participants break free from any constraints and show their confidence. We also hope that participants will use this to find a balance between their career and lives. Satisfaction survey results for the event show that up to 85% of participants agreed that the event allowed women to understand more ways to love themselves, 89.8% of them agreed that “Cathay strongly supports women empowerment and provides a platform for women to seek different developments and voice their opinion.”

Promotion of Risk Prevention Education

Cathay Century promotes risk prevention education and seeks to make breakthroughs every year under the vision of “comprehensive identification of risks for all ages.” Accident-Free Riders completed a tour of 94 campuses and reached 11,850 people in 2019. Campus risk map, a sub-project of Accident-Free Riders, assisted Asia University in identifying and surveying the risk of roads surrounding its campus, which found 12 locations that are prone to traffic accidents. The project provided a risk map recommendation report, and the university improved the traffic facilities at 3 locations on this basis. The risk map was used to raise the traffic safety awareness of freshmen during orientation, and reached a total of 2,300 freshmen.

Comprehensive Identification of Risks for All Ages

Age 6-12 Elementary School Students Age 10-18 Junior and Senior High School Students Age 18-24 College Students Landlord

Age 6-12 Elementary School Students Age 10-12 Junior and Senior High School Students Age 12-18 Junior and Senior High School Students Age 18-24 College Students Landlord

Accident-Free Riders SROI = 3.30

Cathay Century collaborated with PwC in calculating the social return on investment (SROI) of the Accident-Free Riders Project, quantifying the project’s social impact. The SROI value was determined to be 3.30 (i.e., the project will generate a return of NT$3.30 in social benefits for every NT$1 invested) and was certified by the UK-based Social Value International in February 2020.

WISH Campaign Plan

Shoxing New Stars

Professional Athlete Training

Grounded Youth

Cathay sponsored the weightlifting team of Tainan Municipal Danei Junior High School and hosted a two-year National Junior High School (2019-2020) Cup National Junior Soccer Game in academic year 2019, inviting athletes to compete in the world’s best universities. The team won a total of 19 first places, 20 second places, and 10 third places, and gained 3rd place in the adult division of the 2019 Team World Cup, and gained the qualification to represent the nation in the 2020 Tokyo Olympics. There were 32 teams coming from around Taiwan to compete in the tournament. CUB encourages Taiwan’s soccer to become competitive in the world. There were 32 teams entering the tournament successfully, with digital media exposure over 60 million times.

Cathay Women’s Table Tennis Team formed a total of 19 teams, 20 second places, and 10 third places, and gained the qualification to represent the nation in the 2020 Tokyo Olympics. The team won a total of 19 first places, 20 second places, and 10 third places, and gained 3rd place in the adult division of the 2019 Team World Cup, and gained the qualification to represent the nation in the 2020 Tokyo Olympics. There were 32 teams coming from around Taiwan to compete in the tournament. CUB encourages Taiwan’s soccer to become competitive in the world.

Cathay Youth Day - 3-on-3 High School Basketball Tournament

Held 6 preliminaries and 1 finals with approximately 1,000 players playing the tournament.

Cathay X Chen Wei-Yin Chen Baseball Training Camp

The camp was held at Chi Nan University of Pharmacy and Science in Taichung for the fifth year in a row. The camp, opened in 2016 by Cathay Life’s anti-drug volunteer entered a total of 180 schools. Invited the baseball teams of National Senior High School and Feng Chia University. Invited the baseball teams of Ta-Chung Senior High School and Ping Chia University. Invited the baseball teams of Ta-Chung Senior High School and Ta-Chung Senior High School and Feng Chia University. Invited the baseball teams of Ta-Chung Senior High School and Ta-Chung Senior High School and Feng Chia University. Invited the baseball teams of Ta-Chung Senior High School and Ta-Chung Senior High School and Feng Chia University.

Cathay Baseball MY WAY Tzu-Lin Wei Baseball Improvement Project

Tzu-Lin Wei, who is currently playing in the MLB, teaches children basic knowledge of batting and fielding, and, through road shows, shares experiences from professional baseball to children.

