



國泰金控
Cathay Financial Holdings

Cathay Financial Holdings

SUSTAINABILITY
REPORT 2022

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2022 is a momentous year for Cathay FHC, marking our 60th anniversary. I would like to express my gratitude to all the employees, clients, shareholders, as well as all our stakeholders, for giving us your continued support and trust so that we may grow and flourish. The global landscape is becoming increasingly complex and competitive by the day. It is for this precise reason that we are making the decision to take up the mantle, bravely exploring greater possibilities for future development. In the spirit of "you are braver than you think," we are dealing with global changes and finding new solutions with a bold and intrepid outlook combined with innovation and an open mind. As Taiwan's largest institutional investor, we are diligently fulfilling our responsibility as a pioneer of sustainability - honing in on our strategy to enhance the three sustainability focus areas of climate, health, and empowerment. For each, we have designed strategic roadmaps and set goals for implementation. We will continue to enhance the sustainable services and products we offer, increase communication with stakeholders, and make full use of our core financial influence to create a better, more sustainable future where all can prosper.

Climate

Climate change is bringing us some tough challenges. We must now contend with issues such as adverse climate conditions, dwindling resources, declining biodiversity, and maintaining food security. And our every move will have an impact on the survival of our future generations. As the world moves toward sustainable development, Cathay is exerting our financial influence and capital to work with stakeholders in making the transition to a low-carbon economy and a net zero society. In April 2022, Cathay FHC became Taiwan's first financial company to join RE100, pledging 100% use of renewable energy at all of our business locations in Taiwan by 2030 and to achieve net zero emissions at all our global business locations by 2050. In September, the Science Based Targets initiative (SBTi) approved Cathay FHC's goals for reducing carbon within its operations and financial assets. Cathay FHC also led all its subsidiaries to join the government's Coalition of Movers and Shakers on Sustainable Finance initiative, pledging our help in facilitating Taiwan's transition. Cathay FHC was also invited to join the World Climate Summit (COP 27) for the first time in 2022, where we gave a keynote speech on sustainable finance. We demonstrated our commitment to aligning with international standards, and we shared our experience and dedication to the march towards net zero emissions. The path to net zero emissions is by no means an easy one. Cathay FHC invited cross-disciplinary and cross-industry stakeholders to the Cathay Sustainable Finance and Climate Change Summit, so that together, we can take action against climate change and fulfill our commitment to net zero emission goals.

Cathay has been going strong for 60 years. We are taking a good look at where we stand and where we want to be in the future, and we are breaking with the status quo to embrace future challenges and opportunities. Our six decades of experience will serve as the capital and courage upon which we shall venture into the next phase of our journey. Cathay shall maintain our foresight and ambition and hone in on sustainable strategies to welcome our next sixty years.

Chairman

蔡若園



Health

Taiwan is on the cusp of becoming a super-aged society. In the face of demographic changes such as an aging society and declining birth rates, Cathay FHC hopes to exert our influence as one of the largest financial institutions in Taiwan to expand the scope of our health promotion policy from individuals to households - furnishing a healthier and more wholesome lifestyle for the people of Taiwan. To promote health, Cathay Life has been actively raising public awareness of the importance of insurance and working to extend coverage to preventative health measures. Also, Cathay Life has introduced updates to the FitBack app, spillover-effect insurance, and geriatric health services. We are dedicated to integrating technology with our core financial services to build an ecosystem of health and encouraging the public to incorporate health management into their daily routines. Meanwhile, Cathay offers insurance, banking, and asset management services. We aim to enhance client experience with digital finance services through core competencies in financial products and services. This will raise client awareness of financial protection and security and make financial services more accessible and convenient. Cathay is improving public financial literacy through education and elevating the financial health of our clients through inclusive finance.

Empowerment

We encourage our employees to keep an open mind and never stop learning, to bravely jump outside of the box and forge ahead with a positive attitude. We also encourage them to be practical and have foresight, so that they may adapt to challenges by taking preemptive measures and ensure that Cathay may still operate sustainably in an increasingly complex environment. Here at Cathay, we firmly believe that talent is indispensable for our sustainable operations. By incorporating technology and implementing the digital transition, we are laying down a more nimble and flexible foundation for our corporate culture and create value from being a brand that is trustworthy. Apart from that, Cathay's vision is to build a society of inclusion and equality. We are dedicated to empowering youth and students, and we support gender equality. We also help the underprivileged and are working to eradicate social inequalities. By passing on a mindset of sustainability to our future generation, Cathay hopes to forge more positive cycles for society. In 2022, Cathay FHC held the TWCAE Youth Forum for the third consecutive year to empower youth with climate knowledge. We encourage them to exercise their creativity and galvanize others to speak up for the environment. Also, Cathay tapped into its core financial competencies to hold Taiwan's first Impact Investment Campus Roadshow - inspiring youths to elevate their understanding of themselves through knowledge and fostering seeds with the potential to spread sustainability to others in the future.

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About Cathay FHC

Overview of Operations

Cathay Financial Holdings ("Cathay FHC" includes Cathay Life, Cathay United Bank "CUB", Cathay Century, Cathay Securities, Cathay SITE, and Cathay Venture) is committed to maximizing value for our shareholders, customers, and employees and upholding our core values of "Integrity, Accountability, and Innovation." In response to the fast-changing environment, Cathay FHC will align our business strategy with market conditions, leverage our financial competencies, drive digital transformation, and achieve group synergies in order to provide financial services that are comprehensive, convenient and personalized. Cathay FHC will continue to focus on our three engines of growth "Insurance + Banking + Asset Management," and advance toward our vision of becoming a "leading financial institution in the Asia-Pacific region."

In 2022, capital markets across the world experienced great turbulence, bringing many challenges for the financial sector. Despite the ever-changing environment, thanks to the concerted efforts of our employees, Cathay FHC maintained steady business strategy and delivered robust core business momentum. Cathay FHC recorded a consolidated after-tax profit of NT\$ 38 billion (US\$ 1.24 billion), and EPS of NT\$ 2.58, with subsidiaries CUB and Cathay SITE once again achieving record-breaking profits.

Business Locations in Taiwan

691



Headquarters

Taipei



Number of Employees

56,031



Number of Customers

15.1 million



After-tax profits

NT\$38 billion

Note: The number of employees includes directors (including external directors), managers, general employees, and contractors. Supervisors, temporary workers, service and outsourcing contractors are not included, and the number of part-time workers holding other positions has been subtracted to prevent a redundant count.

Beijing

Cathay Lujiazui Life Insurance, Cathay Century Insurance (China), CDBS Cathay Asset Management Company

Tianjin

Cathay Lujiazui Life Insurance

Henan

Cathay Lujiazui Life Insurance

Hubei

Cathay Century Insurance (China)

Sichuan

Cathay Lujiazui Life Insurance, Cathay Century Insurance (China)

Myanmar

CUB

Thailand

CUB

Laos

CUB

Malaysia

CUB

Indonesia

CUB

Shandong

Cathay Lujiazui Life Insurance, Cathay Century Insurance (China), CUB

Liaoning

Cathay Lujiazui Life Insurance

Zhejiang

Cathay Lujiazui Life Insurance, Cathay Century Insurance (China)

Fujian

Cathay Lujiazui Life Insurance, Cathay Century Insurance (China)

Jiangsu

Cathay Lujiazui Life Insurance, Cathay Century Insurance (China)

Xiamen

Cathay Lujiazui Life Insurance

Shanghai

Cathay Lujiazui Life Insurance, Cathay Century Insurance (China), CUB

Guangdong

Cathay Lujiazui Life Insurance, Cathay Century Insurance (China)

Hong Kong

CUB, Cathay Securities, Conning Asia Pacific Limited

Greater China

Cathay Lujiazui Life Insurance operates 12 offices (headquarters and branch offices) and 52 sales and service agencies across China.

CUB holds a wholly-owned subsidiary and operates 7 business locations across China. CUB also owns a Hong Kong branch. CUB continues to enhance digital financial services and launch green financial products.

Cathay Century Insurance (China) continues to develop eCommerce-related business and undergo offline business transformation to optimize business structures and improve operational efficiency.

Southeast Asia

Cathay Life Insurance (Vietnam) has 151 business locations and continues to expand and diversify distribution channels. Premium income continues to rise.

CUB operates 60 overseas business locations across nine ASEAN countries and continues to offer more diverse and localized financial services through our dense overseas network.

Cathay Century Insurance (Vietnam) continues to enhance productivity through local channels and promote digital transformation and mobile insurance app.

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Financial performance in the last three years

Consolidated total assets (NT\$ billion)	Consolidated shareholder equity (NT\$ billion)	Consolidated after-tax profits (NT\$ billion)
10,950 2020	905 2020	76.0 2020
11,594 2021	914 2021	140.9 2021
12,071 2022	612 2022	38 2022
Consolidated after-tax EPS (NT\$)	Consolidated return on equity (%)	Average revenue per employee (NT\$ thousand)
5.41 2020	9.01 2020	10,984 2020
10.34 2021	15.49 2021	10,865 2021
2.58 2022	4.98 2022	6,055 2022
Average earnings per employee (NT\$ thousand)	Consolidated return on assets (%)	Outstanding shares (million)
1,324 2020	0.85 2020	14,703 2020
2,445 2021	1.34 2021	14,703 2021
673 2022	0.49 2022	16,203 2022
Cash dividends per share (NT\$)	Stock dividends per share (NT\$)	Book value per share (NT\$)
2.5 2020	0.0 2020	60.8 2020
3.5 2021	0.0 2021	61.5 2021
0.9 2022	0.0 2022	34.6 2022
Economic Value Retained (NT\$ billion)		
46.2 2020		
104.6 2021		
-11.5 2022		

Note: Economic Value Retained = Direct Economic Value Generated – Economic Value Distributed. "Direct Economic Value Generated" refers to revenue. "Economic Value Distributed" includes operating costs, employee salaries and benefits, payments made to investors and governments, and community investments.

Cathay FHC and its subsidiaries fully comply with laws and regulations in the sale of products and services. In 2022, no prohibitions were placed on the sale of any products or services in Taiwan.

Cathay Life	Life, accident, health, annuity, and investment-linked insurance	
Highlights	Highest market share in terms of total premium income, first-year premium income, and first-year equivalent premium income	Profits NT\$ 34.2 billion
CUB	Wealth management, consumer banking, corporate banking, international finance, e-banking, trust services, investments, and sales of financial products	
Highlights	Second largest privately owned bank in Taiwan with the most extensive locations in ASEAN countries	Profits NT\$ 25.7 billion
Cathay Century	Car, fire, marine, engineering, other insurance	
Highlights	Second largest market share in terms of premium income	Profits NT\$ -19.6 billion
Cathay Securities (incl. Cathay Futures)	Securities underwriting, proprietary/consigned trading of local and foreign securities, margin trading, securities lending, share administration, wealth management, and auxiliary futures services	
Highlights	Leader in sub-brokerage market	Profits NT\$ 1.4 billion
Cathay SITE	Securities investment trusts, discretionary investments, securities investment consulting, and futures trusts	
Highlights	Largest securities investment trust company in Taiwan	Profits NT\$ 1.6 billion
Cathay Venture	Investing in and providing assistance to unlisted companies with growth potential to maximize return on investment	
Highlights	Fourth largest FHC VC in terms of capital	Profits NT\$ 0.2 billion

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Tax Management

Cathay FHC's [Tax Governance Policy](#) establishes the Board of Directors as the highest-level decision-maker for managing tax risks. The Tax Management Unit is the accounting department within the Finance Division and is responsible for delivering reports to the Risk Management Division on a regular basis. The Risk Management Division is responsible for delivering reports on tax governance matters to the Board of Directors on an annual basis to ensure effective operation of the tax management mechanism. Cathay FHC's policy on tax governance is based on the principles of good faith and integrity, and the Tax Governance Policy and Code of Conduct are as follows:



Compliance

We are committed to comply with the spirit as well as the letter of the tax laws and regulations of each jurisdiction in which we operates, and we accurately calculate all tax charges and file tax returns prior to legal deadlines so as to fulfill our obligations to pay taxes.



Risk Management

We established a sound tax risk management structure and organizational culture, and carefully evaluate tax risks and response measures with consideration to the optimization of our overall tax burden and the impact on our reputation, risk management, and sustainability values under globalized operations.



Economic Substance

We do not manipulate tax structures, transfer profits to areas with lower taxes or use tax havens with the intent of avoiding taxes. Transactions between related parties must abide by the arm's length principles and comply with the transfer pricing rules of the jurisdiction of operation - fulfilling our tax obligations within the jurisdiction where value is created.



Information Transparency

Tax-relevant information will be disclosed publicly to stakeholders on a regular basis to ensure transparency.



Integrity and communication

We will foster a mutually trustworthy and honest relationship with tax authorities in each jurisdictions where we operate. Where possible, we will provide practical industry views and market insights to improve the tax environment and tax system.



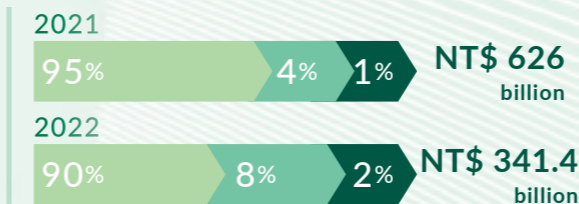
Talent Cultivation

We shall ensure that our employees receive regular domestic and foreign training in order to enhance their competencies with regard to tax governance. We manage tax-related affairs based on principles of good faith and integrity and effectively manage tax risks in order to implement corporate sustainability, maintain shareholder equity, and fulfill our corporate social responsibility.

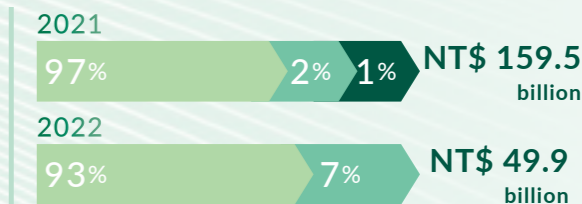
• Tax Information by Country

Cathay FHC pledges to comply with the tax laws and regulations of the jurisdiction of operation and to accurately calculate and file tax returns. In 2022, Cathay FHC's global profit from operations was NT\$ 341.4 billion, global profit before income tax was NT\$ 49.9 billion., global average number of employees was 56,388 and the operations covered insurance, investment, and interest income. Also, Cathay FHC paid NT\$ 17.4 billion in taxes worldwide across the following categories: corporate income tax, undistributed profits tax, business tax, and house and land taxes. As Taiwan is our main area of operations, Taiwan accounts for 90% of global profit from operations, 93% of global pre-tax profits, 82% of the global workforce, and 91% of taxes paid worldwide.

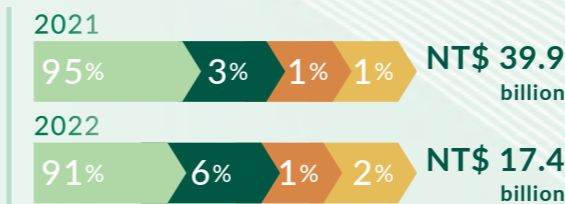
Profits from operations



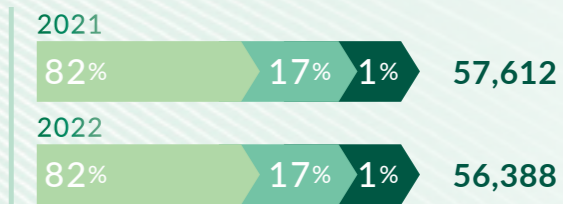
Profit before income tax



Paid in taxes



Average number of employees



■ Taiwan
 ■ Asia
 ■ Other Regions
 ■ China
 ■ Vietnam

• Income Tax Information

Cathay FHC's effective tax rate for 2022 is 24%, which is higher than Taiwan's statutory tax rate of 20%. It is also higher than the industry average of the book effective tax rate (19.5%) calculated from 24 industry groups according to the Sustainability Assessment Companion released by RobecoSAM. The significant increase in the effective tax rate for 2022 is due to the undistributed earnings subject to additional tax has paid, and the pre-tax profits for this year have also decreased compared to last year, resulting in a decrease in the tax base for the effective tax rate.

	2021	2022	Two-year average
Profit before income tax (A)	159.53	49.95	104.74
Income Tax Expense (B)	18.64	11.99	15.32
Effective tax rate (B)/(A)	11.68%	24.00%	14.62%
Income Tax Paid (C)	33.12	10.95	22.04
Cash Effective Tax Rate (C)/(A)	20.76%	21.92%	21.04%

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■ Sustainability Awards and Recognition



DJSI

Maintained position as a constituent on the DJSI World Index for five years running, and on the DJSI Emerging Markets Index for eight years. Obtained the best possible score for two core financial competencies: sustainable finance and financial inclusion.



TWSIA Taiwan Sustainable Investment Awards

Cathay FHC, Cathay Life, and Cathay SITE received exemplary recognition for "institutional impact." Cathay Securities and Cathay SITE won gold and silver respectively for "individual impact - ESG innovation."



Global Views Monthly CSR Awards

Ranked number one in the financial and insurance industry for ESG performance by Global Views Monthly for three years running. As such, will appear on the annual honor roll for three consecutive years starting in 2022. Cathay FHC received exemplary recognition for "environmental considerations," and Cathay SITE was ranked number one in "people development."



Asia Responsible Enterprise Awards

Chairperson Tsai Hong-tu was personally acknowledged at the Asia Responsible Enterprise Awards (AREA) for Responsible Business Leadership. Cathay FHC was recognized with the Green Leadership Award for its long-term commitment to climate action.



Taiwan Corporate Sustainability Awards

Received second place in the Top Ten Sustainable Companies Award - Services Category, and platinum in the Corporate Sustainability Report Award - Finance and Insurance Category. Chief Investment Officer Sophia Cheng was honored as an "outstanding figure in sustainability." Received eight sustainability performance awards including "Growth through Innovation," "Social Inclusion," "Information Security," "People Development," and "Creative Communication."



Bloomberg Gender-Equality Index

Included within the 2023 Bloomberg Gender-Equality Index



MSCI ESG Ratings

Received a leader (AA) rating



Buying Power

Won first place in Buying Power - Social Innovation Products and Services Procurement Award from the MOEA Small and Medium Enterprise Administration



Sustainalytics

Ranked 3rd in the global life insurance industry



CDP

Received Leadership Level A ranking in Climate Change 2022



Wealth Magazine Taiwan Financial Award

Awarded for "excellence in sustainability," "FinTech innovation and application," and "consumer finance brand" in 2022



FTSE4GOOD

Selected as a constituent of the FTSE4Good Emerging Index for eight consecutive years.



