

# 2017 Cathay Century Insurance PSI Disclosure Report



國泰產險

Cathay Century Insurance

2018/03/31

**Principle 1 : We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.**

**Company strategy**

| Dimension   | Item   |
|---|--|
| <p><b>Establish a company strategy at the Board and executive management levels to identify, assess, manage and monitor ESG issues in business operations</b></p> | <p>A. The president of Cathay Century Insurance is a member of the Corporate Sustainability (CS) Committee of Cathay Financial Holdings, and is responsible for overseeing responses and adjustments made according to the group's overall CS strategy. Cathay Century Insurance also has a CS team, and team leaders are all members of the CS Committee of Cathay Financial Holdings Company (Cathay FHC). The CS strategy of each team is formulated through cross-company discussion and coordination. And the teams are given instructions and supervised by independent directors.</p>                                     |
|   | <p>B. Cathay Century Insurance integrates ESG issues into the decision-making of daily company operations, including the development and design of insurance products, underwriting, claims, investment, risk management, work environment, and community engagement.</p>  |
| <p><b>Dialogue with company owners on the relevance of ESG issues to company strategy</b></p>   | <p>Cathay Century Insurance attends quarterly meetings of the CS Committee of Cathay FHC, and ensures its short-, mid-, and long-term goals for CS are in line with the Group.</p>   |
| <p><b>Integrate ESG issues into recruitment, training and employee engagement programmes</b></p>  | <p>A. The company's training system was built on the concept of a "corporate university," and an e-learning platform - Cathay Tube was constructed to provide a convenient integrated channel for learning. Furthermore, Cathay Century Insurance values employees' rights and interests. In addition to numerous internal communication channels and labor-management meetings, employee care activities, such as Happy Hour, are regularly organized, creating a happy work environment that is suitable for employees' talents, encourages diversity, maintains equal rights, and prevents discrimination and harassment.</p> |
|   | <p>B. In order to achieve regulatory compliance and improve individual morality, all employees take at least 2 hours of regulatory compliance courses, including anti-money laundering (AML), labor safety, etc., either offline or online every year.</p>   |



|  |   |
|--|---|
| <p><b>Integrate ESG issues into recruitment, training and employee engagement programmes</b></p> | <p>C. Active efforts are made to raise employees' awareness of AML and countering terrorist financing (CFT), and employees are encouraged to participate in examinations for Certified Anti-Money Laundering Specialist (CAMS) qualifications. Examination fees and annual membership fees are subsidized by the company, and three supervisors have already obtained CAMS certification.</p> |
|--|---|

**Risk management and underwriting**

| <p><b>Dimension</b></p>  | <p><b>Item</b></p>  |
|--|---|
| <p><b>Establish processes to identify and assess ESG issues inherent in the portfolio and be aware of potential ESG-related consequences of the company's transactions</b></p> | <p>A. To promote environmental and ecological protection and sustainable economic and social development, Cathay Century Insurance integrated risk identification and assessment for ESG (Environmental, Social, and Governance) issues into the underwriting process:</p> <ol style="list-style-type: none"> <li>1. Moral issues: Underwriting personnel must evaluate if there are any moral hazards or improper competitive practices.</li> <li>2. Environmental issues: We support the government's policy to promote the green energy industry by taking on good renewable energy business.</li> <li>3. Construction method issues: We offer opinions based on our loss prevention and underwriting experience to help construction companies determine if a construction method is suitable, if the construction environment is safe, and also assess the risks associated with construction facilities, target objects, or related personnel in the construction process.</li> <li>4. Risk planning issues: Emphasis is placed on whether or not the insured person's assets and liabilities are given reasonable consideration and guarantee.</li> <li>5. Customer protection issues: Underwriting personnel must look into the policyholder's insurance requirements and fit based on the following principles when taking a case.               <ol style="list-style-type: none"> <li>(1) Determine if the policy holder has insurable interests in the insured object.</li> <li>(2) Determine if the construction contract has insurance-related provisions to understand insurance requirements.</li> </ol> </li> </ol> <p>B. For sensitive industries, such as: power plants and the fossil fuel industry, Cathay Century Insurance established the ESG Risk Assessment Guidelines and ESG Risk Assessment Procedures to determine the ESG risk of a case. This allows us to avoid high risk cases and fulfill our corporate social responsibility (CSR).</p> |