Cathay Basketball Camp

Cathay Life’s anti-drug volunteer entered a total of 180 schools. Invited the baseball teams of National Senior High School and Feng Chia University. Invited the baseball teams of Ta-Chung Senior High School and Ta-Chung Senior High School and Feng Chia University. Invited the baseball teams of Ta-Chung Senior High School and Ta-Chung Senior High School and Feng Chia University.

Cathay X Jeremy Lin - Jeremy Lin Basketball Training Camp

Held in Taipei Huaxi Basketball Comprehensive Gymnasium, where 60 students between the ages of 12 and 15 with athletic talent experienced the professional training of Jeremy Lin. A clinic was also organized with Professor Yeh Ping-Cheng at NTU to share how to find a balance between hobbies and studies. Approximately 100 people participated in the clinic.
Public Welfare Strategy 3 | Arts and Culture

Social Issue
Modern busy lifestyles leave no time to savor beauty.

Art is Life
Cathay National Children's Drawing Contest (Children)
• Held for 40 years, the largest children's drawing contest in Taiwan.
• There were a total of 11,287 participants in 2019.

New Century New Age Arts Exhibition (Youth)
• Discovers new artists for the art world in Taiwan.
• The exhibition has been held for 10 years.
• There were a total of 229 participants in 2019.

Cathay Art Festival (Publics)
• The world's largest outdoor dance event - Outdoor Performance of Cloud Gate attracted more than 2.2 million viewers.
• 12 Campus and Community Tours have been held each year for 20 consecutive years, and more than 2.2 million viewers.

Public Welfare Strategy 4 | Environmental Considerations

Social Issue
Environmental protection is neglected during economic development.

Plant Saplings of Hope and Create Shades for Future Generations
Countries have taken climate change and ecological conservation issues seriously in recent years. Cathay Charity Foundation uphold the Group's spirit in practices for corporate and social sustainability, and has dedicated long-term efforts into environmental care activities for greening communities.

Cathay has sponsored Cloud Gate in co-organizing Cathay Art Festival for 24 consecutive years. Citizens can appreciate the beautiful rhythm of professional dancers from Cloud Gate up close free of charge through campus, community, and large outdoor performances. The event has accompanied Taiwan through ups and downs and brought people together. Cathay and Cloud Gate brought dance out of theaters and into public cultural spaces, including art museums, communities, and the public.

The 2019 outdoor performance will be a farewell tour led by Hsiao-Ming Lin. A person who traveled from Taichung to Nantou said: "Art and culture are an important indicator of an advanced country. I commend Cathay from the bottom of my heart for being able to work with Cloud Gate to show 'Taiwan's soft power to the world!'"

Hsiu-Min Lin invited to talk about the history of Cloud Gate during the 20th anniversary of the Cathay Plaza talk series. The 80th Cathay Plaza talk invited Hsiu-Min Lin to share the story of founding Cloud Gate under the title "A Country Child in Jianghu.",

Cathay Life Service Store
310 policies were signed in 2019.

Premiums totaled NT$4.84 million in 2019.

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2 Intellectual Capital
3 Human Capital
4 Natural Resources Capital
5 Social and Relationship Capital

