

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 changes. We have identified three engines of growth - "Insurance + Banking + Asset Management" - as our core strategy to seek continued growth and realize our vision of becoming "the leading financial institution in the Asia-Pacific".

Reporting period

Cathay FHC has been issuing non-financial reports on an annual basis since 2011. The Cathay FHC 2017 Corporate Sustainability(CS) Report issued in July 2018 presents Cathay FHC's economic and environmental (E), social (S), and governance (G) performance in 2017 (1/1-12/31). The report allows all stakeholders interested in Cathay's performance to understand Cathay's efforts in various aspects. Chinese and English versions of Cathay FHC's CS Report can be downloaded from the "Corporate Sustainability" section on our website.

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 (IIRC). 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 TWSE/GTSM Listed Companies, ISO 26000 Social Responsibility Guidelines, UN Global Compact, and Regulations Governing Preparation and Filing of CSR Reports by TSEC and GTSM Listed Companies, and Sustainability Accounting Standards.

Scope

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 (CUB), Cathay Century Insurance (Cathay Century), Cathay Securities Corporation (Cathay Securities), Cathay Securities Investment Trust (Cathay SITE), Cathay Venture, and Cathay Futures, and discloses information that is relevant to Cathay's core region of operations: Taiwan. Please refer to "Summary of Subject Matter Assured" for the scope and boundary of subject matter assured.

Report assurance

The Company has engaged PwC Taiwan to corroborate its 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 appendix of this report.

	Standard	Inspection/ assurance institution
Sustainability data (See the appendix "Cathay Financial Holding Co., Ltd. 2017 Corporate Social Responsibility Report Summary of Information Assured" for details)	Statement of Assurance Principles No. 1, Audit and Review of Non-financial Information	PwC
Financial data	Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards	Ernst & Young (EY)
Environmental data	ISO 14064-1 Greenhouse Gas Inventory ISO 14000 Environmental Management Systems ISO 50001 Energy Management Systems Water consumption and carbon emissions from business trips are in accordance with the Audit and Review of Non-financial Information	SGS Taiwan PwC



Company Name	Cathay Financial Holding Co., Ltd.
Date of Incorporation	December 31, 2001
Brand Spirit	Rediscovering Happiness
Core Values	Integrity, Accountability, Innovation
Headquarters Address	No. 296, Section 4, Ren'ai Road, Taipei City, Taiwan (R.O.C.)
Contact department	Public Relations Dept., Cathay FHC
Mail	hpr@cathayholdings.com.tw
Tel	+886-2-27087698
Full Time Employees	44,445
Total Assets	NT\$8.8 trillion
Capital	NT\$133.97 billion

Corporate sustainability website:
<https://www.cathayholdings.com/holdings/web/csr/csr.aspx>



Statement TW18/00091GG

SGS

Greenhouse Gas Verification Statement

The inventory of Greenhouse Gas emissions in year 2017 of
Cathay Financial Holding Co., Ltd.
 No.296, Sec.4, Renai Rd., Daan Dist., Taipei, Taiwan

has been verified in accordance with ISO 14064-3:2006 as meeting the requirements of

ISO 14064-1:2006

Direct emissions
3,091.9243 tonnes of CO₂e
 Energy indirect emissions
52,929.9449 tonnes of CO₂e
 Direct emissions and energy indirect emissions
56,021.868 tonnes of CO₂e

Authorized by

 David Huang
 Director
 Date: 02 May 2018
 Version: 1

TGP 5615A-1 1801
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SGS's approach is risk-based, drawing on an understanding of the risks associated with reporting GHG emissions information and the controls in place to mitigate these. Our examination includes assessment, on a test basis, of evidence relevant to the amounts and disclosures in relation to the organization's reported GHG emissions.

We planned and performed our work to obtain the information, explanations and evidence that we considered necessary to provide a reasonable level of assurance that the GHG emissions for the period 01 January 2017 to 31 December 2017 are fairly stated.

We conducted our verification with regard to the GHG assertion of Cathay Financial Holding which included assessment of GHG information system, monitoring and reporting plan/protocol. This assessment included the collection of evidence supporting the reported data, and checking whether the provisions of the protocol reference, were consistently and appropriately applied.

In SGS's opinion the presented GHG assertion

- is materially correct and is a fair representation of the GHG data and information, and
- is prepared in accordance with ISO14064-1:2006 on GHG quantification, monitoring and reporting.