| Dimension  | Item   |
|--|--|
| <p><b>Integrate ESG issues into risk management, underwriting and capital adequacy decision-making processes, including research, models, analytics, tools and metrics</b></p> | <p>A. The company's internal risk map is optimized to ensure that emerging risks are identified and monitored.</p>   |
|  | <p>B. Regulatory compliance, auditing, and risk management meetings are periodically convened, and an internal platform was established for educational propaganda on penalties imposed on peers in the industry, so as to reduce the company's regulatory risk.</p>   |
|  | <p>C. Cathay Century Insurance not only monitors its capital as required by the law, but also completed its Own Risk and Solvency Assessment (ORSA) report in 2015 to better assess its solvency. Risk appetite is periodically assessed to verify the coverage of the special reserve under the company's equity and liabilities.</p> |
|  | <p>D. A natural disaster model is used to assess risk retention and estimate potential loss from natural disasters, such as earthquake, typhoon, and flood, on a quarterly basis. A risk assessment report is then compiled for proper management of natural disaster risk.</p>  |
|  | <p>E. Cathay Century Insurance incorporated Security Information and Event Management (SIEM) and Network Data Loss Prevention (NDLP) to strengthen information security and personal information management. We achieved the ISO27001: 2013 certification to create an information security protection network.</p>                    |



## Product and service development

| Dimension  | Item  |
|--|---|
| <p><b>Develop products and services which reduce risk, have a positive impact on ESG issues and encourage better risk management</b></p> | <p>Cathay Century Insurance fully utilizes the core competencies of insurance, specifically loss prevention, reduction, and sharing, in the implementation of various loss prevention projects, and incorporates ESG issues into product development, underwriting, and services processes, in hopes of contributing to the society and environment, such as:</p> <p>A. Promoting the concept of preventing trouble before it happens to the public. We provide comprehensive loss prevention education through differentiated disaster prevention projects, which are intended for different groups ranging from elementary school students, college youth, adult drivers, to corporations:</p> <ol style="list-style-type: none"> <li>1. Loss prevention services for corporate customers           <ol style="list-style-type: none"> <li>(1) Loss prevention forum: In 2017, 3 forums were held with 265 participants from 167 enterprises; a cumulative 35 forums have been held with 3,631 participants from 1,946 enterprises since we began organizing similar events.</li> <li>(2) Fleet education and training: Cathay Century Insurance is the only property insurance company with a specialized auto insurance loss prevention unit, which provided assistance to 5 fleets with educating and training 1,100 participants in 2017; a total of 39 training lectures have been held with 4,400 participants since we began assisting corporate fleets with education and training.</li> </ol> </li> <li>2. Accident-free Campus Project for elementary school students           <p>Cathay Century Insurance is the first property insurance company to adopt the national standards CNS12642 and ASTM F1487-11 for campus safety inspections. We also designed a game to guide elementary school students to learn concepts of campus safety. A total of 10 campus activities were organized in Kaohsiung and Pingtung in 2017, and over NT\$15 million has been invested in the inspection of 76 schools since we first organized the activities, reaching over 16,000 students.</p> </li> </ol> |



| Dimension  | Item  |
|--|---|
| <p><b>Develop products and services which reduce risk, have a positive impact on ESG issues and encourage better risk management</b></p> | <p>3. Zero-Accident Research Institute for adult drivers<br/>Cathay Century Insurance uses driver aptitude test, hazard perception test, and driving knowledge test, and constructed the first website for driver education and training, creating comprehensive driver tests that take into consideration psychological, response, and knowledge aspects. This achieves safety education of defensive driving.</p> <p>4. Accident-free Rider Project for college students<br/>We promote safe scooter riding courses for college students, and also provide driver tests and scooter safety inspections. Activities have been held in 12 counties and cities of Taiwan, and 10 activities were held with about 1,400 participants in 2017. A total of 34 campus activities have been held since we began organizing similar events, reaching over 3,800 students.</p> <p>5. Accident-Free Riders Enhanced</p> <p>(1) We used VR technology and our core competencies to create the original hazard perception test VR edition. Users can experience the effect of different road conditions and driving behavior on hazard level, promoting traffic safety knowledge through a game, which achieves education through entertainment.</p> <p>(2) We decrypted campus traffic conflict hotspots, and drew campus risk maps to comprehensively protect students' traffic safety while riding scooters.</p> <p>B. Cathay Century Insurance faces climate change issues by actively engaging in the development of green insurance products. We are the first in the industry to offer green energy environmentally friendly vehicle insurance and bicycle injury insurance. We increase banks' willingness to provide loans by offering commercial fire insurance and construction insurance to renewable energy industries (such as: offshore wind power and solar power), driving the industry's development to create a positive cycle of energy transformation towards sustainability.</p> |