Appendix

Cathay FHC 2019 Material Issue Supplementary Table

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<tr>
<td>1</td>
<td>Cathay FHC got 47,223 full-time employees in 2019, and part-time employees numbered at 292</td>
<td>Number of active full-time / part-time employees as of December 31, 2019.</td>
<td>58</td>
</tr>
<tr>
<td>2</td>
<td>Table “Statistics of Employee Training Hours”: 2019 Training hours per person (Total average)</td>
<td></td>
<td>66</td>
</tr>
<tr>
<td>3</td>
<td>Table “Statistics of Employee Training Hours”: 2019 Training cost per employee (Total average)</td>
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<td>66</td>
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<tr>
<td>4</td>
<td>Table “Reporting of Full-time Non-managed Employees Salary Details ”</td>
<td>Please refer to the content.</td>
<td>67</td>
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<td>5</td>
<td>Table “Comparison of male and female managers annual salaries indexed in the form of index:”</td>
<td></td>
<td>61</td>
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<tr>
<td>6</td>
<td>Table “Absence Statistics”</td>
<td>Please refer to the content.</td>
<td>71</td>
</tr>
<tr>
<td>7</td>
<td>The number of new employees by gender and age group and the list of new employees on “New Employee Statistics” table</td>
<td>Cathay FHC had 47,223 full-time employees in 2019 as of December 31, 2019. The Group's total number of separated employee: the number of separated full-time employee by gender and age group per each company's human resource systems as of December 31, 2019.</td>
<td>66</td>
</tr>
<tr>
<td>8</td>
<td>The number of employees separated by gender and age group and the list of separated employees on “Employees retired statistic” table</td>
<td>The Group’s total number of separated employee by gender and age group per each company’s human resource systems as of December 31, 2019.</td>
<td>66</td>
</tr>
<tr>
<td>9</td>
<td>During 2019, a total of 3 applications reached financial close, according to the Equator Principles, undertaken by Cathay United Bank in 2019.</td>
<td>The total number and category of loans that reached financial close, according to the Equator Principles, undertaken by Cathay United Bank in 2019.</td>
<td>40</td>
</tr>
<tr>
<td>10</td>
<td>Among the total of 545 corporate loan applications reviewed and closed in 2019, 350 applications with Category A and 195 applications with Category B were reviewed and approved.</td>
<td>The number of new credit review recorded in lending system and the number of applications with ESG concerns.</td>
<td>40</td>
</tr>
</tbody>
</table>

Cathay Financial Holding Co., Ltd. 2019 Corporate Sustainability Report Summary of Subject Matter Assessed

Energy
- Energy activity data is gathered based on ISO 14064-1:2016 and verified by a third party inspection institutes.
- Factors are calculated based on the Greenhouse Gas Index Management System (version 0.3) published by the EPA.

GHG Inventory
- The base year for setting carbon reduction goals is 2016, and in 2018 it is 1.7% of the base year.
- The new ISO 14064-1:2016 adopted was used for our GHG inventory in 2019. ISO 14064-1:2016 was used before 2017. We commissioned SGS to conduct the inspection in 2019. We commissioned BSI to conduct the inspection in 2018. The different methodologies in the two years and old versions: Category 1 is Scope 1, Category 2 is Scope 2, and Category 3 is Scope 3.

Waste
- Cathay is in the financial services industry, so our waste only includes domestic waste and recyclables. We do not generate any hazardous waste.
The number of Cathay Life’s ESG risk reviewed cases is based on the total number of cases that the company's investment target has executed the ESG risk review process in 2019.

Cathay Life reviewed a total of 246 investments with potential risks, including listed equity and debt investments, are calculated based on the 2019 book value of each subsidiary; Low-carbon investment targets, including investment real estate, equity investment, and debt investment, are calculated using the original lending amount minus the recovered amount of the loan balance.

Cathay Financial Holdings and its subsidiaries’ Community and Inclusive Finance investment / loan judgment methods when are as follows:
1. The industry classification belongs to the categories of Construction, Real Estate, Agriculture, and Tourism.
2. The company's business items belong to the above categories.

Cathay Financial Holdings and its subsidiaries’ Community and Inclusive Finance / loan judgment methods when are as follows:
1. The industry classification belongs to the categories of Education, Microfinance, and Other Related Industries.
2. The company's business items belong to the above categories.

Cathay Financial Holdings and its subsidiaries’ Aging Society and Health Investment / loan judgment methods when are as follows:
1. The industry classification belongs to the senior and health product and service industry, facility supply and other related industries.
2. The company's business items belong to the above categories.