CommonWealth Magazine Excellence in Corporate Social Responsibility

Won second place for Excellence in Corporate Social Responsibility



Corporate Governance Evaluation

Ranked in top 5% in the 9th Corporate Governance Evaluation



FTSE4Good TIP Taiwan ESG Index

Selected as a constituent for the sixth consecutive year.

Sustainability Performance and Breakthroughs

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Sustainability Strategies & Governance

- Implementing CSR and the flying geese paradigm by joining the FSC's Coalition of Movers and Shakers on Sustainable Finance.
- Honing in on a direction for sustainable development by finalizing a sustainability strategy blueprint that connects the three focus areas and sets important goals.
- Cathay FHC deepens sustainable management by combining material issues with sustainable value creation flow (IMV) and then connecting with the sustainability strategy blueprint.



Climate

- The first financial institution from Taiwan to join RE100 and the sixth financial institution from Asia with SBT approval.
- Cathay FHC became a strategic partner of the World Climate Foundation (WCF), as well as Taiwan's first connection to the Climate Change Conference COP. Chairman Hong-Tu Tsai and President Chang-Ken Lee were invited to the World Climate Summit (WCS), a side event of COP27, as the keynote speaker and panelist, respectively.
- Chief Investment Officer Sophia Cheng was the only speaker from Taiwan invited to the "2022 World Biodiversity Summit" (WBS) to share Cathay FHC's views on biodiversity and experiences of successfully promoting company engagement in Asia.
- The first financial institution from Taiwan to join the Partnership for Biodiversity Accounting Financials (PBAF).
- Wheeled in 6.5 GWh of renewable energy in 2022 to achieve net zero emissions with tenants.
- Designed in compliance with green architectural standards, CUB's Ming Cheng Branch received the 24th National Golden Award for Architecture in the category of "Low-Rise Buildings" and was the first financial building to receive the award



Health

- The Weight-Loss Contest, a health promotion activity, entered its eighth year and saw participation from over 80,000 people.
- Launched five new insurance products with inkind benefits, and led the industry in rolling out two cognitive impairment insurance products.
- Small investors made a total of NT\$ 23.22 billion in regular investment contributions, growing 23.6 times the amount in 2019.
- Became the first financial institution in Taiwan to offer the mutual promotion of insurance claim trust service.
- Established financial services centers in 140 townships across Taiwan and outlying islands to implement financial inclusion by providing service to 80,000 people and won the Financial Inclusion Promotion Award at the 11th Taiwan Banking and Finance Best Practice Awards and the Taiwan Sustainability Action Awards in 2022.



Empowerment

- Listed in "HR Asia - Best Companies to Work for in Asia" for the fourth year running
- Included within the 2023 Bloomberg Gender-Equality Index, receiving a near-perfect rating in equal pay.
- Held the Cathay Climate Change Youth Forum for the third consecutive year, achieving over 90% participation in 2022 - empowering a total of 200 youths with climate knowledge.
- Held Taiwan's first Impact Investment Campus Roadshow, visiting 6 universities and reaching 898 students.
- Offered our new online financial education platform Tutor CUB to 4 rural elementary schools with the support of over 400 volunteers.



Sustainable Finance and Its Impact

- Cathay integrates 35 ESG factors to assess the investees and borrowers' sustainability risks and opportunities.
- Cathay has gained international recognition for our efforts over the years. The Investor Agenda announced the Investor Climate Action Plans (ICAP), and Cathay FHC was the only asset owner in Asia to be included in the world's top ten best practice for our corporate engagement and policy advocacy performance.
- Cathay Life fully supports the climate resolutions which facilitate investee's sustainability development.
- Expand Cathay's impact on responsible investment by working with National Taipei University to improve the quality of ESG disclosure by Taiwanese listed companies. ESG rating evaluation performed on 658 individual stocks.



Sustainable Governance

- Enhanced the independence and diversity of the board of directors; one female independent director was added to the eighth board of directors election
- Releases Cathay's first TCFD Report in 2022 to enforce climate risk management. Taiwan's first financial institution, selected as the risk management disclosure case of TCFD Status Report.
- Tied remuneration packages for presidents of Cathay FHC and its subsidiaries to sustainability performance to implement sustainable governance

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Sustainability Strategies & Governance

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- ▶ 1.3 Stakeholder Engagement and Materiality Analysis

★ Implementing CSR and the flying geese paradigm by joining the FSC's Coalition of Movers and Shakers on Sustainable Finance.

★ Honing in on a direction for sustainable development by finalizing a sustainability strategy blueprint that connects the three focus areas and sets important goals.

★ Cathay FHC deepens sustainable management by combining material issues with sustainable value creation flow (IMV) and then connecting with the sustainability strategy blueprint.

KPMG's 2022 Taiwan Sustainability Risk Survey observes that businesses are facing major challenges to their operations due to global factors like geopolitical changes, the threat of climate change, decreasing birth rates, and aging demographics - highlighting the importance of sustainable development. In response to these challenges, Cathay FHC has been actively implementing ESG governance and enhancing risk management. Through the Corporate Sustainability Committee, we've set up a comprehensive system for management and communication based on our core business functions. We've also incorporated ESG factors to ensure that our management and strategy are compatible with a sustainability mindset. In 2022, we developed the Three focus areas of sustainability and have been actively implementing various action plans to ensure Cathay's resilience and capacity for sustainable governance.

1.1 Sustainable Governance & Management

GRI : 2-12 、 2-13 、 2-14 、 2-16

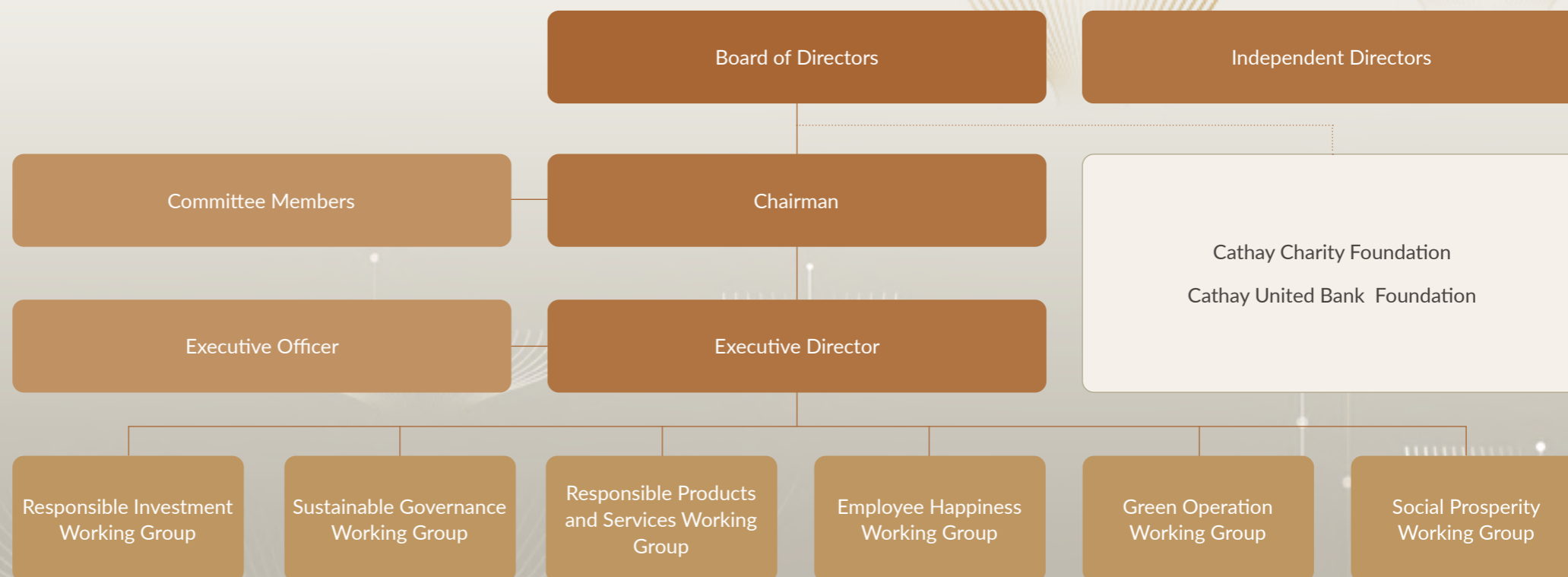
Cathay FHC's Corporate Sustainability (CS) Committee is the company's main body for promoting corporate sustainable governance and development. The committee reports directly to the Board of Directors and is supervised by an independent director, with the Cathay FHC President serving as committee chairperson. The committee has six task forces led by senior executives and convenes every quarter. Major tasks and the implementation progress are reported to the board twice a year. Through a top-down approach to governance, Cathay FHC highlights the importance of incorporating sustainable development.

Cathay's Declaration of Sustainability Values

Cathay's Declaration of Sustainability Values declares how Cathay will comply with professional ethics, lawfully and reasonably engage in business, and also dedicate efforts to lower Environmental, Social and Governance (ESG) risks.



1.1.1 Cathay FHC Corporate Sustainability (CS) Committee



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1.1.2 Milestones

Since its inception in 2011, the CS committee has continued to strive for innovation and growth for over a decade, building a better sustainability roadmap for the future:

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2011

- Established Cathay FHC Corporate Social Responsibility (CSR) Committee with five task forces

2012

- Set forth the Corporate Social Responsibility Code of Practice
- Published the first CSR Report
- Joined the Carbon Disclosure Project (CDP)

2013

- Established the CSR rewarding mechanism
- Corporate sustainability training incorporated into new employee orientation
- Responded to ESG messages from institutional investors

2014

- The CSR Committee was reestablished as the Corporate Sustainability (CS) Committee under the board and supervised by an independent director
- Established the Responsible Investment Working Group

2015

- Responded to and was selected for the Dow Jones Sustainability Index (DJSI)
- Became Taiwan's first signatory to the Equator Principles (EPs)
- Acquired Conning, Inc., a PRI signatory

2016

- Cathay Life pledges to comply with the UN's Principles for Sustainable Insurance (PSI)
- Convened a strategy advancement meeting with the six task forces and defined the four focus areas of sustainable development
- Incorporated Social Return on Investment (SROI)
- Became a signatory to Taiwan's Stewardship Principles for Institutional Investors

2017

- Cathay Century pledges to comply with the UN's Principles for Sustainable Insurance (PSI)
- Dual secretaries instituted for the six task forces
- Investigated the causality between sustainability and business performance

2018

- CUB pledges to comply with the UN's Principles for Responsible Banking (PRB)
- Selected for the DJSI World Index
- Cathay Life releases the first Stewardship Report in Taiwan
- Audited all indexes within the CSR Report

2019

- Established the Corporate Sustainability Division
- Updated the 2016 four focus areas of sustainable development
- Began to follow the TCFD in 2017. The TCFD task force, led by the Chief Risk Officer, began to monitor climate-related risks in 2018.

2020

- Established the Corporate Sustainability Office under the Cathay FHC President's management
- Reexamined the four focus areas and established "Climate, Health, and Empowerment" as the three new focus areas for strategic sustainable development
- Investigated the link between sustainability actions and brand perception

2021

- CS Committee's operations and discussions focus on communicating the three focus areas of sustainable development to stakeholders
- Tied Cathay FHC President's remuneration package to sustainability performance to promote sustainable governance
- Pledged to comply with RE100 to underscore our climate commitment. Aiming to achieve 100% use of renewable energy at our Taiwan facilities by 2030 and net-zero carbon emissions by 2050.
- Releases Cathay's first ESG Integration Report

2022

- CS Committee finalizes sustainability blueprint detailing the strategy and implementation of the three focus areas
- Tied remuneration packages for presidents and senior executives of Cathay FHC and its subsidiaries to sustainability performance to implement sustainable governance
- Joined the Taiwan Financial Supervisory Commission (FSC)'s Coalition of Movers and Shakers on Sustainable Finance
- Emission reduction targets officially verified by the Science Based Targets Initiative (SBTi)
- Releases Cathay's first TCFD Report

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1.2 Focus Areas & Blueprint of Sustainable Development

Cathay aims to be the best financial institution in the Asia Pacific. As such, we have incorporated corporate sustainability into our decision-making processes for the three major branches of our operations: insurance, banking, and asset management. We shall implement sustainable finance by making use of our core competencies in capital and risk management. Cathay set forth the three sustainability focus areas of climate, health, and empowerment, and then we evaluated the risks and opportunities that our core operations present to the UN SDGs. We then aligned the three focus areas with 10 SDGs and implemented them in our daily operations. This ensures that while we strive to provide the best service in the financial industry, we can also solve social and environmental issues and empower stakeholders with greater resilience.

Cathay's Strategy and Three Focus Areas for Sustainable Development

Company Vision —

To be the Best Financial Institution in the Asia Pacific

Core Values —

Integrity, Accountability, and Innovation

Core Operations —

Sustainable Finance

Three Focus Areas of Sustainable Development	The Six Dimensions		Sustainable Development Goals (SDGs)
<div> <div>Climate</div> </div>	Low-Carbon Economy	Incorporate climate change and ESG-related risks and opportunities into the investment, loans, products, insurance, and services of the core business and create environmental influence through initiatives and engagement.	<div> </div>
	Sustainable Environment	Incorporate green business management into daily management and promote lowcarbon and environmentally friendly services.	<div> </div>
<div> <div>Health</div> </div>	Health Promotion	Increase citizens' awareness of the importance of physical and mental health and focus on exante prevention and coverage with insurance products and services to enhance the awareness of accidents and risks.	<div> </div>
	Financial Health	Help the younger generation, elderly, and women engage in financial actions to create financial independence. Use financial education, products, and services to help small and medium enterprises, social enterprises, and disadvantaged groups implement financial inclusion.	<div> </div>
<div> <div>Empowerment</div> </div>	Workplace Empowerment	Focus on employee experience and investment and use professional competencies and work and life balance to create an innovative and passionate workplace environment.	<div> </div>
	Social Empowerment	Attach importance to social progress and actively participate in projects that benefit the independence and mutual prosperity of stakeholders, develop their abilities through empowerment, support, and assistance projects, provide development opportunities, and reduce the gap in resources of different groups in society.	<div> </div>

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■ Building our Sustainability Strategy Blueprint

Cathay's three-step process to hone in on our three focus areas and six dimensions of sustainable development, align them with 10 SDGs, and connect 19 material issues, fully implement sustainable governance. Please visit [Cathay FHC's official website](#) for details on how we contributed to SDGs in 2022.



Cathay's Sustainability Strategy Blueprint - A Message from the President

Cathay FHC and its subsidiaries have created a sustainability strategy blueprint tailored for our operations and core competencies, building group-wide consensus in the strive for a more sustainable future. The sustainability strategy blueprint encompasses Cathay's diverse core financial operations, incorporating sustainability into every detail. By promoting internal change, we are exerting positive influence through our operations, financial products and our services- forging a positive cycle and ensuring corporate sustainability.

The entire group is aligned with a focused and unified plan for sustainable development. Short-, mid-, and long-term goals also elucidate the direction with which to implement the sustainability blueprint. Cathay has a clear goal and roadmap in mind for sustainable development. We are dedicated to achieving blueprint goals.

It is everyone's responsibility to maintain a sustainable environment and live in peace and happiness. Cathay is committed to leveraging its core financial functions to achieve blueprint goals and fulfill its corporate responsibility for a sustainable environment.



President of Cathay
Financial Holdings
Chang-Ken Lee

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Sustainability Strategy Blueprint - Climate






Low-Carbon Economy

Vision

In the past sixty years, Cathay has earned the abiding trust of our shareholders and customers. The effect of climate change on economic, social, and cultural stability is increasing day by day. As Taiwan's largest financial institution, Cathay is committed to the proper use of all capital and to working with shareholders and customers. We will accompany our investees and borrowers in their low-carbon transition to furnish a zero-carbon society and establish ourselves as an influential benchmark.

Please see the chapter of [2.1 Low-Carbon Economy](#) for details of Major Projects and Indicators

Strategy and Key Performance Indicators

Strategy 1	
 <p>Net Zero Emissions in Financial Assets by 2050</p>	<p>Ambitious Goal</p> <p>Achieve net zero emissions by setting SBTi and transitioning financial assets.</p> <p>Key Performance Indicators</p> <ul style="list-style-type: none"> Investment Portfolio Temperatures for Listed Equity and Bonds 2026: S1+S2: 2.68° C; S1+S2+S3: 2.79° C Ban new investments by 2023 to companies operating within the coal industry, coal railroad transportation, coal ancillary services, and coal-fired electricity generation that are not actively transitioning to renewable energies and have a CSR of above 30% Setting a "Zero Coal Financing" goal to achieve zero coal lending by the end of Q1 2027
<p>Relevant Stakeholders</p> <p>Corporate Clients, Government</p>	
Strategy 2	
 <p>Leader in Climate Engagement Actions</p>	<p>Ambitious Goal</p> <p>Encourage and work with stakeholders in the financial value chain to take action against climate change and strengthen resilience against climate risks.</p> <p>Key Performance Indicators</p> <ul style="list-style-type: none"> Engage with key companies in our domestic investment and lending portfolios that account for 45% of total carbon emissions by 2023 Lead participation in 3-5 international and domestic initiatives and engagements Evaluate the possibility of joining other international initiatives and organizations for responsible investments in climate change, water resources, biodiversity, etc
<p>Relevant Stakeholders</p> <p>Corporate Clients, Government, Public Associations</p>	
Strategy 3	
 <p>Provide Comprehensive Climate Finance Solution</p>	<p>Ambitious Goal</p> <p>Support companies and industries to create opportunities for low carbon transformation or mitigate/adapt to climate change through funds or financial products and services, so that industries will become more competitive and society will develop towards a green economy in an orderly manner.</p> <p>Key Performance Indicators</p> <ul style="list-style-type: none"> 20% increase in low-carbon investments by 2023 from 2020 10% increase in green deposit/loan products or services by 2023 from 2022 5% increase in insured amount for green insurance underwriting by 2023 from 2022 Provide corporate catastrophe services to 5% more companies by 2023 from 2022
<p>Relevant Stakeholders</p> <p>Customers</p>	

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Sustainable Environment

Vision

As Taiwan's largest financial institution, Cathay FHC manages a global operation - with a total of 754 business locations in Taiwan and across the world. Cathay FHC believes that climate is at the core of sustainability. By spotlighting Green Energy, Green Operations, and Green Real Estate, Cathay FHC is steadily implementing its "Zero-Carbon Operation Transition Plan" to achieve net zero emissions by 2050.