| Dimension  | Item  |
|--|---|
| <p><b>Develop products and services which reduce risk, have a positive impact on ESG issues and encourage better risk management</b></p> | <p>C. In response to the arrival of an aged society, Cathay Century Insurance designed the Shi Ji Chang Ching (Century Elderly) Personal Injury Insurance for elderly people at ages 65 and above (inclusive). The product's features include no physical examination necessary, and subsidies for medical devices such as artificial hip joints, knee joints and crystalline lens, which are commonly needed by the elderly. This makes the product the best option for a safer life for the elderly.</p>  |
|  | <p>D. Products and services of Cathay Century Insurance achieve financial inclusion as they cover economically disadvantaged people, such as: low income households or farmers whose livelihood is susceptible to natural disasters. For the former, Cathay Century Insurance offers micro group insurance to provide basic protection to economically disadvantaged or people with specific identities in the event of death, disability, or injury. A micro insurance area is available on the official website to provide related insurance services. There is also a fund for assisting economically disadvantaged people with gaining insurance, and our extraordinary performance was recognized by the Financial Supervisory Commission's Award of Excellence in Promoting Micro Insurance. For the latter, we offered the Government Natural Disaster-related Mango Insurance for losses sustained by mango farmers during typhoons, torrential rain, and cold weather. We began offering the Regional Harvest-related Mango Insurance this year, which uses regional harvest as a basis. Farmers can file a claim when actual harvest is lower than the guaranteed harvest, providing them with greater insurance flexibility. We actively participate in the product presentations of farmers' associations to promote the product, and thereby maintain the safety of farmers' assets.</p> |
|  | <p>E. Cathay Century Insurance established a low carbon marketing process and developed digital smart services, reducing the impact of the service process on the environment while improving the customer experience, such as:</p> <ol style="list-style-type: none"> <li>1. Increasing the number of online products and online transactions;</li> </ol>  |



| Dimension  | Item  |
|--|---|
| <p><b>Develop products and services which reduce risk, have a positive impact on ESG issues and encourage better risk management</b></p> | <ol style="list-style-type: none"> <li>2. Providing a digital portal for buying insurance policies, which accelerates the speed of business, such as: the Smart Go app for marketing and management by insurance agents, Bobe for consumers to buy insurance policies online, and insurance broker and agent B2B system;</li> <li>3. Providing convenient payment channels, including the four major convenience store chains, official website, QR code, Apple pay, banks (farmers' association), and ATM;</li> <li>4. Electronic insurance policy services are provided for insurance policies bought online, in which the majority of insurance policies purchased were travel insurance (85.2%) and personal accident insurance (100.0%).</li> <li>5. The Property Insurance Mobile Claims App and Claims Operations App were provided for claims applications and for claims personnel to manage claims cases, improving the efficiency of payout for auto insurance and accident insurance claims.</li> <li>6. Policy renewal procedures were simplified and an online policy renewal functions is provided for auto insurance and fire insurance.</li> <li>7. We established a digital service platform for auto insurance, so that customers that become a member can independently take out an insurance and file claims online. We also planned an integrated customer services platform in response to the new functions, and provide consultation to customers through the platform. The development of complete digital services on both front-end and back-end optimizes the customer service experience, and also increases online transactions.</li> <li>8. We implemented a commercial fire insurance quotation system, using electronic operating procedures to improve customer service efficiency and reduce waste of paper.</li> </ol> |