Appendix

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<tr>
<td>11</td>
<td>Cathay Life reviewed a total of 246 investments with potential risks, including listed equity and debt investments, are calculated based on the 2019 book value of each subsidiary.</td>
<td>39</td>
<td></td>
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<tr>
<td>12</td>
<td>Total infrastructure investing amount reached NT$35.5 billion in 2019.</td>
<td>42</td>
<td></td>
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<tr>
<td>13</td>
<td>Total low carbon investing amount reached NT$31.2 billion in 2019.</td>
<td>42</td>
<td></td>
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<tr>
<td>14</td>
<td>Aging society and health investing amount reached NT$16.5 billion in 2019.</td>
<td>45</td>
<td></td>
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<tr>
<td>15</td>
<td>Total community and industry finance investing amount reached NT$13.2 billion in 2019.</td>
<td>47</td>
<td></td>
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<tr>
<td>16</td>
<td>In 2019, CUB has forecast 110 solar sites in Taiwan with a total installed capacity of 58.025 MW.</td>
<td>43</td>
<td></td>
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<tr>
<td>17</td>
<td>Total “Public Welfare Expenditure,” the public welfare expenditure in 2019.</td>
<td>49</td>
<td></td>
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<tr>
<td>18</td>
<td>The number of volunteer hours reached 51,284 in 2019.</td>
<td>50</td>
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### Material Topics

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### Economic Performance

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United Nations Global Compact Principles

**Human Rights**

Businesses should respect and support the protection of internationally proclaimed human rights. 
P fences, 61

**Labour Standards**

The elimination of all forms of forced and compulsory labor. 
P31

**The Environment**

Businesses should support a precautionary approach to environmental challenges. 
P72

**Anti-Corruption**

Businesses should work against corruption in all its forms, including bribery. 
P37. 31

Taiwan Stock Exchange Corporation

*Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies*

**Overall**

- Corresponding Provisions Article 3: P70
- Corresponding Provisions Article 4: P42, 44
- Corresponding Provisions Article 4, Paragraph 1: P4, 47
- Corresponding Provisions Article 4, Paragraph 1: Subparagraph 4, Item 1: P5. 67
- Corresponding Section: Employee Composition and Diversity, Employees Happiness and Healthy Workplace

**Environment**

- Corresponding Provisions Article 4: P42
- Corresponding Provisions Article 4, Paragraph 1: P4, 47

**Society**

- Corresponding Provisions Article 4, Paragraph 1: Subparagraph 4, Item 1: P5. 67

**Employee**

- Corresponding Provisions Article 4, Paragraph 1: Subparagraph 4, Item 1: P5, 67

**Sustainability Accounting Standards Board**

**Code** | Accounting Metric | Corresponding Data
--- | --- | ---
Pn-RS207.a | Total amount of monetary liaisons as a result of legal judgments associated with marketing and sales information to new and returning customers | Cathay Life Insurance Official Website-Information Disclosure-Deposit by the competent authority (Chinese Only) [https://bit.ly/2AvhccA](https://bit.ly/2AvhccA)
Pn-RS207.d | Description of approach to informing customers about products | Cathay Financial Holding Co., Ltd. 2019 Annual Report (Sells the company completed with listed and international standards with respect to customer health, safety and privacy) and marketing and selling to all products and services offered, and implemented consumer protection policies and complaint procedures)Top 80 [https://bit.ly/3kxVtYh](https://bit.ly/3kxVtYh)
Pn-RS413.a | Total invested assets, by industry and asset class | 2019 Fourth Quarter Briefing (p.24) Cathay Life - Investment Portfolio [https://bit.ly/3bIAXu1](https://bit.ly/3bIAXu1)
Pn-RS413.b | Description of approach to incorporation of environmental, social, and governance considerations into the investment management processes and strategies | Cathay FHC 2019 Corporate Sustainability Report: Intellectual Capital [34] [https://bit.ly/3kxVtYh](https://bit.ly/3kxVtYh)
Message from the Chairman

Sustainability Awards and Recognition

Sustainability Highlights and Breakthroughs

Managing Sustainability

Leader in Sustainable Finance

1 Finance and Integrity Capital

2 Intellectual Capital

3 Human Capital

4 Natural Resources Capital

5 Social and Relationship Capital

Appendix