Please see the chapter of [2.2 Sustainable Environment](#) for details of Major Projects and Indicators

● Strategy and Key Performance Indicators

Strategy 1	
 2050 Net Zero Operation Green Energy	<p>Ambitious Goal</p> <p>Promote energy transition so that business locations in Taiwan will use 100% renewable energy, and business locations worldwide will use 60% renewable energy by 2030.</p> <p>Key Performance Indicators</p> <ul style="list-style-type: none"> ● Fulfill SBT commitment on carbon reduction and ensure over 10% use of renewable energy by 2023 ● Adopt Carbon Pricing Mechanisms to Encourage Employees: Provide carbon reduction incentives to employees in 2023 by combining them with internal carbon fee mechanisms ● Enhance Power management and Energy Conservation Efforts: Establish a system to monitor and manage 23% of the total electricity consumption and conserve more energy
Relevant Stakeholders Employees, Customers	
Strategy 2	
 2050 Net Zero Operation Green Operations	<p>Ambitious Goal</p> <p>Mobilize operations, digitalize services, and share workspaces in order to incorporate sharing and circulation into planning and creation of a low-carbon workplace.</p> <p>Key Performance Indicators</p> <ul style="list-style-type: none"> ● Mobilize Operations - Remote Work: Cathay Life and CUB will implement Project WFH 2.0 in 2023 and ensure a better employee experience, remote work, and energy savings with VDI OA ● Share Workspaces - Workplace Transition: Construct 19 new workspaces in 2023 compared to 2020 ● Digitalize Services - Carbon Labels: Cathay Life, CUB, and Cathay Century will decrease their carbon footprints by digitalizing services and greatly reducing the carbon emitted during the product life cycle, pledging to conduct carbon footprint verification for 60% of their main products by 2023
Relevant Stakeholders Employees, Customers	
Strategy 3	
 2050 Net Zero Operation Green Real Estate	<p>Ambitious Goal</p> <p>Furnish an ecosystem of low-carbon buildings and drive industry participation in the energy transition.</p> <p>Key Performance Indicators</p> <ul style="list-style-type: none"> ● All new buildings after 2023 will earn green building certifications or be LEED certified by the U.S. Green Building Council ● Branch offices undergoing renovations in 2023 shall ensure that renovations are 100% environmentally friendly; 20% of branch offices will undergo environmentally friendly renovations by 2023 ● Promote renewable energy use in grade A office buildings in Taipei's Xinyi and Dunnan District by 2023
Relevant Stakeholders Employees, Customers	

Sustainability Strategy Blueprint - Health






Health Promotion

Vision

Taiwan is currently dealing with demographic challenges such as an aging population and decreasing birth rates. As every other Taiwanese citizen is a Cathay FHC customer, we are tapping our influence to extend the sphere of health promotion from the individual to each and every home. We will help the public monitor their own health, maintain safety for children within schools, and take care of the physical and mental well-being of our seniors. We also pledge to become the strongest proponent for the well-being of our employees, realizing our vision for "total well-being for all ages in the home."

Please see the chapter of [3.1 Health Promotion](#) for details of Major Projects and Indicators

Strategy and Key Performance Indicators

Strategy 1	
 Expand the Ecosystem of Promoting Physical and Mental Health	<p>Ambitious Goal</p> <p>Promote awareness of physical and mental health and accident prevention; advocate for public self-awareness and management; enhance the ex-ante prevention and ex-post compensation value of insurance; exert industry influence to promote health and wellness.</p> <p>Key Performance Indicators</p> <ul style="list-style-type: none"> ● Reach 1 million participants (members) for health promotion projects by 2023 ● Help 520,000 members manage their health and provide health management services 12 million times per month in 2023 ● Continue to offer health promotion activities and help over 50% of employees maintain healthy BMIs by 2024. In 2023, Cathay is offering employees emotional support programs, assisting 60% of our employees with wellbeing enhancement ● Cathay FHC, Cathay Life, CUB, Cathay Century, Cathay Securities, and Cathay SITE will obtain ISO 45001 certifications by 2030 ● Host 400 promotional events for "Accident-Free" loss control projects ● Extend outreach to 1,400 schools with our anti-drug programs by 2023. Reach 1.8 million people with the anti-drug Air Force, Army and Navy Project in 2023
Relevant Stakeholders Customers, Employees, Suppliers, Youth, Community	
Strategy 2	
 Support Sub-Health Reablement	<p>Ambitious Goal</p> <p>Reduce the overall burden and cost of healthcare by collaborating with the healthcare and medical industry to reable customers and elevate their quality of life.</p> <p>Key Performance Indicators</p> <ul style="list-style-type: none"> ● Help 75% of customers participating in services related to the three highs (high blood pressure, high cholesterol, and high blood sugar) to improve their health by 2025
Relevant Stakeholders Customers, Suppliers	
Strategy 3	
 Offer Age-Friendly Services and Create a Safety Net for Elderly People to Live Lifestyles of Health and Sustainability	<p>Ambitious Goal</p> <p>Furnish a healthy and dignified life for older adults by using financial products and services to create an age-friendly safety net with solutions to promote the overall health of older policyholders by 2030.</p> <p>Key Performance Indicators</p> <ul style="list-style-type: none"> ● Provide A&H insurance to 1.3 million persons aged 55 and older ● Partner with NGOs and schools to promote elderly care services and increase social support; provide outreach to 1,000 older adults in 2023
Relevant Stakeholders Customers, Suppliers, Employees	



Financial Health

Vision

Cathay FHC provides insurance, banking and asset management services to more than half of Taiwan's population. As the largest privately-held financial holdings company in Taiwan, it is our responsibility to enable everyone to find the right financial products and services at Cathay to achieve a sound personal balance sheet and improve their financial health. We hope to prosper alongside our customers, empowering all with the right and means to make sound financial decisions and realize their life goals.

Please see the chapter of [3.2 Financial Health](#) for details of Major Projects and Indicators

Strategy and Key Performance Indicators



Best Custodian of Client Assets

Relevant Stakeholders
Customers \ Employees

Strategy 1

Ambitious Goal

- Provide diverse financial planning and management tools and help the public make sound financial decisions to ensure a sense of security and happiness in the face of social changes
- Provide high-quality property protection mechanisms to help the public protect their assets and make safe transactions.

Key Performance Indicators

- Value customer risk awareness, financial autonomy, and satisfaction, and provide customers with long-term and stable financial planning to enhance their financial resilience. CUB aims to achieve over 80% customer satisfaction for its financial services by 2023
- Help our customers steadily accumulate wealth through investment solutions such as mutual funds and ESG-based financial products. CUB will serve 19,000 customers in 2023, reaching NT\$6.4 billion in investments; Cathay SITE will serve 869,000 customers in 2023 with a fund size of NT\$148.9 billion
- Cathay Century will ensure 90% utilization of mobile apps for personal insurance (car, health, accident, and travel insurance) and aims to achieve over 90% satisfaction with its customer care services
- Provide microinsurance or low-cost insurance to over 80,000 people by 2023 and work towards 120,000 people
- Provide trust products to 4% more people in 2023 compared to the previous year



Taiwan's Benchmark for Financial Inclusion

Relevant Stakeholders
Government, Clients

Strategy 2

Ambitious Goal

- Provide equal and friendly financial services, expand the area of service, and implement financial equality to increase public acceptance and use of digital finance
- Promote financial education to impart correct financial information to the public, thereby elevating financial literacy, lowering the risk of succumbing to fraud, and building a healthy financial mindset.

Key Performance Indicators

- Offer at least three innovative financial inclusion products or services by 2023
- Assist and provide preferential loans to 16 social enterprises in 2023
- Financial services stations shall service 150 townships and help 100,000 people across Taiwan by 2023
- Provide financial education to elevate the public's knowledge of finance; over 80% of participants agreed in a survey that the classes increased their knowledge of finance

Sustainability Strategy Blueprint - Empowerment

Strategy and Key Performance Indicators



Workplace Empowerment

Vision

Cathay FHC aims to be a "financial technology company" so we are promoting comprehensive digital transformation across the group, enriching the minds of our cross-disciplinary digital finance professionals, and cultivating core skills for our employees and tech professionals. At Cathay, we believe that talent is critical to the sustainable development of our operations. Therefore, Cathay FHC has long been dedicated to talent cultivation and development, and we value our employees as we would our customers. By aligning talent development with digital transformation strategies, we pledge to support our employees with the four pillars of workplace empowerment.

Please see the chapter of [4.1 Workplace Empowerment](#) for details of Major Projects and Indicators



Employee Reskilling

Relevant Stakeholders Employees

Ambitious Goal

Identify skills needed by employees in the future, in order to respond to the digital transformation of companies and future changes in work patterns.

Key Performance Indicators

- In 2023, provide digital training to 50% of employees (vary according to annual training programs)

Strategy 1



Employee Upskilling

Relevant Stakeholders Employees

Ambitious Goal

Provide suitable learning resources for each occupation/job level to strengthen employees' work skills.

Key Performance Indicators

- Satisfaction rate of 4/5 for annual job dedication training
- 85% of employees will achieve a score of 4 or higher on a 360-degree performance assessment

Strategy 2



Build a Leadership Pipeline

Relevant Stakeholders Employees

Ambitious Goal

Increase the pool for different levels of management talent, and increase the depth of the talent pool to ensure the organization's sustainable development.

Key Performance Indicators

- Retain 80% of key junior- and middle-level talent in 2023
- Retain 50% of key Young Talent in 2023

Strategy 3



Create a Workplace of Diversity, Equity & Inclusion

Relevant Stakeholders Employees

Ambitious Goal

We have created a workplace environment with diversity and tolerance, in order to bring out the full potential of talent with different expertise and enhance our organizational competitiveness.

Key Performance Indicators

- Retain 80% of employees taking parental leave in 2023
- Women will fill 33% of management positions in 2023

Strategy 4






Social Empowerment

Vision

Cathay is actively promoting sustainable action through our core functions and exerting influence on various stakeholder groups, in an effort to empower them to elevate their own quality of life and ensure that everyone enjoys equal opportunities for development. We are also forming alliances with various strategic partners to promote the sustainability movement, supporting youth, women, and the underprivileged to gain knowledge and skills to weather a rapidly changing social environment with confidence, independence, and self-reliance.

Please see the chapter of [4.2 Social Empowerment](#) for details of Major Projects and Indicators

● Strategy and Key Performance Indicators

Strategy 1	
 Youth Empowerment	Ambitious Goal Youth x Revolutionizing Education : Work with an education startup team to provide children with diverse learning resources, close the gap between urban and rural areas and the Youth x Sustainability : wealth gap, and help students change their lives. Help youth gain perspective, independent thinking, and innovation abilities, and provide resources to encourage young entrepreneurs to take action to resolve social/environmental issues. Youth x Workplace Competences : Help youth understand themselves, think about their careers, and develop skills, so that young people can close the gap between education and employment
	Key Performance Indicators Youth x Revolutionizing Education : Youth x Sustainability : Youth x Workplace Competences : <ul style="list-style-type: none"> ● Empower over 25,700 rural students in 2023 ● Provide empowerment to youths 3,500 times in 2023. Over 70% of youths will report motivation to take action on a survey measuring their willingness to take action and future direction ● Achieve a score of 4 and above on willingness to pursue a career in the finance industry
Relevant Stakeholders Government, Clients	
Strategy 2	
 Women's Empowerment	Ambitious Goal Independence : Combine existing products and services based on Cathay's core competencies to help women continue to grow in their careers and in life. Self-actualization : Cathay sees the unfair treatment women receive in society, and hopes to give women equal opportunities.
	Key Performance Indicators <ul style="list-style-type: none"> ● Collaborate with two to three women-led business every year ● Support one coaching team and train 50 female basketball players. Support one coaching team and train 39 female table tennis players
Relevant Stakeholders Customers, Youth, Community	
Strategy 3	
 Supporting the Underprivileged	Ambitious Goal Self-affirmation : Eliminate inequalities in society so that everyone can improve their quality of life through their own endeavors. Community involvement : Provide learning, participation, and cooperation resources to help specific groups gain the resources, confidence, and skills to become a contributing member of society and demonstrate their strengths.
	Key Performance Indicators <ul style="list-style-type: none"> ● Reach 25~30 rural schools by 2023 ● Achieve a score of 3 or above on items related to financial literacy on a student self-evaluation questionnaire by 2023
Relevant Stakeholders Youth, Community	

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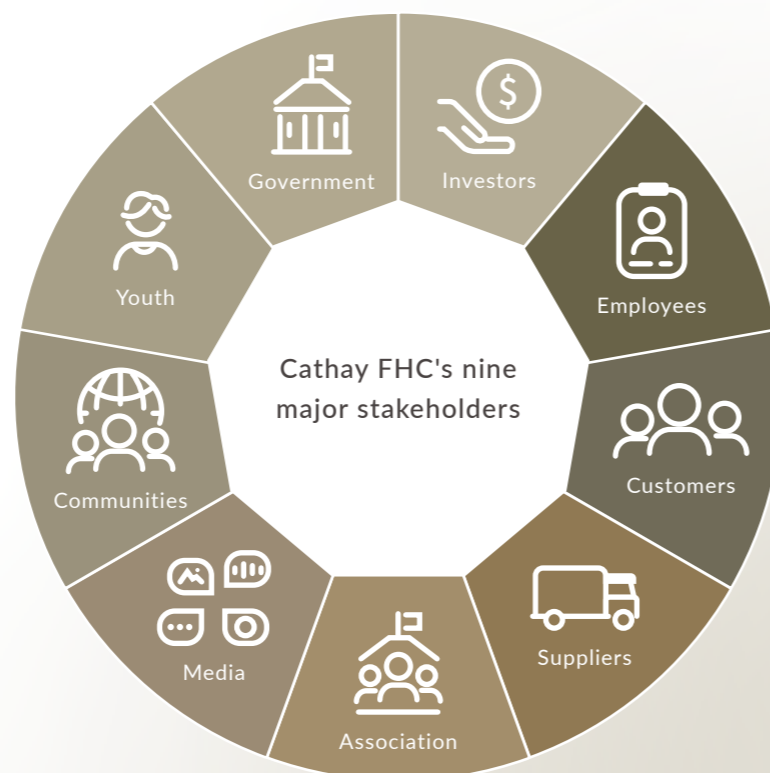
1.3 Stakeholder Engagement and Materiality Analysis

GRI : 2-12、2-16、2-29、3-1、3-2、3-3

1.3.1 Stakeholder Engagement

Cathay FHC engages with stakeholders in accordance with the four fundamental principles outlined in AA1000 Stakeholder Engagement Standard (AA1000 SES): Materiality, Inclusivity, Responsiveness, and Impact. In the meantime, we identified nine major stakeholder groups with our sustainability blueprint designed to hone in on our sustainability strategies. We subsequently compiled the "Cathay FHC Stakeholder Engagement Strategies" to listen to, understand, and respond to stakeholder voices and concerns through multiple channels/mechanisms. We aim to establish mutual benefit and trust through continued communication and engagement.






For more information on Cathay FHC's communication channel, engagement frequency and feedback mechanisms, as well as the complete list of interactions in 2022, please see the [official Cathay FHC website](#).



1.3.2 CS Issue Materiality Analysis

Materiality Analysis of CS Issues and Formulation of Sustainable Strategies

Cathay FHC not only takes stakeholder concerns into consideration when conducting materiality analysis, but we also refer to the Double Materiality concept advocated by the European Union. It adopts the impact-based methodology for materiality analysis, based on the latest general guidelines published by the Global Reporting Initiative (GRI), specifically GRI 3: Material Topics 2021. This methodology is used to identify material topics by analyzing the impacts of the company's operations on the environment and society, and determining which issues are most significant. Furthermore, Cathay FHC utilizes the Impact Valuation methodology to evaluate the impact of its operations on the economy, environment, and society, including actual and potential impacts, long- and short-term impacts, positive and negative impacts, and reparable or irreparable impacts. The company identifies significant impacts using monetary and quantitative indicators, and prioritizes ESG issues based on the significance of their impacts. This approach responds to stakeholder demands for transparency and allows Cathay Financial Holdings to develop a sustainable development direction and strategy blueprint.

Cathay's Strategy for Sustainable Development		
Three Focus Areas	Three Dimensions	Materiality Analysis
 Climate  Health  Empowerment	 E  S  G	Level of Stakeholder Concern Operational Impacts Sustainable Development Impact



Six Sustainability Strategy Blueprints and 18 Sustainability Targets			Set Challenging and Quantifiable Short-, Mid-, and Long-term Goals	
Climate	Health	Empowerment	 Sustainability Targets	
Low-Carbon Economy Sustainable Environment	Health Promotion Financial Health	Workplace Empowerment Social Empowerment		Short-term 2023 Mid-term 2025 Long-term 2030

CS Issues Materiality Analysis Process



1 Compile and Identify

By analyzing global sustainability disclosure standards, sustainability ratings, industry benchmarks, international trend reports, and our sustainability vision and organizational development goals, Cathay FHC conducts daily operations and interacts with stakeholders to ensure ongoing communication and feedback.

2 Identify Potential Issues

Confirm 27 CS issues, of which nine are related to governance, six are related to environment, and 12 are related to society.

3 Operational Impacts

Cathay FHC invited its nine major stakeholder groups to provide feedback on the level of their concern regarding 27 CS issues through a questionnaire. A total of 5,584 stakeholders responded, including customers (4,545), employees (971), investors (5), media (17), associations and government organizations (7), communities (7), youth (5), and suppliers (27).

4 Sustainable Development Impact

To identify the impact of ESG issues on our operations, a materiality assessment questionnaire was distributed to 26 senior executives, including the Cathay FHC President, presidents of Cathay subsidiaries, senior executives, and CS Committee members. They were asked to assess the degree of impact of CS issues on the company's operations.



5 Sustainable Development Impact

In order to determine significant issues based on impact, Cathay FHC conducts impact measurement & valuation (IMV) every two years using five capital profit and loss methods. We use monetary value assessment to evaluate the impact on the economy, environment, and people, identifying significant impacts including positive and negative impacts and the long- and short-term likelihood of occurrence.

6 Prioritize

Cathay prioritizes CS issues by considering the level of stakeholder concern, and analyzing the results from the double materiality - operational and sustainable development impacts - of the three dimensions.

7 Define

Once impacts are identified, they are incorporated within discussions regarding the sustainability strategy blueprint with senior managers and the sustainability team. Nineteen material CS issues are then finalized and prioritized according to materiality, then reported to the CS committee that operates under the board of directors.