| Dimension  | Item   |
|--|--|
| <p><b>Develop or support literacy programmes on risk, insurance and ESG issues</b></p> | <p>A. To improve specialized knowledge and techniques related to underwriting and claims, Cathay Century Insurance dispatches personnel to international benchmark companies (such as: Sompo Japan) for short-term workshops on risk assessment, underwriting techniques, and loss prevention measures for solar power and offshore wind power insurance. We irregularly organize internal training and external workshops, and we are accumulating experience with green industry insurance by continuing to attend green energy related meetings held by industry, government, and academia, so as to ensure the quality of our services and risk management.</p>  |
|  | <p>B. To help personnel better understand the forms of penalties, penalties imposed by the competent authority over the years are compiled and a Newsletter on Regulatory Compliance is issued on a monthly basis.</p>   |
|  | <p>C. Cathay Century Insurance established the first corporate sponsored triathlon team in Taiwan, mainly to promote the triathlon, cultivate national sports talent, and support athletes in training and entering contests. The triathlon team entered 117 contests and won 1 first place and 1 second place in overseas triathlons; 59 first place, 26 second place, and 18 third place in domestic triathlons; sponsorship amount was NT\$1,500,000 in total. Furthermore, we worked together with Cathay Charity Foundation in charity and care activities and arranged for athletes to participate in the Dream Project - annual summer camp for young triathlon athletes, where they shared their experience with students, We also invited the triathlon team leader to serve as a lecturer in company physical fitness workshops for employees. Group practices were organized through the fanpage of Cathay Century Insurance's triathlon team, sharing knowledge of exercise and experience from triathlons with fans. The triathlon team's assistance and influence help employees achieve physical and mental health goals.</p> |



## Claims management

| Dimension  | Item   |
|--|--|
| <p><b>Respond to clients quickly, fairly, sensitively and transparently at all times and make sure claims processes are clearly explained and understood</b></p> | <p>A. A claims area was established on the official website of Cathay Century Insurance to provide customers with a series of claims services, as well as descriptions of required documents before filing a claim. Customers can use the area to file claims for accidents and check the progress of their claims online.</p>   |
|  | <p>B. Cathay Century Insurance provides 24-hour on-site service for accidents. Policy holders call the 0800 toll-free hotline and it will take agents on average 20 minutes to arrive at the scene of the accident to assist with taking photos, and drawing services. Personnel on site can help send injured persons to the hospital, remove traffic barriers, draw the accident scene, photograph damaged objects, and verify the degree and scope of damages to protect the rights and interests of policyholders.</p>   |
|  | <p>C. Cathay Century Insurance implemented mobile claims operations to make claims more convenient for policyholders. Service personnel can use the Property Insurance Mobile Claims App to help policyholders file a claim; claims personnel can use the Claims Operation App to manage claims cases, improving the efficiency of auto insurance claims and shortening the number of days for processing; results of the Online Customer Satisfaction Survey show that overall satisfaction of claims reaches 90% and above.</p>  |
|  | <p>D. Any car driver or scooter rider with a smart phone can download and use the app My MobiCare, whether they are policyholders of Cathay Century Insurance or not. The app is the first in the industry to combine the expertise of property insurance with smart phone characteristics - positioning, taking photos, immediate contact, and audio recording. The app provides simple images and steps for drivers or riders follow at the scene of a traffic accident to protect their rights and interests. It also allows the insurance company to verify the actual situation at the scene of the accident, which will benefit subsequent claims services. Up to the end of December 2017, the app was downloaded: 191,135 times.</p> |



| Dimension  | Item  |
|--|---|
| <p><b>Respond to clients quickly, fairly, sensitively and transparently at all times and make sure claims processes are clearly explained and understood</b></p> | <p>E. The app My Trip Asst allows policyholders to bring descriptions of insurance items and claims for their travel insurance and credit card comprehensive travel insurance with them on their smart phone. In the event of a travel accident, policyholders can follow the steps for travel accidents even if they are not familiar with the local language. The App contains detailed instructions in both Chinese and English to help customers acquire documentary proof required for claims. Upon their return, the policyholders can organize the originals of their documentary proof according to the record in the app, protecting their rights and interests. Up to the end of December 2017, the app was downloaded: 110,700 times.</p> <p>F. Cathay Century Insurance worked together with KPMG in combining blockchain and smart contract technologies in providing rapid claims service for flight delay. Once a delayed flight meets claims conditions, Cathay Century Insurance actively sends a text message to notify passengers, and passengers only need to fax their boarding pass and account number to complete claims application. Application for a proof of flight delay from the airline is not necessary. This simplifies the application documents that are needed, and also saves passengers precious time traveling around for claims. Once the required information for claims is returned, the entire process to payout can be shortened to 1-2 work days.</p> |
| <p><b>Integrate ESG issues into repairs, replacements and other claims services</b></p>  | <p>Cathay Century Insurance incorporated considerations of ESG issues into the claims process to make the process smoother and also to manage risk.</p> <p>A. Moral issues: When claims personnel of Cathay Century Insurance are handling claims cases, they will report any moral hazard or suspected fraud to their supervisors.</p> <p>B. Major environmental and social incidents: Cathay Century Insurance established a major/news incident reporting system for major environmental and social incidents. After the claims department is notified of an incident, it will carry out underwriting and collect information. The</p>   |



| Dimension  | Item   |
|--|--|
| <b>Integrate ESG issues into repairs, replacements and other claims services</b> | major incident reporting platform is used for supervisors at each level to gain information of the incident within 24 hours, so that they can immediately adopt response measures and provide the best services. |