Confidentiality

The reports and attachments may contain relevantly confidential information of the clients. In addition to being submitted as governmental application or certification documents, the reports and attachments are not allowed to be edited, duplicated, or published without the clients' agreement in written form.

Avoidance of Conflict of Interest

The reports and attachments are completely complied with the standards and procedures that related-authorities established. The reports and attachments of auditing process are conduct with fairness and honesty. If not, the auditing institution not only has to bear the relevant compensation duties, but also to receive legal charge and punishment.

This statement shall be interpreted with the GHG assertion of Cathay Financial Holding as a whole.

Verifier Group

Above statements coincide with auditing process with fairness and impartiality, and aim at the emission of year 2017 of clients.

This Statement is not valid without the full verification scope, objectives, criteria and findings available on pages 2 to 6 of this Statement.

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Lead Verifier:

Kyle Lu.

Verifier:

Lining Tang

Kain Hsieh

Andy Hsu

Chris Peng

Note: This Statement is issued, on behalf of Client, by SGS Taiwan Ltd. ("SGS") under its General Conditions for Greenhouse Gas Verification Services available at http://www.sgs.com/terms_and_conditions.htm. The findings recorded hereon are based upon an audit performed by SGS. A full copy of this statement, the findings and the supporting GHG Assertion may be consulted at Cathay Financial Holding Co., Ltd., No.296, Sec.4, Renai Rd., Daan Dist., Taipei, Taiwan. This Statement does not relieve Client from compliance with any bylaws, federal, national or regional acts and regulations or with any guidelines issued pursuant to such regulations. Stipulations to the contrary are not binding on SGS and SGS shall have no responsibility vis-à-vis parties other than its Client.

This Statement is not valid without the full verification scope, objectives, criteria and findings available on pages 2 to 6 of this Statement.

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Independent Limited Assurance Report

PWCM1800071

To Cathay Financial Holding Co., Ltd.

We have been engaged by Cathay Financial Holding Co., Ltd. ("Company") to perform assurance procedures on the sustainability performance information identified by the Company and reported in the 2017 Corporate Sustainability Report (hereinafter referred to as the "CS Report"), and have issued a limited assurance report based on the result of our work performed.

Subject Matter Information and Applicable Criteria

The sustainability performance information identified by the Company (hereinafter referred to as the "Subject Matter Information") and the respective applicable criteria are stated in the "Summary of Subject Matter Assured" on page 77 to 79 of the CS Report. The scope of the aforementioned Subject Matter information is set out in the "Scope" section of "About this report" of the CS Report.

The respective applicable criteria above are Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies, the latest edition of the GRI Sustainability Reporting Standards (GRI Standards) published by the Global Reporting Initiative (GRI) and the other criteria referred to or designed by the Company based on the Company's industry characteristics and sustainability performance information reported.

Management's Responsibilities

The Management of the Company is responsible for the preparation of the sustainability performance information disclosed in the CS Report in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies, the latest edition of the GRI Sustainability Reporting Standards (GRI Standards) published by the Global Reporting Initiative (GRI) and the other criteria referred to or designed by the Company based on the Company's industry characteristics and sustainability performance information reported, and for such internal control as management determines is necessary to enable the preparation of the sustainability performance information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

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

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

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The procedures we performed were based on the identification of risk areas and materiality level. Given the circumstances of the engagement, we performed the following procedures:

- Made enquiries of personnel responsible for the Subject Matter Information to understand and evaluate the processes, information systems (if any) relating to the preparation of the aforementioned information, and its design and implementation of relevant internal controls; and
- Based on the above understanding and evaluation, performed analytical procedures on the Subject Matter Information and, if deemed necessary, performed selective testing to obtain evidence for limited assurance.

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

Compliance of Independence and Quality Control Requirement

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

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

Inherent Limitation

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

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, we are not aware of any amendment that is required for the preparation of the Subject Matter Information, in all material aspects, to be in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies, the latest edition of the GRI Sustainability Reporting Standards (GRI Standards) published by the Global Reporting Initiative (GRI) and the other criteria referred to or designed by the Company based on the Company's industry characteristics and sustainability performance information reported.

Other Matter

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

PricewaterhouseCoopers, Taiwan

Li Yi-Huah

Partner

July 13, 2018