8 Set Sustainability Targets

Disclose contents of material issues that correspond to the GRI Standard, while short- and long-term goals corresponding to the material issues are set and disclosed in the Cathay FHC sustainability report. For progress and achievements in 2022, please refer to the [official Cathay FHC site](#).

Cathay FHC identifies significant issues affecting our operations, stakeholders, and sustainable development through internal and external sustainability surveys to understand stakeholder expectations and concerns about CS issues related to ESG impacts. Additionally, to align with the EU's Double Materiality concept, Cathay FHC uses the five capital IMV methodologies to conduct regular impact assessments every two years. The methodology uses monetized value assessments to evaluate the impacts on the economy, environment, and people and identify significant impacts, including positive and negative impacts, as well as the long- and short-term likelihood of occurrence.

According to the results, the four positive impacts of top priority are "Investment enhances industry value," "Insurance claims," "Net profit after tax," and "Employee salary and benefits." The most significant negative impact is "Investment-induced pollutant emissions." From these significant impacts, we can further define ESG topics with significant impacts as well: "Responsible finance," "Carbon emissions in financial assets," "Sustainable financial products," "Business performance," "Financial planning and services," "Health promotion and life security," and "Attracting and retaining talents."

Monetary Value (NT\$ 1M)	Level of Impact
0~1	● ○ ○ ○ ○ ○ ○ ○ ○ ○
1~10	● ● ● ○ ○ ○ ○ ○ ○ ○
10~100	● ● ● ● ○ ○ ○ ○ ○ ○
100~1,000	● ● ● ● ● ○ ○ ○ ○ ○
1,000~10,000	● ● ● ● ● ● ○ ○ ○ ○
10,000~100,000	● ● ● ● ● ● ● ○ ○ ○
100,000~1,000,000	● ● ● ● ● ● ● ● ○ ○
>1,000,000	● ● ● ● ● ● ● ● ● ●

- Use the IMV methodology to understand the external impacts of our value chain activities and the extent of their impact on sustainability issues

 Positive Impact  Negative Impact

Stage	Aspect	Impact	Type	Duration	Level of Impact	Main CS Issue Impacted
 Upstream-Supply Chain Procurement	Economic Impact	Create Upstream Value	Positive (+)	Short-term	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	Responsible Procurement
	Environmental Impact	Procurement-induced GHG Emissions	Negative (-)	Long-term	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	Responsible Procurement
	Environmental Impact	Procurement-induced Air Pollution	Negative (-)	Long-term	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	Responsible Procurement
	Environmental Impact	Procurement-induced Water Pollution	Negative (-)	Long-term	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	Responsible Procurement
	Environmental Impact	Procurement-induced Waste	Negative (-)	Long-term	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	Responsible Procurement
	Human Impacts	Supply Chain Employee Salaries	Positive (+)	Short-term	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	Responsible Procurement
 Cathay's Operations	Economic Impact	Net Profit After Tax	Positive (+)	Short-term	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	Business Performance, Financial Planning and Services, Health Promotion and Life Security
	Economic Impact	Public Expenses/ Subsidies	Positive (+)	Short-term	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	Business Performance
	Economic Impact	Leasing Fees	Positive (+)	Short-term	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	Real Estate Management
	Human Impacts	Employee Salary and Benefits	Positive (+)	Short-term	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	Attracting and Retaining Talents
	Environmental Impact	GHGs	Negative (-)	Long-term	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	Operations Environmental Impact
	Environmental Impact	Renewable Energy	Positive (+)	Long-term	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	Operations Environmental Impact
	Environmental Impact	Water Use	Negative (-)	Short-term	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	Operations Environmental Impact
	Environmental Impact	Air Pollution	Negative (-)	Long-term	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	Operations Environmental Impact
	Environmental Impact	Waste	Negative (-)	Long-term	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	Operations Environmental Impact
	Environmental Impact	Digitalization	Positive (+)	Long-term	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	Operations Environmental Impact
	Human Impacts	Workplace Safety	Positive (+)	Short-term	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	Employee Health and Well-being
	Human Impacts	Competency Development	Positive (+)	Short-term	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	Talent and Skill Development
	Human Impacts	Volunteer Service	Positive (+)	Short-term	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	Youth Empowerment, Female Empowerment, Helping the Underprivileged
	Human Impacts	Weight-loss Events	Positive (+)	Short-term	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	Employee Health and Well-being
	Human Impacts	Health Check-ups	Positive (+)	Short-term	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	Employee Health and Well-being
 Downstream-Investment and Lending / Clients	Economic Impact	Investment Enhances Industry Value	Positive (+)	Short-term	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	Responsible Finances, Carbon Emissions in Financial Assets, Sustainable Financial Products
	Environmental Impact	Investment-induced Pollutant Emissions	Negative (-)	Long-term	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	Responsible Finances, Carbon Emissions in Financial Assets, Sustainable Financial Products
	Environmental Impact	Low-carbon Industry Investments	Positive (+)	Long-term	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	Responsible Finances, Carbon Emissions in Financial Assets, Sustainable Financial Products
	Human Impacts	Insurance Claims	Positive (+)	Short-term	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	Health Promotion and Life Security
	Human Impacts	Reduce the Repayment Pressure	Positive (+)	Short-term	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>	Financial Inclusion

• The Level of Stakeholder Concern, Operational Impact, and Sustainable Development Impact of CS Issues

CS Issues		Level of Stakeholder Concern			Level of Operational Impact			Level of Sustainable Development Impact		
		Low	Medium	High	Low	Medium	High	Low	Medium	High
Environment (E)	Operations Environmental Impact					●		●		
	Real Estate Management				●			●		
	Carbon Emissions in Financial Assets	●			●					●
	Responsible Finance	●				●				●
	Sustainable Financial Products	●					●			●
	Biodiversity							●		
Society (S)	Inclusive Workplace	●				●				
	Employee Health and Well-being	●			●			●		
	Talent and Skill Development		●			●		●		
	Attracting and Retaining Talents		●			●		●		
	Workplace Digital Transformation		●			●				
	Health Promotion and Life Security	●					●		●	
	Financial Planning and Services	●				●		●		
	Financial Inclusion					●				
	Customer Relationship Management		●				●			
	Youth Empowerment	●			●			●		
	Female Empowerment					●		●		
	Helping the Underprivileged	●				●		●		
Governance (G)	Corporate Governance	●			●					
	Risk Management		●		●					
	Privacy and Information Security			●	●					
	Ethics and Compliance			●		●				
	Business Performance		●				●		●	
	Responsible Procurement	●							●	
	Human Rights		●		●					
	Business Continuity			●			●			
	Digital Transition and Innovation			●			●			

■ Impact Assessment Results of Material Issues

With the results of identification and impact assessment, we further deliberate our sustainability strategy with senior managers and the sustainability team. Based on double materiality, we confirm and prioritize 19 material CS issues according to "Level of Operational Impact," "Level of Stakeholder Concern," and "Level of Sustainable Development Impact."

Sustainability	Cathay's Material Issues	Priority
● (E)Environment	Sustainable Financial Products	1
● (S)Society	Health Promotion and Life Security	1
● (G)Governance	Business Performance	3
● (E)Environment	Responsible Finance	4
● (E)Environment	Carbon Emissions in Financial Assets	5
● (S)Society	Financial Planning and Services	6
● (G)Governance	Digital Transition and Innovation	6
● (S)Society	Talent and Skill Development	8
● (S)Society	Attracting and Retaining Talents	8
● (G)Governance	Business Continuity	8
● (G)Governance	Ethics and Compliance	11
● (G)Governance	Privacy and Information Security	12
● (S)Society	Customer Relationship Management	13
● (S)Society	Employee Health and Well-being	14
● (G)Governance	Risk Management	14
● (S)Society	Inclusive Workplace	16
● (E)Environment	Operations Environmental Impact	17
● (S)Society	Youth Empowerment	17
● (G)Governance	Corporate Governance	19

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Cathay's 2022 Material Issues, Impacts, and Management Guidelines

Cathay's 2022 Material Issues	GRI Standards	Impact	Management
Sustainable Financial Products	GRI 201: Economic Performance 2016	As a pioneering brand in green finance, Cathay FHC invests in renewable energy and provides green-energy financial products and services. We aim to vitalize the renewable energy market and promote a low-carbon economy to bring positive change and outcomes for society and the environment at large	2.1 Low-Carbon Economy
Responsible Finance	GRI 201: Economic Performance 2016	Climate change is one of the greatest threats that the world is facing at the moment. Cathay FHC sets carbon reduction goals and set up a TCFD task force to deal with climate impacts. We are also expanding our influence through climate engagement, aligning our core financial operations with PRI, PRB, and PSI to exert greater influence with our capital through responsible finance	2.1 Low-Carbon Economy , CH5 Sustainable Finance and Its Impact , 6.2.2 Task Force on Climate-Related Financial Disclosures (TCFD)
Carbon Emissions in Financial Assets	GRI 201: Economic Performance 2016	Cathay FHC supports the Paris Agreement and, using science-based quantification, has developed a carbon reduction pathway for investment and lending portfolios based on emissions and impacts. We shall continue to wield capital with care and work with shareholders, clients, investees and borrowers to make the low-carbon transition in our strive for a zero-carbon society	2.1 Low-Carbon Economy
Operations Environmental Impact	GRI 201: Economic Performance 2016	Cathay has business locations across the globe. Through taking green energy measures such as energy and environment management, solar-powered branches, renewable energy procurement, setting Science-Based Targets (SBT), and carbon labels for insurance policies, Cathay FHC is dedicated to achieving net zero carbon emission goals by 2050	2.2 Sustainable Environment
Health Promotion and Life Security	GRI 416: Customer Health and Safety 2016	Cathay exerts influence on core financial operations by combining insurance products and services and utilizing our expertise in managing loss control. We are focused on ex-ante prevention and protection, as well as building awareness to prevent accidents and risks from happening, bringing positive benefits for our clients' safety, the economy, and society	3.1 Health Promotion
Financial Planning and Services	GRI 416: Customer Health and Safety 2016	Cathay is a major financial holdings company encompassing insurance, banking, asset management, and other operations. We offer diverse financial products and wealth management services to help individuals improve their financial health so we can prosper along with our clients, assist them in realizing their goals and become a stabilizing force for society	3.2 Financial Health
Talent and Skill Development	GRI 404: Training and Education 2016	Cathay values talent development and is proactively helping employees upskill by providing diverse educational training according to the different development needs of employees at different stages. We are also promoting a digital mindset transition to enhance the soft and hard skills of our talents. By elevating our talents, we create a positive influence and cycle for the economy and environment	4.1 Workplace Empowerment
Attracting and Retaining Talents	GRI 401: Employment 2016	Talents are an important asset for corporate sustainable development. As such, Cathay FHC provides measures and benefits in excess of regulatory requirements in hopes of creating an innovative workplace that facilitates the development of cross-disciplinary talents, thereby ensuring sustainable development and growth for the company	4.1 Workplace Empowerment
Customer Relationship Management	GRI 418: Customer Privacy 2016	Every one out of two people in Taiwan is a Cathay customer. We treat each customer with fairness to provide better customer experiences, and conduct customer satisfaction surveys to better understand their needs and suggestions. We aim to increase customer satisfaction by understanding their perspectives and protecting their rights.	6.5 Service Quality & Customer Rights

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Cathay's 2022 Material Issues	GRI Standards	Impact	Management
Employee Health and Well-being	GRI 403: Occupational Health and Safety 2018	Each year, Cathay provides health promotion events and offers counseling through the Employee Assistance Program (EAP) to ensure the overall health of our employees. We've also adopted the ISO 45001 system to ensure a safe and healthy workplace for our employees, so that our company's greatest assets may reach their full potential and bring positive outcomes for the company's performance and business development	3.1 Health Promotion
Inclusive Workplace	GRI 405: Diversity and Equal Opportunity 2016	Cathay is dedicated to creating a workplace of diversity and equality by implementing human rights policy for zero-tolerance of discrimination. No person should be discriminated against based on ethnicity, nationality, gender, or sexual orientation. We also identify workplace empowerment as an important goal within our strategy blueprint	4.1 Workplace Empowerment
Youth Empowerment	Material Issues Identified by Cathay	Cathay FHC values youth empowerment and aims to provide children with more diverse educational resources by combining our financial core competencies with revolutionizing education, sustainability, and workplace competencies. We encourage youths to resolve social and environmental issues by taking action or through entrepreneurship, bridging the gap between education and the workplace and bringing positive outcomes for society	4.2 Social Empowerment
Business Performance	GRI 201: Economic Performance 2016	Cathay aims to be the best financial institution in the Asia Pacific. While we strive for sustainable development, we are also improving our business performance and creating value for our shareholders through enhancing our company revenue, profitability, as well as innovative services and products	CH0 About Cathay FHC
Digital Transition and Innovation	Material Issues Identified by Cathay	Cathay creates innovative financial services and products and heightens client experience and relations through digitalization, data, technology, and collaborations with other organizations. We strive to be a "technology company that provides financial services" and provide clients with quality user experiences. We also reduce the carbon footprints of financial products and services through digitalization, bringing positive change to the environment	3.2 Financial Health
Business Continuity	Material Issues Identified by Cathay	Cathay implements the Business Continuity Management (BCM) mechanism and has adopted the ISO 22301 - Business Continuity Management Systems (BCMS) to ensure that we can sustain normal operations in the face of major risk events (e.g., pandemic, extreme weather events)	6.2 Risk Management
Ethics and Compliance	2-27 Compliance with Laws and Regulations	The financial sector is an industry with a high level of oversight. Cathay takes a risk-based approach to implement legal compliance, ensuring that the company complies with regulatory requirements to decrease operational risks, as well as the risk of sanctions, and enhances business performance	6.3 Ethical Corporate Management
Privacy and Information Security	GRI 418: Customer Privacy 2016	Utilize big data to provide customers with relevant products and enhance the management of customer relations and privacy. Abide by the cooperative protection mechanism by carefully safeguarding key information systems and bolstering information security defenses, which is beneficial to both the economy and human rights	6.5 Service Quality & Customer Rights
Risk Management	Material Issues Identified by Cathay	Cathay is dedicated to managing conventional and emerging risks. The Board of Directors is the highest supervisory body, ensuring risk management and internal controls and enhancing BCM. This has positive outcomes for our reputation, business management, and customer relations	6.2 Risk Management
Corporate Governance	Material Issues Identified by Cathay	Cathay FHC values governance and believes that ensuring a comprehensive system for corporate governance is an important cornerstone for company operations. By elevating the operational efficiency of the board and functional committees, we can enhance internal control and audit mechanisms to better protect shareholder rights and interests, which is beneficial to us in turn.	6.1 Corporate Governance

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CHAPTER

Climate

► 2.1 Low-Carbon Economy ► 2.2 Sustainable Environment



According to the "2022 Global Impact at Scale: Corporate Action on ESG Issues and Social Investment" published by the Chief Executives for Corporate Purpose's (CECP) Global Exchange, 96% of companies have set carbon reduction or net-zero targets. The Taiwanese government has also included related plans in the "Green Finance Action Plan 3.0" and "Sustainable Finance Evaluation" to strengthen climate-related information transparency and commitment in companies. In the face of low-carbon transitions, companies have to adjust all areas of their business models, which also presents opportunities for the finance sector. As a leader of sustainable finance in Taiwan, Cathay FHC continues to deepen its action and commitment, expand green finance development, strengthen corporate resilience, and work with stakeholders to take on the climate challenge.

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Low-Carbon Economy - Performance Highlight



★ Commitment to climate engagement and initiatives

- Cathay FHC was the first financial institution from Taiwan to join the Partnership for Biodiversity Accounting Financials (PBAF)
- Three companies engaged by Cathay FHC through Climate Action 100+ initiatives have committed Net-Zero by 2050. Two of the companies have been recognized by international organizations and included as case studies in public reports.
- Cathay FHC served as Strategic Partner of the World Climate Foundation and connect Taiwan to the COP side event - the World Climate Summit



★ Investment & lending portfolios' climate transition

- In 2022, carbon emissions of investments decreased by 13% year-on-year.
- In 2022, carbon emissions of lending decreased by 14% year-on-year.



★ Launched and promoted innovative green finance services

- In 2022, low-carbon investing and lending reached NT\$304.9 billion
- In 2022, Green Time Deposit Program and Sustainability-linked Loans amounted to NT\$10 billion and NT\$23 billion respectively.
- In 2022, Cathay FHC underwrote four international sustainability bonds

Sustainability Strategy Blueprint- Low-Carbon Economy (Corresponding to Cathay's Material Issues: Sustainable Financial Products, Responsible Finance, and Carbon Emissions in Financial Assets)

Ambitious Goal 1

Net Zero Emissions in Financial Assets by 2050: Achieve net zero emissions by setting SBTs and transitioning financial assets.

- Set science-based targets (SBT): Set a pathway to reduce emissions through an emission- and impact-based investment portfolio.

Investment Portfolio Temperatures for Listed Equity and Bonds 2026: S1+S2: 2.68° C; S1+S2+S3: 2.79° C

The emission intensity of electricity generation project finance is expected to decrease 19.3% by 2023 from 2019, reaching 0.104 tCO₂e/MWh

The emission intensity of long-term corporate loans for the electricity generation industry is expected to decrease 18.5% by 2023 from 2019, reaching 0.368 tCO₂e/MWh

The emission intensity of electricity generation project finance is expected to decrease 28.0% by 2025 from 2019, reaching 0.093 tCO₂e/MWh

The emission intensity of long-term corporate loans for the electricity generation industry is expected to decrease 26.9% by 2025 from 2019, reaching 0.330 tCO₂e/MWh

The emission intensity of electricity generation project finance is expected to decrease 51.2% by 2030 from 2019, reaching 0.063 tCO₂e/MWh

The emission intensity of long-term corporate loans for the electricity generation industry is expected to decrease 49.3% by 2030 from 2019, reaching 0.229 tCO₂e/MWh

Major Projects

Short-term Goals (2023)

Mid-term Goals (2025-2026)

Long-term Goals (2027-2030)

- Coal-Exit Action:

(1) Phase-out coal energy investments; promote financing for decarbonization transformation and renewable energy; set a "zero-coal financing" goal to completely phase out coal-lending quotas by the end of Q1 2027.

(2) Withdraw from investments in the coal energy industry and value chain that are not implementing active transformations.

- Make plans to invest in low-carbon transformation: monitor high climate-risk industries and gradually reduce the carbon footprint of investments.