## Sales and marketing

| Dimension  | Item  |
|--|---|
| <p><b>Educate sales and marketing staff on ESG issues relevant to products and services and integrate key messages responsibly into strategies and campaigns</b></p> | <p>A. Underwriting and claims personnel complete the number of education and training hours required by law to improve their specialized knowledge and skills, and also raise their awareness of regulatory compliance.</p> <p>B. Cathay Century Insurance implemented the E-Qi-Zhuan-Dong (Transform Together) transformation plan in 2017 to increase the number of its commercial insurance products, such as: public liability insurance. We also completed the design of 84 online courses and held a commercial insurance training camp to enhance the specialized knowledge and skills of personnel related to commercial insurance products, comprehensively promoting competency transformation education and training.</p> <p>C. In response to the trend of digitalization and the company's environmental protection policy, we established regulations on incentives for electronic insurance policies. When an insurance agent wins a prize the policyholder that chose the electronic insurance policy also wins a prize. We hope this measure will increase the utilization of electronic insurance policies.</p> |
| <p><b>Make sure product and service coverage, benefits and costs are relevant and clearly explained and understood</b></p>   | <p>Cathay Century Insurance is in full compliance with laws and regulations on insurance product design, review, and sales preparation. Information of insurance products is disclosed on the Insurance Market Observation Post System, the product inquiry area on the website of Taiwan Insurance Institute, the official website of Cathay Century Insurance, and the online platform Bobe for consumers to access.</p>  |



國泰產險

Cathay Century Insurance

## Investment management

| Dimension  | Item  |
|--|---|
| <p><b>Integrate ESG issues into investment decision-making and ownership practices</b></p> | <p>A. Cathay Century Insurance is not a qualified signatory to the United Nations' PRI because Taiwan is not a member state, but still incorporated the PRI into investment policies and management procedures. When evaluating an investment, besides using our investment information system and internal/external research resources to evaluate financial performance, we also use Bloomberg Professional Service to verify the investment target's ESG disclosure. After making an investment, exposure and ESG disclosure are updated semi-annually, and records of the investment target's investor conferences and interviews are retained to ensure the implementation of PRI.</p> |
|  | <p>B. Cathay Century Insurance continues to provide ESG education and training for better understanding of international trends, principles, and practices of responsible investment.</p>   |
|  | <p>C. Cathay Century Insurance supports the development of the renewable energy industry by increasing investments in low carbon green industries, supporting development of a low carbon sustainable homeland. The investment watch list is examined and updated each quarter based on the Group's definition and standard for low carbon investment (as of the end of December, Cathay Century Insurance holds shares of Delta Electronics and Everlight Electronics worth about NT\$263 million), in hopes of driving environmental and economic growth.</p>   |



**Principle 2 : We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.**

**Clients and suppliers**

| Dimension  | Item  |
|--|---|
| <p><b>Dialogue with clients and suppliers on the benefits of managing ESG issues and the company's expectations and requirements on ESG issues</b></p> | <p>A. Cathay Century Insurance is actively implementing control procedures for socially responsible investments (SRI) through mandated investment institutions. The mandated institution reports its actual approach and procedures on a quarterly basis to ensure the implementation of responsible investments.</p> <p>B. The Group organized a meeting with all of its suppliers in 2017, and invited enterprises that have business relations with the Group from over 50 countries. "Printing" companies were selected to share their CS measures during the meeting, and attendees jointly declared that they will take action to promote environmental protection, social prosperity, and corporate government, working together to create a sustainable homeland.</p> <p>C. Cathay Century Insurance expressed its green procurement requirements to suppliers, and showed the influence of a green supply chain through the partnerships that were built; Cathay Century Insurance's green procurement amount exceeded NT\$30 million in 2017.</p> |
| <p><b>Provide clients and suppliers with information and tools that may help them manage ESG issues</b></p>  | <p>Cathay Century Insurance plans to offer usage-based insurance (UBI) to encourage car drivers to drive fewer hours and thereby achieve carbon reduction. Insurance premiums will be calculated based on the time period of driving, so that car owners will have the incentive to reduce the number of miles they drive, creating a win-win situation for sustainability.</p>   |
| <p><b>Integrate ESG issues into tender and selection processes for suppliers</b></p>   | <p>A. Procurements of Cathay Century Insurance comply with the Regulations for Procurement Management. CSR is listed as a basic condition for procurement contracts, and ESG issues will also be incorporated into provisions as well. We will continue to support the development of green products through our purchasing power, and jointly create a sustainable supply chain.</p>   |