Ban new investments by 2023 to companies operating within the coal industry, coal railroad transportation, coal ancillary services, and coal-fired electricity generation that are not actively transitioning to renewable energies and have a CSR of above 30%

Ban new investments by 2025 to companies operating within the coal industry, coal railroad transportation, coal ancillary services, and coal-fired electricity generation that are not actively transitioning to renewable energies and have a CSR of above 20%

Ban new investments by 2030 to companies in OECD countries operating within the coal industry, coal railroad transportation, coal ancillary services, and coal-fired electricity generation that are not actively transitioning to renewable energies and have a CSR of above 15% (the threshold remains 20% for non-OECD countries)

Setting a "Zero Coal Financing" goal to achieve zero coal lending by the end of Q1 2027

Ambitious Goal 2

Leader in Climate Engagement Actions : Encourage and work with stakeholders in the financial value chain to take action against climate change and strengthen resilience against climate risks.

- Communicate and prompt investees and borrowers to disclose carbon survey results, set more concrete mid- and long-term carbon reduction goals, or join international carbon reduction organizations such as SBT/RE100.

Engage with key companies in our domestic investment and lending portfolios that account for 45% of total carbon emissions by 2023

Engage with key companies in our domestic investment and lending portfolios that account for 50% of total carbon emissions by 2025

Engage with key companies in our domestic investment and lending portfolios that account for 55% of total carbon emissions by 2030

- Continue to expand participation in international initiatives and work with international investors to combine our influence (CDP NDC, CA 100+, and AUEP...).

1. Lead participation in 3-5 international and domestic initiatives and engagements
2. Evaluate the possibility of joining other international initiatives and organizations for responsible investments in climate change, water resources, biodiversity, etc.

Major Projects

Short-term Goals (2023)

Mid-term Goals (2025-2026)

Long-term Goals (2027-2030)

Ambitious Goal 3

Provide Comprehensive Climate Finance Solution : Support companies and industries to create opportunities for low carbon transformation or mitigate/adapt to climate change through funds or financial products and services, so that industries will become more competitive and society will develop towards a green economy in an orderly manner.

- Green Capital: Increase Low-Carbon Investments
- Green Products:
 - (1) Green lending and sustainability-linked loans
 - (2) Personalized sustainable financial services
 - (3) Develop products for the low-carbon economy or sustainable development funds
 - (4) Green insurance((Renewable energy insurance/solar power/offshore wind)
 - (5) Issue green bonds and provide green warrants and structural products
- Green Services: Provide natural disaster prevention services and low-carbon investment research information to corporations, enhance stakeholder awareness of climate change, and promote net zero awareness.

20% increase in low-carbon investments by 2023 from 2020

25% increase in low-carbon investments by 2025 from 2020

40% increase in low-carbon investments by 2030 from 2020

10% increase in green deposit/loan products or services by 2023 from 2022

30% increase in green deposit/loan products or services by 2025 from 2022

100% increase in green deposit/loan products or services by 2030 from 2022

Continue to develop products for low-carbon/climate-related funds

5% increase in insured amount for green insurance underwriting by 2023 from 2022

15% increase in insured amount for green insurance underwriting by 2025 from 2022

30% increase in insured amount for green insurance underwriting by 2030 from 2022

Continue with Green Bond Issuance

Provide corporate catastrophe services to 5% more companies by 2023 from 2022

Provide corporate catastrophe services to 15% more companies by 2025 from 2022

Provide corporate catastrophe services to 30% more companies by 2030 from 2022

2.1 Low-Carbon Economy

As the largest financial institution in Taiwan, Cathay FHC commits to using all funds responsibly, working with shareholders and customers, and helping investees and borrowers transition into the low-carbon economy as we strive towards a zero-carbon society. Cathay FHC is dedicated to becoming an influential benchmark corporation that can usher in stability and happiness for society.

2.1.1 Net Zero Emissions in Financial Assets by 2050

Using science-based quantification, Cathay FHC has developed a carbon reduction pathway for investment and lending portfolios with emission-based and impact-based approaches. Cathay FHC has committed to achieving long-term goals for net zero emissions in financial assets by 2050 as well as the short- and mid-term goals. Cathay FHC will adjust carbon reduction goals every five years to ensure that the company's goals are in line with 2050 financial assets net zero pathway. The short- and mid-term carbon reduction goals set forth by Cathay FHC have been approved by the Science Based Targets initiative (SBTi) in 2022.

■ Cathay FHC's carbon reduction goals for financial assets

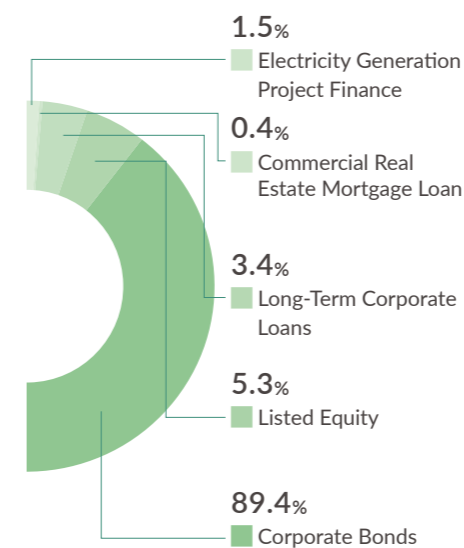
Short- and mid-term goals (SBTi-approved)		Long-Term Targets
Asset type	Goal	
Listed equity & bonds (Proprietary investments)	<ul style="list-style-type: none"> Align investment portfolio temperature score by invested value to 2.68° C (Scope 1+2) by 2026 Align investment portfolio temperature score by invested value to 2.79° C (Scope 1+2+3) by 2026 	Net zero emissions from financial assets by 2050
Listed equity & bonds (Asset management)	<ul style="list-style-type: none"> Align investment portfolio temperature score by invested value to 2.72° C (Scope 1+2) by 2026 Align investment portfolio temperature score by invested value to 2.81° C (Scope 1+2+3) by 2026 	
Electricity Generation Project Finance	Reduce GHG emission per MWh 33% by 2026 from a 2019 base year	
Corporate loans — commercial real estate	Reduce GHG emission per square meter 39% by 2026 from a 2019 base year	
Corporate loans — electricity generation industry	Reduce GHG emission per MWh 69% by 2035 from a 2019 base year	
Corporate loans — other long-term loans	<ul style="list-style-type: none"> Reduce GHG emissions per square meter by 73% from the finance industry, retail industry, service industry, F&B industry, hospitality industry, and real estate sectors within its other long-term corporate loan portfolio by 2035 from a 2019 base year. 33% of its other long-term corporate loan portfolio by loan value within the fossil fuel, electrical and electronic equipment, general manufacturing, and semiconductor sectors setting SBTi validated targets by 2026. 	

■ Monitor Carbon Emissions of Investment & Lending Portfolios

To achieve the long-term goal of net zero emissions in financial assets by 2050, Cathay FHC has been continuously calculating the Weighted Average Carbon Intensity (WACI) of investment portfolios based on the Task Force on Climate-Related Financial Disclosures' (TCFD) methodology since 2018, and total carbon emissions and intensity from financial assets based on the Partnership for Carbon Accounting Financial (PCAF) methodology since 2020. For lending, Cathay FHC has been calculating carbon footprint of lending portfolios using SBTi and PCAF methodologies since 2021. Carbon footprint calculation was conducted for the following assets: listed equity, corporate bonds, electricity generation project finance, commercial real estate mortgage loan, and long-term corporate loans. In cases for some companies lack carbon emissions data, Cathay FHC estimated their carbon emissions using the PCAF methodology.

In 2022, Cathay FHC's investment and lending portfolio reached 10.3 million metric tons of CO₂-equivalent (tCO₂e). More than 70% of carbon emissions are concentrated in the energy sector and utilities sector. To accelerate low-carbon transitions in carbon-intensive industries and mitigate climate risks in assets, Cathay FHC has adopted more aggressive approaches to manage investments and loans and undertook engagements with the investees and borrowers. For more information on the carbon footprint of Cathay FHC's investment and lending portfolio, please refer to Table 6 in the Appendix.

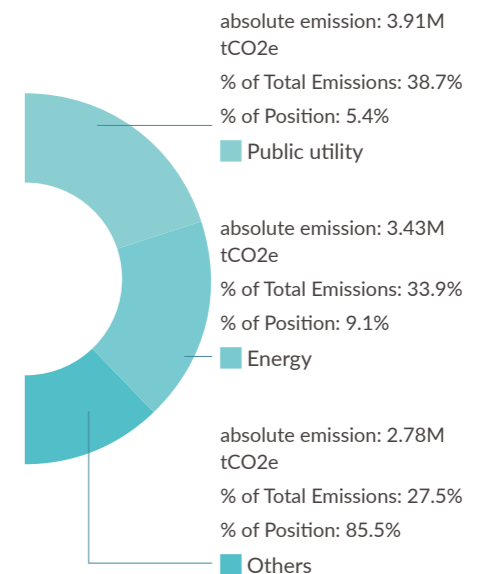
Carbon Footprints of Investment & Lending Portfolios in 2022



Total Carbon Emissions 10.34M tCO₂e

Note: Includes proprietary investment from Cathay Life, CUB, Cathay Century, and Cathay Securities as well as loan assets from CUB

Carbon Emissions of Investments & Loans by Industry

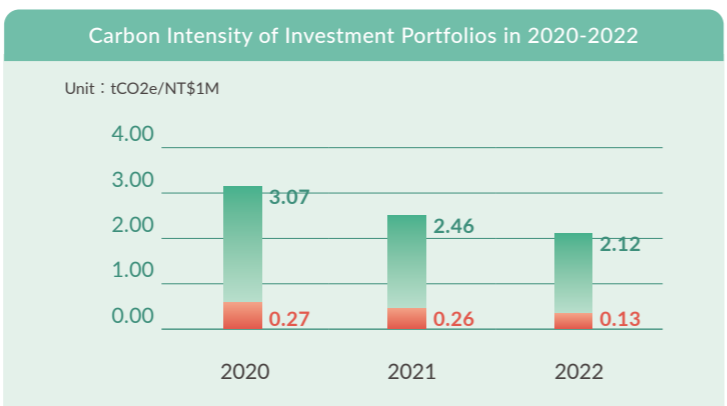
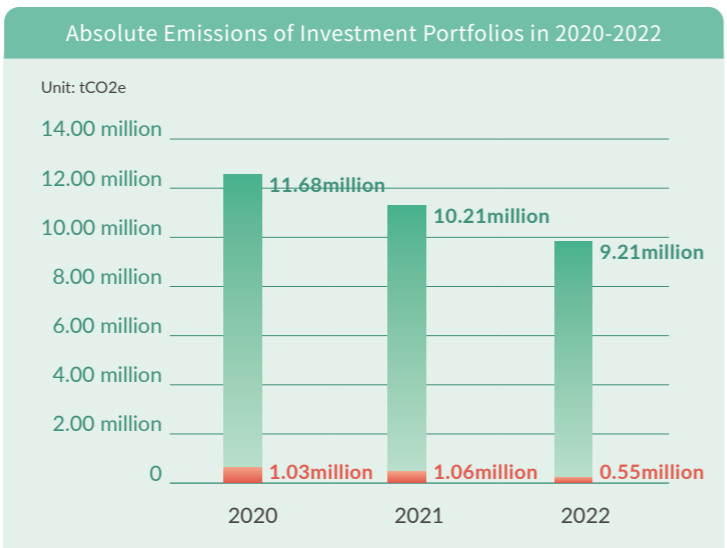


Note: Includes proprietary investment from Cathay Life, CUB, Cathay Century, and Cathay Securities as well as long-term corporate loans from CUB

Carbon Emissions of Investment Portfolios

In 2022, Cathay FHC's investment portfolio reached 9,759,033 tCO₂e, a 13% reduction from 2021, with a data quality score of 2.52. Carbon intensity decreased by 17% from 2021. In the past three years, the carbon emissions of Cathay FHC's investment portfolio have exhibited a stable decline. For more information on the carbon footprint of Cathay FHC's investment and lending portfolio, please refer to [Table 6](#) in the Appendix.

Note: Includes proprietary investment from Cathay Life, CUB, Cathay Century, and Cathay Securities



Note: Includes proprietary investment from Cathay Life, CUB, Cathay Century, and Cathay Securities

■ Listed Equity
 ■ Corporate Bonds

Carbon Emissions of Investment Portfolios by Region

The Americas
 Absolute Emissions: 5.61M tCO₂e
 Carbon Intensity: 1.29 tCO₂e/NT\$1M

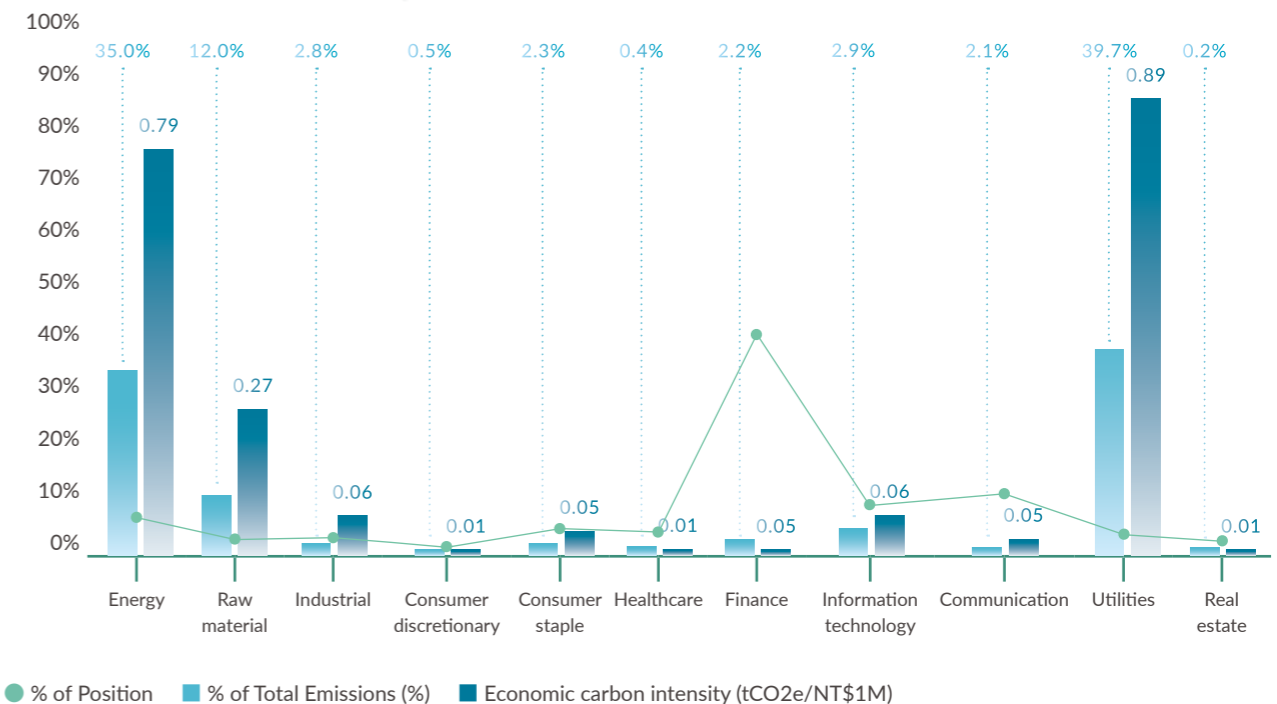
Europe
 Absolute Emissions: 0.87M tCO₂e
 Carbon Intensity: 0.20 tCO₂e/NT\$1M

Taiwan
 Absolute Emissions: 0.72M tCO₂e
 Carbon Intensity: 0.17 tCO₂e/NT\$1M

Others
 Absolute Emissions: 0.45M tCO₂e
 Carbon Intensity: 0.10 tCO₂e/NT\$1M

Asia Pacific
 Absolute Emissions: 2.10M tCO₂e
 Carbon Intensity: 0.48 tCO₂e/NT\$1M

Carbon Emissions of Investment Portfolios by Industry

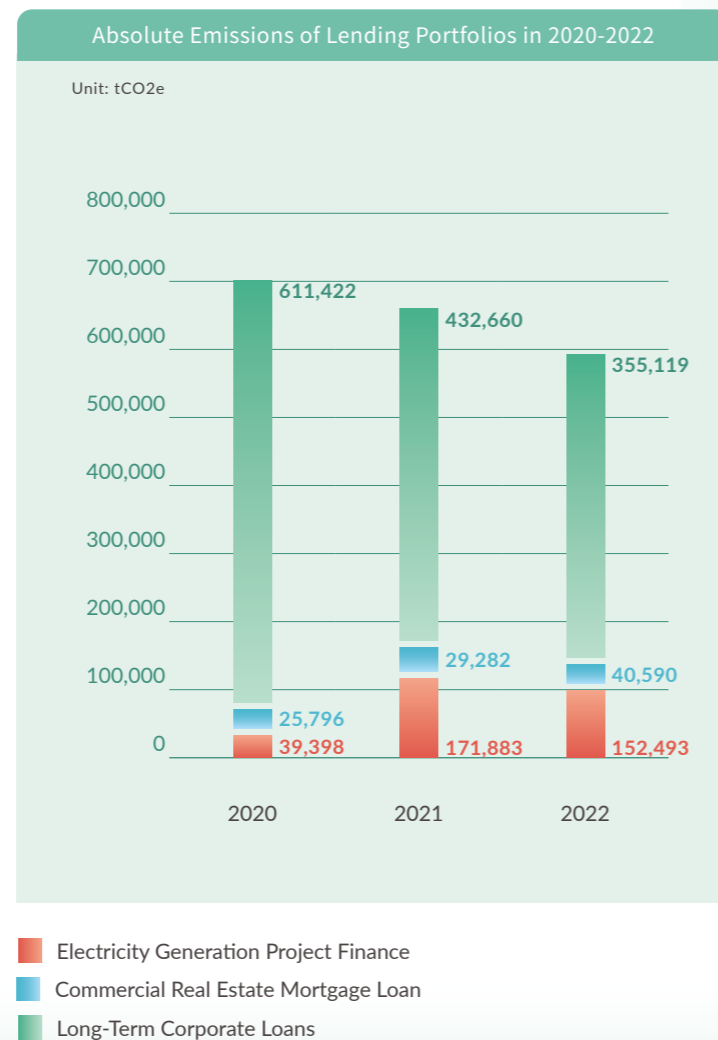


Note: Includes proprietary investment from Cathay Life, CUB, Cathay Century, and Cathay Securities

Carbon Emissions of Lending Portfolios

In 2022, Cathay FHC's lending portfolio produced 548,203 tCO₂e, a 14% reduction from 2021, with a data quality score of 3.73. In the past three years, the carbon emissions of Cathay FHC's lending portfolio have exhibited a stable decline. For more information on the carbon footprint of Cathay FHC's investment and lending portfolio, please refer to [Table 6](#) in the Appendix.

Note: Includes CUB's loan assets

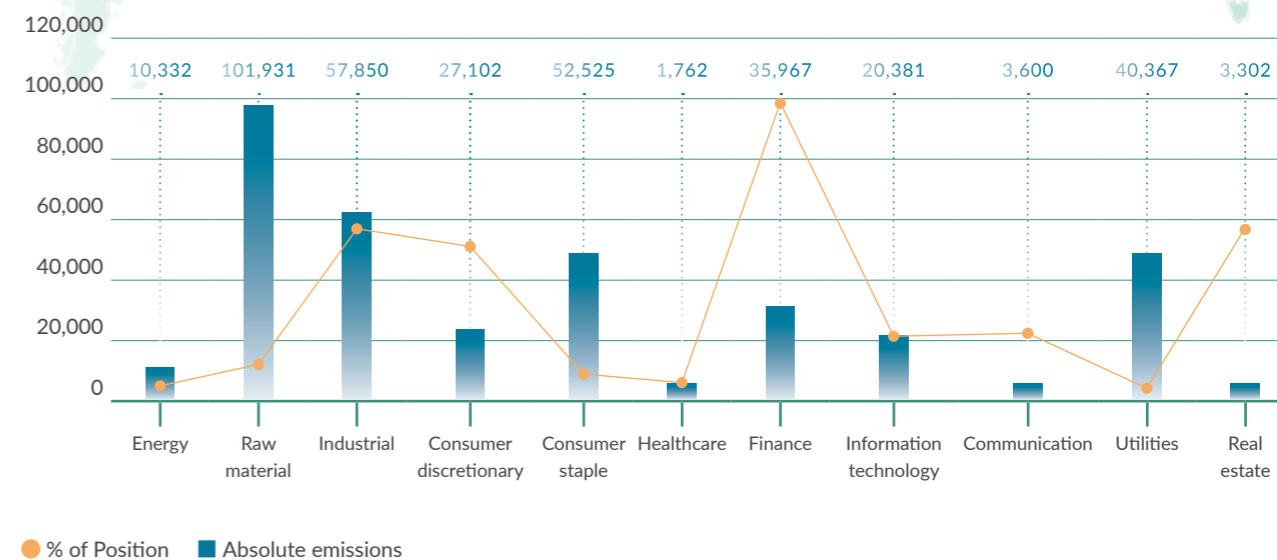


Carbon Emissions of Lending Portfolios in 2022 by Region

Asia Pacific Absolute Emissions: 166,369 tCO₂e

Taiwan Absolute Emissions: 188,750 tCO₂e

Absolute Emissions of Long-term Corporate Loans in 2022 by Industry

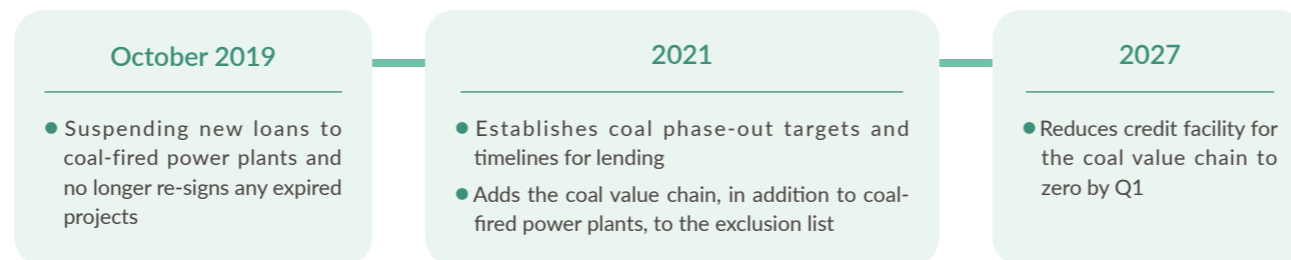


Note: Includes CUB's loan assets

■ Strategy for Coal Divestment

Coal-fired electricity generation is a major factor exacerbating the impacts from climate change. Therefore, phasing out coal to opt for other alternative energies and technologies is critical to achieve Net-Zero. Given this trend, the coal industry is also facing higher risks of stranded assets. In terms of lending, CUB has been actively responding to international supervision and regulation on carbon-intensive industries and has already established coal divestment targets and timelines. CUB's coal management policy received the highest score amongst Taiwanese banks in the "[Banking Sector Coal Policy Ratings](#)" by 350 Taiwan.

Coal Phase-out Strategy from Loans



Note: The coal value chain here includes coal mines, coal-fired electricity generation, coal-related products, and the wholesaling or retailing of coal.

In terms of investments, in 2019, Cathay Life added coal-fired power plants with a coal share of revenue (CSR) of above 50% and not actively transitioning to renewable energy on the "exclusion list" and became the first institutional investor to start phasing out coal in Taiwan. In 2021, industries along the coal value chain such as "coal railroad transportation" and "coal support services" were added to the "exclusion list," once again making Cathay Life the first institutional investor to phase out coal value chain. In 2022, Cathay Life further reduced the CSR threshold to 30%. On this foundation, Cathay FHC has formulated strategies and targets to gradually phase out coal from all proprietary equity and fixed income investments and mandated investment.

Coal Phase-out Strategy from Investments



Note: The coal value chain here includes the coal mining industry, coal-fired electricity generation industry, coal railway transportation industry, and coal support services.

Accelerating the coal-fired energy transition is of the utmost importance. In addition to formulating strategies for gradual coal divestment, Cathay FHC also hopes to actively communicate with corporations and thereby urge the electricity generation industry to phase out coal. To such end, Cathay FHC has joined the "Asian Utilities Engagement Program" (AUEP) launched by the Asia Investor Group on Climate Change (AIGCC) to work with international investors in urging coal-fired power companies to pursue low-carbon transitions. For more information, please refer to the information on the AUEP in [2.1.2 Leader in Climate Engagement Actions](#).

■ Climate-Sensitive Industry Management

Cathay FHC continues to carefully monitor and manage the climate risks of investments and loans. Cathay FHC's subsidiaries have included climate-sensitive industries (e.g., coal-related industries, oil & gas-related industries, the construction materials industry, the aluminum industry, the aviation industry, the mining industry, etc.) in investments and loans to sensitive industries and integrated climate risk factors into decision-making processes for investments and loans. For more information, please refer to [5.2 Responsible Investment](#).

■ Management of Unconventional Oil & Gas Industries

Cathay Life has formulated management approaches for unconventional oil and natural gas investment, listing oil sands, shale oil, and liquefied natural gases (LNG) refined from unconventional fossil fuels as sensitive industries and categorizing companies onto exclusion lists and watchlists. Companies with unconventional oil & gas revenue over 50% and not pursuing low-carbon transition are now excluded from active investments in equity or bonds and investments managed by third parties.

■ Task Force on Climate-Related Financial Disclosures (TCFD)

In 2018, Cathay FHC signed to support the TCFD and continues to strengthen climate management through practices such as risk assessment, scenario analysis, carbon reduction strategies, and information disclosure to ensure that climate risks are considered in company operations, strengthen long-term resilience of Cathay FHC's operations, and build a low-carbon sustainable future. For more information on climate governance, strategies, risk management, and metrics & targets, please refer to [P.125](#) in the TCFD Report.

2.1.2 Leader in Climate Engagement Actions

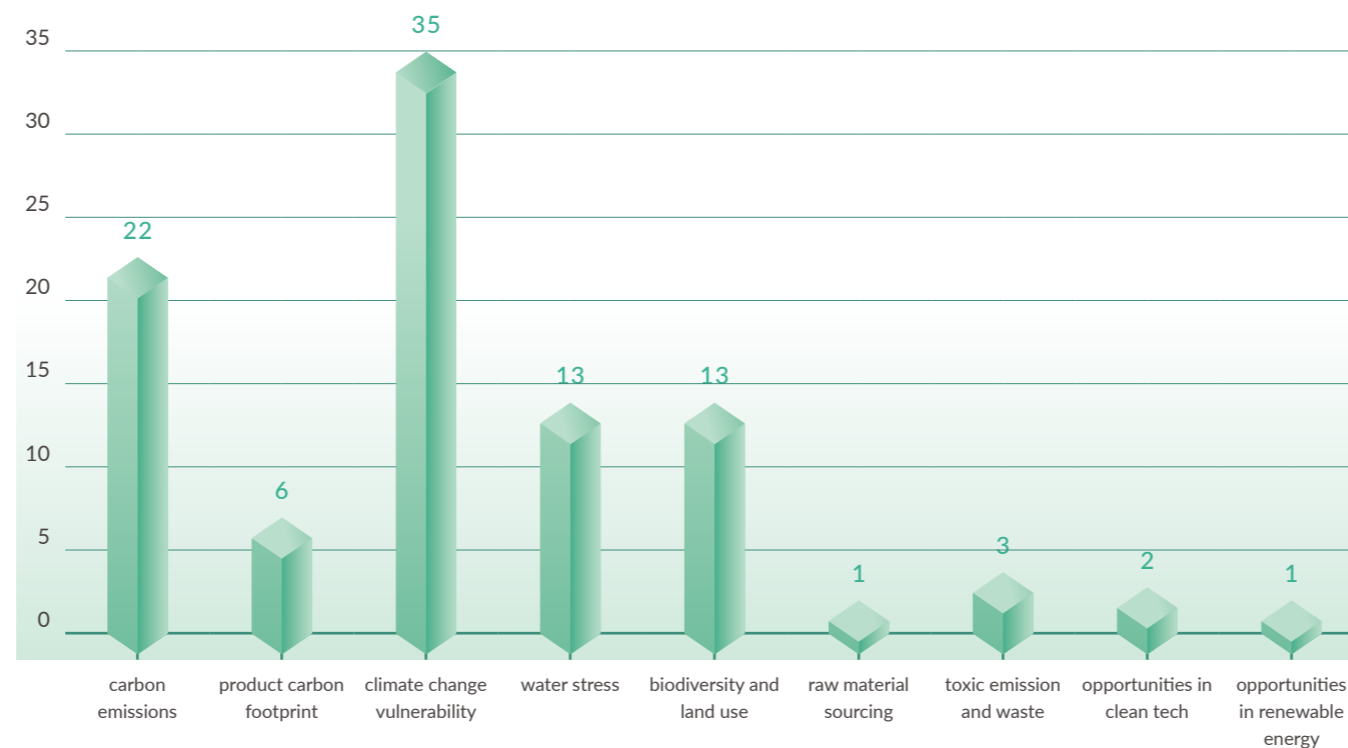
Advocate and Engagement are Cathay FHC’ s core strategies when carrying out the climate actions. Cathay FHC actively communicates and collaborates with stakeholders along the financial value chain to help companies engaged by Cathay FHC take action against climate change and strengthen climate resilience. Cathay FHC’ s action on company engagement and policy advocacy has received wide recognition. Cathay FHC was one of global investors featured in the "Investor Climate Action Plans" (ICAPs) published by "The Investor Agenda" as a case study on leading best practices. Cathay FHC was the only Asian asset owner to be featured in ICAPs.



■ Climate Engagement

Currently, net zero goals globally face many challenges, including insufficient renewable energies and breakthrough technologies, policy and regulatory soundness, or biodiversity crises. Cathay FHC expects to not only adjust investment portfolios to achieve climate goals but to further assist investees and borrowers transform their businesses. To such end, we have been continuously taking climate engagement actions, raising corporate awareness about the climate crisis to drive low-carbon transition. In 2022, Cathay FHC conducted 97 discussions with the companies on environmental issues. For comprehensive data on ESG engagements, please refer to [5.2 Responsible Investments](#) and [Table 7](#) in the Appendix.

• No. of Engagement on Environmental Issues

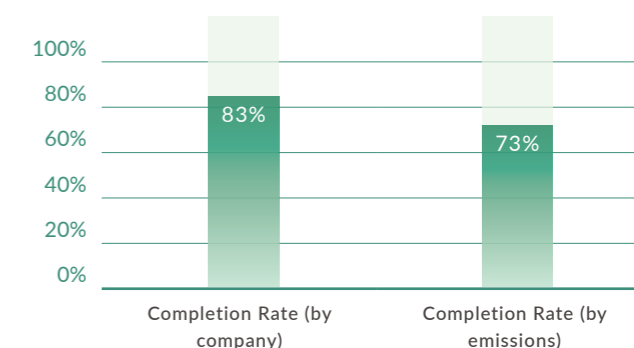


• Exercise Shareholder Voting Rights

As corporate investors, financial institutions are not only responsible for considering their own interests but must also fulfill their social responsibilities to help companies achieve global climate goals. By exercising voting rights, financial institutions can support environmental proposals conducive to reducing corporate carbon emissions, increasing corporate information disclosure, and reducing corporate climate risks to achieve global climate goals and increase the long-term values of companies and investment portfolios. In 2022, Cathay Life support 100% climate resolutions that contribute to the sustainable development of investees. For more information and related votes, please refer to [5 Sustainable Finance and Its Impact](#).

• Engagement via the "Coalition of Movers and Shakers on Sustainable Finance"

To support the Coalition of Movers and Shakers on Sustainable Finance launched by the Financial Supervisory Commission (FSC), Cathay FHC committed to, by 2025, engaging over 50% of its major investees and borrowers in Taiwan that are considered carbon-intensive companies and urging engagement candidates to set net zero emission goals before 2050. Companies that have fulfilled agreed goals should commit to establishing and achieving more ambitious goals and practices. In 2022, we engaged with 5 major investees and borrowers in Taiwan that are identified as major carbon-intensive companies establish 2050 net-zero target.



Item	No. of companies/ percentage
Number of major investees and borrowers considered as carbon-intensive companies (A)	6
Number of companies engaged in 2022 (B)	5
Number of companies engaged in 2022 that have established 2050 net-zero target(C)	5
Percentage of companies engaged (B/A)	83%
Percentage of engaged companies that have established carbon reduction goals for 2050 (C/B)	100%

Note 1: The baseline for goals is the emissions from investees and borrowers at the end of 2021.

Note 2: Major investees and borrowers are considered carbon-intensive if they are among the top 60% in terms of financed emissions from domestic position. Cathay then selects and commits to engaging more than half (six companies) of companies in the top 60%.

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2022 Cathay Sustainable Finance and Climate Change Summit



Cathay FHC's Chief Investment Officer Sophia Cheng (middle) discussing with international partners at the "2022 World Biodiversity Summit."

• Cathay Sustainable Finance and Climate Change Summit Connects with COP27 and the World Climate Summit

The world has collectively turned its focus to climate issues. Embracing the value of “lead Taiwan into the world and bring the world to Taiwan,” Cathay FHC has held the Climate Change Summit for six consecutive years, inviting leaders and experts from the government, industries, and academia to share their insights on global climate change and net zero transformations with the companies. By exerting the finance industry's influence, we expect to lead the companies adopting aggressive action against climate change to ultimately create a "win-win-win" situation for financial institutions, industries, and society. In 2022, Cathay FHC hosted Cathay Sustainable Finance and Climate Change Summit, and was named a Strategic Partner of the World Climate Foundation and brought Taiwan to a COP side event, increasing the influence and globalization of forum activities.

Highlights of the 2022 Cathay Sustainable Finance and Climate Change Summit



In 2022, 2,459 people signed up to attend the Cathay Sustainable Finance and Climate Change Summit. Listed companies in attendance accounted for over 70% of Taiwan's total market capitalization, and over 46% of Taiwan's total carbon emissions



During the summit, Cathay FHC provided an exclusive livestream of the World Climate Summit (WCS), a side event of COP27 held in Egypt, where Cathay FHC Chairman Hong-Tu Tsai and President Chang-Ken Lee were invited to serve as keynote speaker and panelist, respectively.



Chief Investment Officer Sophia Cheng was the only speaker from Taiwan invited to the "2022 World Biodiversity Summit" (WBS) to share Cathay FHC's views on biodiversity and experiences of successfully promoting company engagement in Asia.

• Circular Economy Exploration Workshop

Pathways to net zero emissions include using renewable energies and increasing energy efficiency, but also reducing carbon emissions from the resource end, increasing resource efficiency, and decreasing the extraction and use of resources. Cathay FHC recognizes the importance of the circular economy in mitigating climate change and promoting education. In 2022, Cathay FHC organized the first Circular Economy Young Exploration Workshop with the Circular Taiwan Network (CTN). For more information, please refer to the section on [4.2 Social Empowerment](#).

In recent years, Cathay FHC has been witnessing increasing pressure from brand owners on Taiwan's textile businesses to reduce carbon emissions, as well as increasing pressure from rising raw material costs. As a driving force for net zero transformation, Cathay FHC organized the Circular Economy Exploration Workshop in 2022 in collaboration with CTN and the Taiwan Textile Research Institute (TTRI), interacting and discussing with 11 companies operating along the textile value chain; industrial research organizations such as the Industrial Technology Research Institute (ITRI), Footwear & Recreation Technology Research Institute (FRTRI), and TTRI; and CUB representing viewpoints from the finance industry to join the discussion on how to create a circular ecosystem.

■ Commitments to International Initiatives

As the first financial institution from Taiwan to engage in extensive discourse with companies on the topic of climate and one of the most active leading financial institutions from Asia, Cathay FHC has long committed to climate actions in Taiwan and abroad, hoping to assist and work with investee companies to mitigate the climate dilemma. In addition to participating in existing initiatives, Cathay FHC joined the Partnership for Carbon Accounting Financials (PCAF) in 2022 to encourage carbon accounting of financial assets from more financial institutions around the world and bolster infrastructure for carbon reduction from the finance industries. In addition, Cathay FHC strengthened commitments to biodiversity initiatives and activism.

• Continued support for international climate change initiatives/engagements

Cathay FHC has long supported international investor initiatives on climate change, urging investees and borrowers to better understand the severe impacts of climate risks and conduct low-carbon transitions by participating in initiatives and engagements and communicating with investee companies.