| Dimension   | Item   |
|---|--|
| <b>Integrate ESG issues into tender and selection processes for suppliers</b>                                       | B. Cathay Century Insurance established the Supplier CSR Guidelines in hopes that all suppliers of Cathay Century Insurance, as well as all members of the supply chain directly or indirectly related to suppliers, will jointly fulfill their CSR according to local laws and regulations, industry characteristics, geographic environment, operating conditions, organizational scale, and employee structure.         |
| <b>Encourage clients and suppliers to disclose ESG issues and to use relevant disclosure or reporting framework</b> | Cathay Century Insurance began complying with the United Nations' Principles for Sustainable Insurance (PSI) in 2017, becoming the first property insurance company in Taiwan to comply with the PSI. Compliance results will be disclosed for the first time in 2018, and customers and suppliers can download the PSI Compliance Report from the website of Cathay Century Insurance to use as reference for compliance. |

#### Insurers, reinsurers and intermediaries

| Dimension  | Item  |
|--|---|
| <b>Promote the adoption of the Principles</b>  | Cathay Century Insurance diversifies its risk through reinsurance to ensure the company's stable operation. When dealing with reinsurers, we not only consider the price, underwriting and claims services, but also their commitment to CS and measures. Of the insurance and reinsurance companies we are currently working with, 21 companies are signatories to the PSI.  |
| <b>Support the inclusion of ESG issues in professional education and ethical standards in the insurance industry</b> | <p>Cathay Century Insurance ensures the promotion of ESG issues by insurance brokers and agents through performance bonuses, propaganda, and services.</p> <p>A. A higher score is given as encouragement if the evaluation items of insurance brokers and agents include ESG CSR Report.</p> <p>B. Insurance brokers and agents are encouraged to reduce the use of printed materials for environmental protection.</p> <p>C. Auto insurance loss prevention training and services are provided to insurance brokers and agents.</p> |



國泰產險

Cathay Century Insurance

**Principle 3 : We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.**

**Governments, regulators and other policymakers**

| Dimension   | Item   |
|---|--|
| <p><b>Support prudential policy, regulatory and legal frameworks that enable risk reduction, innovation and better management of ESG issues</b></p> | <p>A. Cathay Century Insurance, in the capacity of an asset owner, assisted the government with promoting the Stewardship Principles for Institutional Investors, and became the first property insurance company to declare compliance with and sign the principles in Taiwan in 2017; we also established the Cathay Century Insurance Stewardship Principles.</p>   |
|   | <p>B. Cathay Century Insurance supports the government policy for anti-money-laundering (AML) and countering the financing of terrorism (CFT), and became the first insurance company in Taiwan to establish an AML/CFT Committee in March 2017, which shows our determination to prevent financial crime.</p>   |
|   | <p>C. We are working with the government in offering Compulsory Automobile Liability Insurance for all motor vehicles and motorcycles. Liability without fault is adopted for claims so that traffic accident victims can receive insurance payout in a timely manner. We also established a traffic accident special compensation fund, so that victims of accidents where the motor vehicle or motorcycle fled the scene or does not have Compulsory Automobile Liability Insurance will be able to receive compensation. In 2017, we handled nearly 30% of all special compensation cases in the industry, and each case took on average 0.57 months to handle.</p> |
|   | <p>D. In response to government promotion of FinTech innovation and development, Cathay Century Insurance is actively applying for utility model and invention patents. In 2017, we received utility model patents from the Intellectual Property Office for two apps, including auto insurance mobile marketing and management tool Smart Go and property insurance mobile claims, and four FinTech services, including VR hazard perception and application of insurance services in instant messaging software. We are also applying for invention patents for the mobile app Smart Go and VR hazard perception.</p>  |



**國泰產險**

Cathay Century Insurance



| Dimension   | Item  |
|---|---|
| <p><b>Support prudential policy, regulatory and legal frameworks that enable risk reduction, innovation and better management of ESG issues</b></p> | <p>E. We are promoting mango insurance in coordination with the government's agriculture policy. Besides insurance for disaster loss, we also provide insurance for regional harvest loss, in hopes of reducing farmers' operating risks through insurance mechanisms. This way farmers will not live at the mercy of the elements, gain sufficient compensation when they sustain agricultural damages, and reduce their losses.</p>   |
| <p><b>Dialogue with governments and regulators to develop integrated risk management approaches and risk transfer solutions</b></p>                 | <p>A. The Bureau of Standards, Metrology &amp; Inspection plans to establish a third party certification center for solar power and offshore wind farms. The center will provide reliable evaluations for financial institutions and insurance companies to use as a basis for risk management in loans and underwriting. This will drive the development of the green energy industry. Cathay Century Insurance was invited to participate in the financial institution communication platform for renewable energy investment and financing. Issues related to insurance for third party certification for renewable energy was discussed on the platform, which aims to break through financing and insurance bottlenecks by resolving the concerns and meeting the needs of financial institutions when investing in renewable energy.</p> <p>B. Cathay Century Insurance contributes to the continual improvement of the warning mechanism and legal framework for solvency of Taiwan's insurance industry, and regularly attends industry-government meetings to assist with the review and improvement of the risk based capital (RBC) system.</p> |



## Other key stakeholders

| Dimension  | Item   |
|--|--|
| <p><b>Dialogue with intergovernmental and non-governmental organisations to support sustainable development by providing risk management and risk transfer expertise</b></p> | <p>A. In response to the government's green transportation transformation policy, Cathay Century Insurance provides protection to persons riding public bicycles provided by county/city governments and bona fide third parties from the risk of traffic accidents. In 2017, Cathay Century Insurance was requested by the Non-life Insurance Association of the Republic of China to help plan the first nationwide public bicycle insurance product.</p> <p>B. In 2017, Cathay Century Insurance was requested by the Non-life Insurance Association of the Republic of China to help adjust the annual rate of the reference cost of insurance for additional terms of commercial fire insurance, which is provided for use by peers in the industry. This further maintains the stability of rates in the commercial fire insurance market.</p> |
| <p><b>Dialogue with business and industry associations to better understand and manage ESG issues across industries and geographies</b></p>                                  | <p>We jointly developed the course "Accident-free Rider" together with Hsinchu Safety Educational Center, promoting safety concepts to college students riding scooters; 10 courses were offered to about 1,400 students in 2017; A total of 34 campus activities have been held since we began organizing similar events, reaching over 3,800 students.</p>   |
| <p><b>Dialogue with academia and the scientific community to foster research and educational programmes on ESG issues in the context of the insurance business</b></p>       | <p>A. In 2017, Cathay Century Insurance co-organized 4 loss prevention technique improvement forums together with the Chinese Association of Fire Protection and Taiwan Construction Research Institute. Practical courses with visits to enterprises were also offered to provide more complete education on risk assessment.</p> <p>B. The cultivation of financial talent is closely related to the development of the finance industry. Cathay Century Insurance continues to strengthen its collaboration with universities, serving as a bridge for finance and insurance talent cultivation, such as: organizing summer internships and employment transition internships, and using the company's enterprise mentor project to drive the sustainable development of the finance industry.</p>  |



國泰產險

Cathay Century Insurance

| Dimension  | Item  |
|--|---|
| <p><b>Dialogue with media to promote public awareness of ESG issues and good risk management</b></p> | <p>A. Seeing the ability of Facebook to reach the masses, Cathay Century Insurance was the first to promote safety and risk management concepts in life through a fanpage. Defensive driving, home safety, and knowledge of insurance laws are all topics of daily posts. This affected others in the industry to also operate their own fanpage, forming a positive insurance promotion cycle.</p> |
|  | <p>B. Cathay Century Insurance has participated in the micro film contest held by the Committee for the Administration of Development of Insurance Business for several years, using creative films to convey correct concepts and the importance of insurance products to the public.</p>  |
|  | <p>C. Cathay Century Insurance issues a PSI Disclosure Report every year on its compliance with the four principles of the PSI.</p>   |