International Initiatives/ Engagements	Actions by Cathay FHC	Participation Status or Progress
Asia Investor Group on Climate Change (AIGCC)	The AIGCC is an important climate action platform in Asia aiming to encourage investors' climate action and facilitate communications and collaborations between Asia and the world. Chief Investment Officer of Cathay FHC was invited to serve as chair and spearhead Cathay FHC's active participation in AIGCC affairs, providing viewpoints and insights for promoting AIGCC's affairs based on Cathay FHC's years of knowledge and experience in responsible investment. For example, providing feedback on publications and guidelines and proofreading Chinese versions.	<ul style="list-style-type: none"> ● Cathay FHC joins several AIGCC working groups and help with promoting AIGCC affairs. ● In 2023, Cathay FHC participated the Forest and Land Use Working Group.
Asia Utilities Engagement Program (AUEP)	An initiative launched by AIGCC, the AUEP has identified seven focus utility companies in Asia for engagement. The AUEP works with investors to encourage utility companies addressing climate risks/opportunities and adopting more aggressive actions such as coal phase-out and energy transition against climate issues. Cathay FHC joined the program in 2021.	The focus utility company that Cathay Life has been engaging with has committed to completely phasing out coal assets by 2040, and its carbon reduction target has been validated by SBTi.
CDP Non-Disclosure Campaign (CDP NDC)	Upon invitation from the CDP, Cathay FHC has been joining the CDP NDC since 2017 and became the only financial institute from Taiwan in the CDP NDC. Cathay FHC encourages investee companies respond to CDP surveys through one-on-one communication via letters and phone calls.	<ul style="list-style-type: none"> ● In 2022, the engagement success rate reached new record highs: Of the 41 companies that Cathay FHC engaged, 25 companies responded to CDP questionnaires, which is a 61% engagement success rate and higher than the global average ● Since 2017, Cathay FHC has successfully engaged 60 companies and 57% of these companies improved their CDP scores in the following year, indicating that successful engagement can generate long-term positive impacts
CDP Science-Based Targets Campaign (CDP SBT Campaign)	Since 2021, Cathay FHC has been working every year with CDP to urge the world's most influential companies to set carbon emission goals that align with the 1.5° C carbon emission target and achieve net zero emissions over the value chain by 2050. In 2022, the campaign drew 318 financial institutions with US\$37 trillion in assets overall and 45 multinationals with \$710 billion in combined purchasing power to engage with over 1,000 companies around the world. Scope 1 + Scope 2 emissions of the companies engaged reached 700 million metric tons, and the market cap exceeded US\$25 trillion.	As of April 2023, a total of 69 companies have committed to SBTs, and 20 companies' SBT target have been validated by SBTi.

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International Initiatives/ Engagements	Actions by Cathay FHC	Participation Status or Progress
Ceres Valuing Water Finance Initiative (VWFI)	Cathay FHC and Cathay Life joined Ceres “Valuing Water Finance Task Force” in 2020. Ceres worked with the Dutch government and international investors to publish “Corporate Expectations for Valuing Water” aiming to help companies improve water management. Cathay provided feedbacks on “Corporate Expectations for Valuing Water” and suggestions for Ceres Valuing Water Finance Initiative (VWFI) development. Ceres VWFI was established in 2022 to engage 72 companies with a high water footprint. The initiative's goal is to get these companies to recognize and evaluate water risks and take action in their own operations and across the global supply chain to protect water systems in our natural ecosystems. The initiative has 64 institutional investor signatories representing US\$9.8 trillion in assets under management.	Cathay collaborates with international investors by joining VWFI to urge the companies to take water action.
Climate Action 100+ (CA100+)	<ul style="list-style-type: none"> ● Cathay FHC urges focus companies to take actions for improvements but also help them to address their challenges. We have been engaging with all three Taiwanese companies among the 166 focus companies under CA100+ initiatives. Cathay FHC conducted in-depth research into the three Taiwanese companies on their climate management and the best practices performed by their peers. Then, communicated directly with company executives about global trends and investor expectations such as companies should proactively integrate TCFD as their climate management framework. By communicating with companies, Cathay FHC was able to gain in-depth insight into the company's actual management and challenges the companies faced when improving climate management. ● In addition to company engagement, Cathay FHC also actively participates in CA100+ events and meetings, provides feedbacks on CA100+ reports and guidelines, and proofreads Chinese versions to help the Taiwanese focus companies easily understand the information and progress from CA100+. Chief Investment Officer of Cathay FHC, Sophia Cheng, has been invited as the member of CA100+ Asia Advisory Group since 2018. Cheng attends quarterly meetings to offer suggestions on strategies and plans for the initiative's campaigns. 	<ul style="list-style-type: none"> ● All three companies that Cathay FHC engaged with committed to net zero carbon emission or carbon neutrality goals and set short- and mid-term carbon reduction goals. One of these three companies have set validated SBT target. ● Companies engaged by Cathay FHC were recognized by international organizations: one of the companies was selected for the initiative's "Progress Update 2022" as a global case study and another one was selected for "Down to Earth: Climate governance case studies in Asia Pacific" published by Asian Corporate Governance Association (ACGA) and CLSA as a case study as well.

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Case Studies on Engagement — Climate Action 100+ (CA100+)

Formosa Petrochemical Corporation (FPCC) is one of the focus companies selected by CA100+ for engagement, and Cathay FHC started engaging the Formosa Plastics Group (FPG) and FPCC in 2018. To help the companies understand CA100+ and why investors are demanding companies reduce carbon emissions, Cathay FHC introduced the goals of CA100+, the importance of ESG issues, and global trends in responsible investments. Cathay FHC also compiled response strategies targeting climate change from several petrochemical companies across the world and invited experts and scholars to share on bioenergy technologies. The different approaches undertaken by Cathay FHC aimed to reduce the time it would cost FPG and FPCC to explore themselves and, thereby, facilitate the roll-out of carbon reduction programs.

Proactively engaging with FPCC, Cathay FHC designated a liaison to directly communicate and learn about FPCC's status via frequent phone calls or emails. In addition, Cathay FHC conducts several in-person or online engagement meetings every year, working with several international institutional investors to call on the companies to reduce carbon emissions in alignment with the Paris Agreement. Cathay FHC executives attach great importance to company engagement. To strengthen FPG and FPCC's climate governance system, Cathay FHC President Chang-Ken Lee paid several visits to many senior executives at FPG's main management department and FPCC's chairman and president with Cathay Life and Cathay SITE presidents and Cathay FHC Chief Investment Officer Sophia Cheng. Leaders from both sides engaged in discussions to explore viable solutions for carbon reduction.

Following FPG's announcement in October 2021 to commit to "achieving carbon neutrality by 2050," affiliated companies such as Formosa Plastics Corporation (FPC), Nan Ya Plastics Corporation (NPC), and Formosa Chemicals & Fibre Corporation (FCFC) have also committed to carbon neutrality by 2050. FPCC chairman even announced in the 2022 shareholders' meeting that the company will be striving towards carbon neutrality by 2050. Cathay FHC praises the carbon reduction ambitions of FPG and FPCC and hopes they can continue to take action to reduce carbon emissions.

Cathay FHC is happy to witness the first independently published TCFD Report in 2022 by FPCC under the leadership of FPG's main management department and FPCC's senior executives. The report disclosed short-, mid-, and long-term carbon reduction goals for 2025, 2030, and 2050, the related action plans, and GHG emissions pathways before 2030. In the case studies section (p.22) of the "Progress Update 2022" report published by CA100+, FPCC's commitment to carbon neutrality by 2050 and its first independently produced TCFD Report in 2022 was recognized by the initiative. Cathay FHC hopes that FPCC's enforcement of carbon reduction practices aligns with global expectations and will continue to engage in dialogue with FPCC in the hopes of witnessing its successful low-carbon transition.



Case Studies on Engagement — Asia Utilities Engagement Program (AUEP)

Company C is a focus company selected by AUEP and Cathay Life engages them as a supporting investor given geographical location and market familiarity, working with in global institutional investors.

During the engagement process, Company C was very responsive to low-carbon transition topics and interacted and communicated well with investors. Company C's carbon reduction pathway was SBT-approved by Science Based Targets initiative in September 2021. Company C later updated its climate vision and declared exact figures for carbon intensity goals by 2030, committing to pulling out from all coal-fired electricity generation assets by the end of 2040 (ten years earlier than the previous commitment) and replacing natural gases with hydrogen energy, a strategy that is expected to help Company C achieve net zero emissions by 2050.

Engagement in 2022 focused on Company C's decarbonization strategies and capex plans during the low-carbon transition. Considering that the low-carbon transition process may potentially have negative impacts on existing employees and society, Cathay Life suggested, as a supporting investor, for leading investors to discuss with Company C and ask Company C to focus on just transition when transitioning from coal-fired to the low-carbon economy. In subsequent engagement meetings, investors formally suggested Company C formulate just transition policies and Company C responded that they will disclose practices to ensure just transition in their 2023 sustainability report by referring to the WBCSD report.

We're happy to see Company C mention, in its sustainability report and TCFD report published in March 2023, that it will commit to adopting a structured and organized approach to ensure a just transition from electricity generation assets to zero-carbon energy sources. Company C also provided one of their coal-fired power plants in Australia as an example, mentioning that they have provided early announcements on the power plant's decommission schedule, organized retraining for employees, and established a partnership with a local offshore wind farm to transfer existing employees to the wind farm and create jobs for them. Company C hopes to maximize its impact and drive growth in the local economy. In addition, to mitigate the impacts of energy supply shortages from the coal-fired power plant's decommission on local areas, Company C has also laid out plans to provide renewable energy sources to ensure local energy supplies.

• Expand Domestic/International Biodiversity Initiatives and Actions

The 2022 United Nations Biodiversity Conference (COP15) amended and finalized the "Post-2020 Global Biodiversity Framework" in December 2022. Major targets and goals are to prevent the loss of biodiversity in 2030 and achieve coexistence with humans by 2050. Biodiversity is critically important to human societies and economies. Estimations from the "Taskforce on Nature-related Financial Disclosures" (TNFD) show that more than half of the world's economic production - with an economic value of US\$44 trillion - is moderately or highly dependent on services and functions provided by natural ecosystems. Lack of awareness surrounding the importance of biodiversity has seriously threatened biodiversity. Failure to take aggressive action may lead to resource shortages and reduced productivity for businesses and threaten global net zero emission goals for 2050.

Cathay FHC believes that maintaining the stability of ecosystems is critically important to reducing operational risks and that companies should value biodiversity and nature, explore innovative solutions balancing the economy, nature, and social value, and sustainably strengthen the company's long-term competitiveness. Financial institutions play a critical role in this area. As such, Cathay FHC actively supports biodiversity issues, joining "Taskforce on Nature-related Financial Disclosures" (TNFD), "The Partnership for Biodiversity Accounting Financials" (PBAF), "Taiwan Nature Positive Initiative" (TNPI), and the "Business for Nature" (BfN) coalition between 2022-2023.



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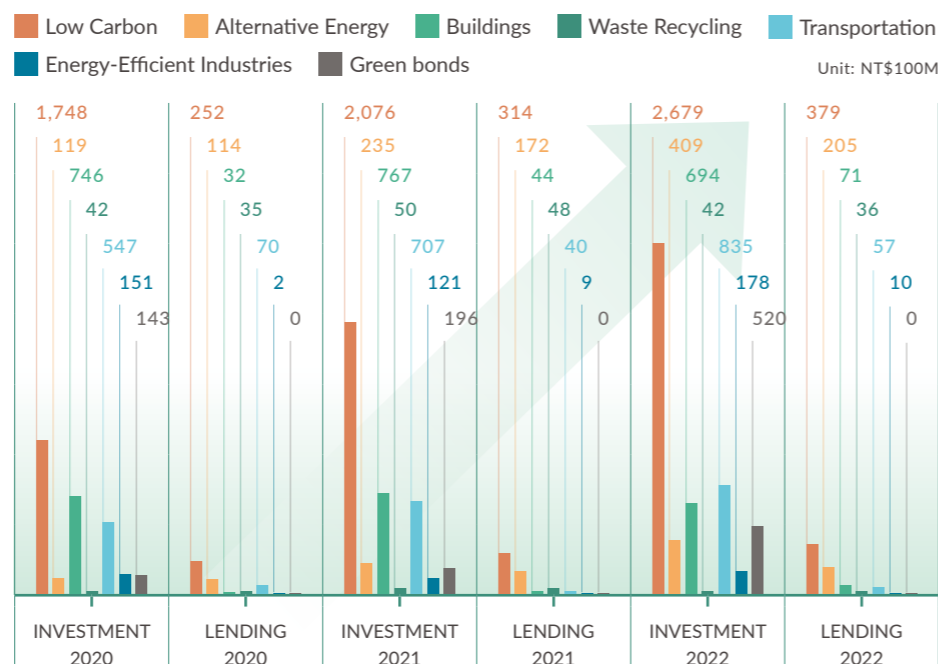
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2.1.3 Comprehensive Climate Finance Solutions Provider

As a pioneer in green finance, Cathay FHC has galvanized its subsidiaries' forces in the face of climate impact to help industries accelerate transitions through green loans, insurance, funds, and other financial products and services. For figures on Cathay FHC's low-carbon investing and lending as well as historical performances of green products and services, please refer to [Table 1](#) and [Table 8](#) in the Appendix, respectively.

■ Green Deposit/Loan

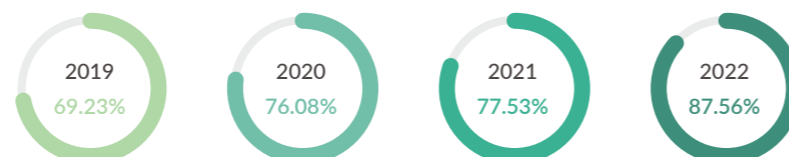
• Low-Carbon Investment & Lending



■ Percentage of Renewable Energy Loans

CUB reached its 2025 goal for renewable energy loans to account for 85% of loans to the electricity generation industry in 2022.

As of Dec. 31, 2022, Percentage of available credits for renewable energies to the electricity generation industry



■ Investments in Renewable Energy Industries

Promote Solar Power Industry Clusters

- Cathay Life's venture into renewable energies revolves around solar power and was a three-step process: Cathay Life first invested, then collaborated (in a joint venture), and finally established a solar power subsidiary to build up its electricity generation assets. In 2014, Cathay Life started investing in solar power plants. In 2016, the company started working with critical raw material suppliers along the solar power value chain to develop solar power plants through joint ventures, promoting solar power industry clusters. To capitalize on opportunities presented by energy transition policies, Cathay Life leveraged its years of experience in the solar power industry to vertically integrate resources and assemble a professional management team. In 2022, Cathay Life became heavily involved in Cathay Power's merger, increasing its equity ownership of Cathay Power to 70% and becoming the first life insurance company in Taiwan to establish a solar power subsidiary. As of 2022, Cathay Life has invested a total of NT\$4.07 billion, and the grid-connected installed capacity is now at 329.7 MW.

Investment	Joint Venture	Establish Subsidiary
Invest in Solar Power Plant In 2014, collaborated with AUO Corporation to invest in Galaxy Energy Group	Solar Power Plant Joint Ventures In 2016, established solar power plants through project-based joint ventures with Sino-American Silicon Products, Neo Solar Power Energy, and Solar Master Energy (SM Energy) to promote solar power industry clusters	Establish Solar Power Subsidiary In 2022, Cathay Life was heavily involved in Cathay Power's merger and capital increase and became the first life insurance company in Taiwan to establish a solar power subsidiary

- In 2012, CUB became the first FI to finance a solar power station in Taiwan. CUB provided loans for 126 solar power stations in Taiwan in 2022, with a total installed capacity of 131 MW. As of the end of 2022, loans have been approved for 2,600 solar power stations in Taiwan and abroad, with a total installed capacity of 889 MW and annual carbon reduction benefits of 558,000 metric tons^{Note}.

Offshore Wind Energy

- In 2016, CUB became the first FI to provide a syndicated loan for offshore wind farm projects in compliance with the Equator Principles (EPs) in Taiwan and helped finance the 640 MW Yunlin Offshore Wind Farm Project and 605 MW Greater Changhua Offshore Wind Farm Holdco Finance Project, led by the world's largest offshore wind developer - Ørsted A/S - to help Taiwan build infrastructure for renewable energies.

Note: Calculated based on Taiwan's average solar PV capacity factor in 2021 announced by the Taiwan Power Company and electricity emission factor of 0.509kg CO₂/kWh in 2021 announced by the Bureau of Energy.

■ Green Deposit

In July 2022, CUB launched the Green Time Deposit Program to support the government's Green Finance Action Plan 2.0 & 3.0. As of the end of 2022, over 30 companies across transportation, electronics, chemical engineering, retail, machine tool, and construction industries have carried out the Green Time Deposit Program. Companies such as EVERGREEN MARINE CORP.(TAIWAN)LTD., TECO ELECTRIC & MACHINERY CO., LTD, UNITED INTEGRATED SERVICES CO., LTD., ADATA TECHNOLOGY CO., LTD., ABICO AVY CO., LTD., and UBRIGHT OPTRONICS COPORATION have shown support for the program. The program will undertake over NT\$10 billion, and related funds from green savings have been invested in the development of renewable energy industries such as financing solar power plants, wind farms, and fishery and electricity symbiosis. In compliance with international norms of green finance, the program works with third-party advisors to evaluate the feasibility and effectiveness of green deposits investment plans and provide assurance reports on investment plans and the use of funds to ensure related funds are used for green lending purposes.

Achievements of the Green Time Deposit Program in 2022



Carried out by over 30 companies



Undertook NT\$10 billion



Commissioned third-party advisors to evaluate the feasibility and effectiveness of green deposit investment plans and provide assurance reports on investment plans and the use of funds

■ Sustainability-Linked Loan (SLL)

CUB is actively promoting sustainable finance across various markets and industries. As of the end of 2022, CUB had approved more than 30 SLLs in Taiwan, Hong Kong, the Philippines, Singapore, and Australia, covering industries such as electronic components, construction materials, real estate, textile, F&B, medical equipment, leasing, public utility, etc. Total approved facility amount is more than NT\$23 billion. An SLL is a loan that incentivizes a borrower to improve its sustainability or environmental, social, and governance (ESG) performance, and KPIs must be chosen carefully in order to monitor ESG performance that is relevant and material to the industry of the borrower.

• Accomplishment of in Sustainability-Linked Loans in 2022

Apr.

CUB signed a bilateral SLL with Siliconware Precision Industries (SPIL), a top IC packaging and testing house in Taiwan. The approved facility amount is US\$200 million or NT\$ 6 billion, the highest CUB approved SLL facility to a single borrower.

Jul.

Cathay United Bank Manila Branch (Philippines) signed a bilateral SLL with Prime Asset Ventures, Inc. (PAVI), a subsidiary of Villar Group in Philippines. Use of proceeds is for PAVI's water company, PrimeWater. The approved facility amount is Peso 1.25 billion or NT\$675 million, the first ever SLL in the Philippine market.

Dec.

Cathay United Bank Hong Kong Branch received two awards - "Outstanding Award for Green and Sustainable Loan Structuring Advisor" and "Pioneering Organization in Climate Disclosure Planning" from "Hong Kong Green and Sustainable Finance Awards" organized by the Hong Kong Quality Assurance Agency (HKQAA).

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Green Insurance

Renewable Energy Insurance	Cathay Century has been offering insurance products targeting the development and operations of green industries since 2010. In 2016, Cathay Century became the first company of its kind in Taiwan to offer insurance for offshore wind turbines. Cathay Century remains dedicated to enhancing the competitiveness and professionalism of renewable energy industries and founded the Energy Infrastructure Team in 2020 to develop potential business opportunities in renewable energies through risk identification. In 2022, Cathay Century increased insurance coverage for solar power and offshore/onshore wind farms, underwriting an additional NT\$34.19 billion.																																					
Green Vehicle Insurance	With the growing awareness around environmental protection, car drivers and motorcyclists are now opting for eco-friendly electric vehicles (EVs) when purchasing new vehicles. In 2013, Cathay Century launched the "Green Vehicle Insurance," the first green energy product of its kind in Taiwan, to support government directives aiding green energy industries, encourage and support eco-friendly drivers and motorcyclists, and help transition transportation modes in Taiwan. As of the end of 2022, a total of 54,593 eco-friendly vehicles are insured under the "Green Vehicle Insurance."																																					
Bicycle Rider Insurance	<ul style="list-style-type: none">● Cathay Century launched bicycle rider insurance in 2014 and has insured 10,093 cases as of the end of 2022.● In June 2018, Cathay Century launched Taiwan's first "Public Bicycle Accident Insurance" and "Public Bicycle Third-party Liability Insurance" policies to encourage more people to start biking. As of 2022, ten cities and counties across Taiwan - Kaohsiung, Tainan, Taipei, New Taipei, Taoyuan, Miaoli, Pingtung, Hsinchu, Kinmen, and Chiayi - have enrolled in the "Public Bicycle Accident Insurance," providing coverage for over 118 million people and mitigating risks for public bicycle riders to fulfill the diverse demands of green consumers.																																					
Carbon Intensity of Insurance Product Portfolio	<p>To better understand the carbon intensity of its underwriting portfolio, Cathay Century used the CRO Forum's methodology in "Carbon footprinting methodology for underwriting portfolios" to research and test out carbon intensity calculations for car insurances (main product) and energy-related insurance in 2022 and introduced PCAF methodology to conduct carbon accounting for the company's insurance product portfolio in April 2023.</p> <table><tr><th colspan="5">CRO Forum Methodology</th></tr><tr><th colspan="2">Year</th><th colspan="3">2021</th></tr><tr><td rowspan="2">Car Insurance</td><td>Automobile Physical Damage Insurance</td><td>Automobile Theft Insurance</td><td colspan="2">Total</td></tr><tr><td>0.3116</td><td>0.0368</td><td colspan="2">0.3484</td></tr><tr><th colspan="2">Year</th><th colspan="3">2021</th></tr><tr><td rowspan="2">General Electricity Generation Industries</td><td>Fire Insurance</td><td>Engineering Insurance</td><td>Marine Insurance</td><td>Liability Insurance</td></tr><tr><td>0.1364</td><td>0.0309</td><td>0.1709</td><td rowspan="2">0.0168</td></tr><tr><td>Renewable energy related industries</td><td>-</td><td>0.0001</td><td>0.1040</td></tr></table>	CRO Forum Methodology					Year		2021			Car Insurance	Automobile Physical Damage Insurance	Automobile Theft Insurance	Total		0.3116	0.0368	0.3484		Year		2021			General Electricity Generation Industries	Fire Insurance	Engineering Insurance	Marine Insurance	Liability Insurance	0.1364	0.0309	0.1709	0.0168	Renewable energy related industries	-	0.0001	0.1040
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Unit: kg of GHG emissions/NT\$1 of insurance policy earnings

Green Bonds

Green Bond Investments	As of the end of 2022, invested a total of NT\$52 billion in domestic and international green bonds, around 2.65 times the investments in 2021.
Green Bond Underwriting	<ul style="list-style-type: none"> In May, July, and October of 2022, CUB participated in the underwriting of TSMC's green bonds listed on the Taipei Exchange. The bond issuance volume is NT\$302 million with terms to maturity ranging between four to ten years. Funds from the sale of green bonds will be used to obtain green building certifications for TSMC facilities, large uninterrupted power supply systems, local exhaust gas treatment facilities, and wastewater treatment systems to increase energy use efficiency, reduce carbon emissions, and minimize pollution. Cathay Securities offers consulting to eco-friendly and green companies to help them with raising funds. In 2022, Cathay Securities raised NT\$195 million in funds for Anji Technology (core business: high-performance solar modules) with convertible bonds and participated in underwriting green bonds for Taipower and Natixis.
Sustainability Bond Underwriting	CUB participated in the underwriting of Société Générale's sustainability bonds listed on the Taipei Exchange in April 2022. The bond was Société Générale's first international sustainability bond issued and was launched in line with its Positive Impact Framework. This bond will finance or refinance environmental and social projects such as renewable energy, low-carbon transportation, water management, affordable housing, education and vocational training. The bond issuance volume is A\$149 million with a ten-year maturity. CUB also participated in the underwriting of two other Société Générale international sustainability bonds in June and December of 2022. Additionally, CUB also underwrote Goldman Sachs' international sustainability bond in March, bringing the total to four international sustainability bonds in 2022.

■ Green Funds

Cathay Global Autonomous and Electric Vehicles ETF	Largest EV-themed ETF in Taiwan
	<ul style="list-style-type: none"> Several countries have committed to "carbon neutrality" by 2050. One of the more progressive policies is accelerating EV development, making self-driving EVs an inevitable trend in green investing. The Cathay Global Autonomous and Electric Vehicles ETF (00893) launched by Cathay SITE reached NT\$25.3 billion in assets by the end of 2022.
Cathay Sustainable PE fund	Invests 100% in key industries for sustainable development in Taiwan
	<ul style="list-style-type: none"> Committed to delivering NT\$8 billion and contributed capital reached NT\$5.6 billion in 2022. The fund currently has investments in two solar power projects, one wind power project, two circular economy projects, one IoT project, one solar power supply chain project, one energy storage project, and one EV project. Invests in key industries such as the circular economy (e.g., wastewater treatment and waste treatment and reuse) and renewable energies (e.g., solar power, geothermal energy, hydropower, and energy storage) as well as innovative industries spotlighted in the government's 5+2 Industry Innovation Plan (IoT, smart machinery, long-term care, and new agriculture).

· Impacts of the Cathay Sustainable Development PE fund

 Wind Energy	In 2020, the fund inked an agreement with Ørsted A/S to acquire 50% shares in the 605 MW Greater Changhua Offshore Wind Farm and participate in its development with Caisse de dépôt et placement du Québec (Quebec Deposit and Investment Fund, CDPQ) to supply clean energy to over 650,000 households in Taiwan. Estimated to generate 1.95 billion kWh of electricity annually.
 Solar Power	Estimated to generate 400 million kWh of electricity annually .
 Waste Resin & Waste Paint Residue Treatment	Processes up to 1,425 metric tons and 17,100 tons monthly and annually, respectively.
 Waste Rubber Treatment	Processes up to 15,000 metric tons annually.
 Recycled Oil	Generates up to 120,000 metric tons of steam annually.

■ Corporate Natural Disaster Loss Control Services

• Provide Preventative Risk Management to Reduce Losses

Companies are susceptible to catastrophes, especially given intensifying climate change in recent years. Preventive actions and control measures can reduce risks and losses. Cathay Century researched, developed, and patented a solar power scale model, which is used as an instructional tool to strengthen risk assessment expertise and risk control in customers and help companies adopt the right preventative measures to strengthen operational efficiency.

• Exchange of Experiences in Actual Losses

To increase internal risk assessor's risk awareness and professional capabilities relating to solar power system frameworks, in 2022, Cathay Century launched the first "Solar Power Puzzle Model," an instructional tool that has obtained one utility model patent.

Impacts from the "Solar Power Puzzle Model"	
Strengthen employee's professional capabilities and risk control expertise	Exchange experiences with enterprise customers
During internal training, the scale model can demonstrate and give employees a better understanding of solar power modules, support beams, other ways to secure the modules, and potential losses from typhoons.	Offers customers more credible experiences, enabling them to adopt optimal measures to prevent loss and damage.

• Loss Control Services and Seminars Help Enterprise Customers Respond to Underlying Risks

Cathay Century is leveraging its core function - "loss control" - to offer enterprise customers knowledge on risk prevention and management as well as professional assessments to help reduce catastrophe frequency and scale so that companies and customers can strive for sustainable operations on a secure foundation.

Leveraging Core Function of "Loss Control" to Facilitate Sustainable Corporate Development

Customized Loss Control Evaluation Plans	<ul style="list-style-type: none"> ● Cathay Century conducts on-site risk surveys and models fitting for Taiwan's natural disasters during ex-ante disaster prevention planning to produce an assessment plan. Between 2012 and 2022, Cathay Century compiled 176 risk assessment reports on typhoons, floods, and earthquakes to help enterprise customers and internal underwriting units. During the same period, Cathay Century provided 183 risk assessment data sets from internal underwriting units to enterprise customers inquiring about typhoon, flood, and earthquake insurance. In total, Cathay Century provided 359 sets of information between 2021 and 2022. ● In 2020, Cathay Century became the first company of its kind to apply natural disaster models to simulate scenarios of loss and damages from climate change. ● To help companies control and manage risks, mitigate operational loss from catastrophes, and enhance the quality of the solar power industry, Cathay Century conducted on-site surveys and collected information to assess risks and provide suggestions on defending solar farms against typhoons. Between 2015 and 2022, Cathay Century evaluated 56 solar farms. ● Considering the risks of flooding from heavy rainfall caused by extreme weather, Cathay Century is helping enterprise customers evaluate the adequacy of surrounding water drainage systems and vulnerable areas. Evaluations can serve as the basis for preliminary steps to upgrade factory flood alerts and water drainage systems, thereby reducing flood risks, claims, and scale of potential losses. Between 2013 and 2022, Cathay Century conducted 18 evaluations.
Annual Loss Control Seminar	<ul style="list-style-type: none"> ● The annual loss control seminar was put on pause in 2021 and 2022 due to the COVID-19 pandemic. ● Cathay Century hopes the pandemic abates and it can organize two annual loss control seminars in 2023. The tentative focus of the potential seminars is on compound risks to company operations, risks to emerging industries, green industries, corporate sustainability, and extreme weather. Cathay Century will also integrate general trends and any topics that customers are concerned with.

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Sustainable Environment - Performance Highlight



★ First Financial Institution from Taiwan to Join RE100

- Cathay FHC is the first financial institution from Taiwan to join RE100 and the sixth financial institution from Asia with SBT approval



★ Creating Net Zero Economy with Green Landlord Services

- Wheeled in 6.5 GWh of renewable energy in 2022 to achieve net zero emissions with tenants.



★ Received the 24th National Golden Award for Architecture

- Designed in compliance with green architectural standards, CUB's Ming Cheng Branch received the 24th National Golden Award for Architecture in the category of "Low-Rise Buildings" and was the first financial building to receive the award

Sustainability Strategy Blueprint- Sustainable Environment- (Corresponding to Cathay's Material Issues: Operations Environmental Impact)

Major Projects

Short-term Goals (2023)

Mid-term Goals (2025)

Long-term Goals (2030)

Ambitious Goal 1

2050 Net Zero Operation Green Energy : Promote energy transition so that business locations in Taiwan will use 100% renewable energy, and business locations worldwide will use 60% renewable energy by 2030.

- 100% Use of Renewable Energy at All Business Locations: Determine optimal allocation of types and volume of renewable energy, make inquiries to procure renewable energy from different sources, and set a renewable energy procurement strategy for each business location.

- Digital management of energy data: Manage electricity use for grey and green energy and optimize energy allocation.

Fulfill SBT commitment on carbon reduction and ensure over 10% use of renewable energy

Enhance Power management and Energy Conservation Efforts: Establish a system to monitor and manage 23% of the total electricity consumption and conserve more energy

Adopt Carbon Pricing Mechanisms to Encourage Employees: Provide carbon reduction incentives to employees in 2023 by combining them with internal carbon fee mechanisms

Ramp up the installation of solar energy on CUB's proprietary buildings to reach 335% of the installed capacity in 2020 by 2023

Fulfill SBT commitment on carbon reduction and use 100% renewable energy in Cathay FHC, Cathay Life, CUB, and Cathay Century HQs

Monitor and control 43% of the total electricity consumption through energy management systems

Ramp up the installation of onsite self-use PV systems on Cathay Life's proprietary buildings to reach 250% of the installed capacity in 2020; ramp up installation of solar energy on CUB's proprietary buildings to reach 350% of the installed capacity in 2020

Fulfill SBT commitment on carbon reduction, 100% use of renewable energy at Taiwan business locations, and 60% use of renewable energy at global business locations by 2030. Reach net zero emissions and achieve 100% use of renewable energy at all global business locations by 2050

Monitor and control 51% of the total electricity consumption through energy management systems

Ramp up the installation of onsite self-use PV systems on Cathay Life's proprietary buildings to reach 425% of the installed capacity in 2020; ramp up installation of solar energy on CUB's proprietary buildings to reach 360% of the installed capacity in 2020

Ambitious Goal 2

2050 Net Zero Operation Green Operations : Mobilize operations, digitalize services, and share workspaces in order to incorporate sharing and circulation into planning and creation of a low-carbon workplace.

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- Workplace Transformation: Renovate office space to create a flexible, shared working complex; increase productivity with measures such as working from home (WFH).
- Digitalize operations/services: Reduce carbon footprint by providing digital/paperless services and operations. (Carbon Reduction Label/Carbon Label)

Mobilize Operations - Remote Work: Cathay Life and CUB will implement Project WFH 2.0 in 2023 and ensure a better employee experience, remote work, and energy savings with VDI OA

Mobilize Operations - Remote Work: Continue implementation at Cathay Life and CUB and ensure that 30% of eligible staff have devices that comply with new specifications by 2025

Share Workspaces - Workplace Transition: Construct 19 new workspaces in 2023 compared to 2020

Share Workspaces - Workplace Transition: Construct 30 new workspaces in 2025 compared to 2020

Share Workspaces - Workplace Transition: Construct 46 new workspaces in 2030 compared to 2020

Digitalize Services - Carbon Labels: Cathay Life, CUB, and Cathay Century will decrease their carbon footprints by digitalizing services and greatly reducing the carbon emitted during the product life cycle, pledging to conduct carbon footprint verification for 60% of their main products by 2023

Digitalize Services - Carbon Labels: Cathay Life, CUB, and Cathay Century will conduct carbon footprint verification for 75% of their main products by 2025

Digitalize Services - Carbon Labels: Cathay Life, CUB, and Cathay Century will conduct carbon footprint verification for 85% of their main products by 2030

Conserve Water: Pledge to limit per capita water consumption to less than 12.82 cubic meters by 2023

Conserve Water: Pledge to limit per capita water consumption to less than 12.53 cubic meters by 2025

Conserve Water: Pledge to limit per capita water consumption to less than 11.95 cubic meters by 2030

Reduce Waste: Pledge to limit per capita waste to less than 26.2 kg by 2023

Reduce Waste: Pledge to limit per capita waste to less than 25.3 kg by 2025

Reduce Waste: Pledge to limit per capita waste to less than 22.9 kg by 2030

Ambitious Goal 3

2050 Net Zero Operation Green Real Estate : Furnish an ecosystem of low-carbon buildings and drive industry participation in the energy transition.

- Green Landlord Project: Incorporate renewable energy to meet sustainability goals for corporate clients, prompt more clients to transition, and better utilize local green energy.

- Create Low-Carbon Buildings: Furnish more low-carbon buildings by reducing carbon through onsite self-use PV systems, procuring green energy, or constructing more green buildings.

All new buildings after 2023 will earn green building certifications or be LEED certified by the U.S. Green Building Council.

Branch offices undergoing renovations in 2023 shall ensure that renovations are 100% environmentally friendly; 20% of branch offices will undergo environmentally friendly renovations by 2023

25% of branch offices will undergo environmentally friendly renovations by 2025

40% of branch offices will undergo environmentally friendly renovations by 2030

Promote renewable energy use in grade A office buildings in Taipei's Xinyi and Dunnan District by 2023

Commercial buildings in the six major municipal cities will be encouraged to adopt green leasing practices and provide at least 15 GWh of renewable energy annually, thereby reducing 7,635 metric tons of carbon emissions ^(Note)

All commercial buildings will be encouraged to adopt green leasing practices and provide 20 GWh of renewable energy annually, thereby reducing 10,180 metric tons of carbon emissions ^(Note)

Note: Carbon emissions are calculated based on the electricity emission factor: 0.509 kg CO₂e/kWh

2.2 Sustainable Environment

Cathay FHC believes that climate is at the core of sustainability. By spotlighting Green Energy, Green Operations, and Green Real Estate, Cathay FHC is steadily implementing its "Zero Carbon Operation Transition Plan" to achieve net zero emissions by 2050. Cathay FHC has been able to transform workplace norms and work patterns, leverage real estate to generate sustainable impacts, and reduce operational emissions. In addition, Cathay FHC is the first financial institution from Taiwan to join RE100 and the sixth in Asia to obtain SBT approval. The company provides customers with easy access to renewable energy services and works with customers to create a net zero economy and achieve sustainability goals. To achieve related goals, the performance of Cathay FHC and subsidiary presidents is linked to carbon reduction results, shaping a corporate culture spotlighting carbon reduction practices from management to all units. For more information on Cathay FHC's GHG inventory and progress in Green Operations, please refer to [Tables 9](#) and [10](#) respectively in the Appendix.

• Cathay FHC's Carbon Reduction & Renewable Energy Goals

2025

- Fulfill SBT commitment on carbon reduction and use 100% renewable energy in Cathay FHC, Cathay Life, CUB, and Cathay Century HQs

2030

- Fulfill SBT commitment on carbon reduction and use 100% renewable energy in all Cathay locations in Taiwan

2050

- Achieve net zero emissions and use 100% renewable energy in all Cathay locations around the world

2.2.1 Green Energy

Around 93% of carbon emissions generated by Cathay operations derive from purchased electricity. As such, the group has decided to increase renewable energy management efficiency and reduce environmental impacts through systematic management and use of renewable energies. Cathay FHC and its subsidiaries are spotlighting four areas - "Increase Use of Renewable Energies," "Deploy Energy Management Systems," "Adopt Carbon Pricing Mechanisms," and "Install Solar Panels on Proprietary Buildings" - to achieve net zero emissions by 2050.

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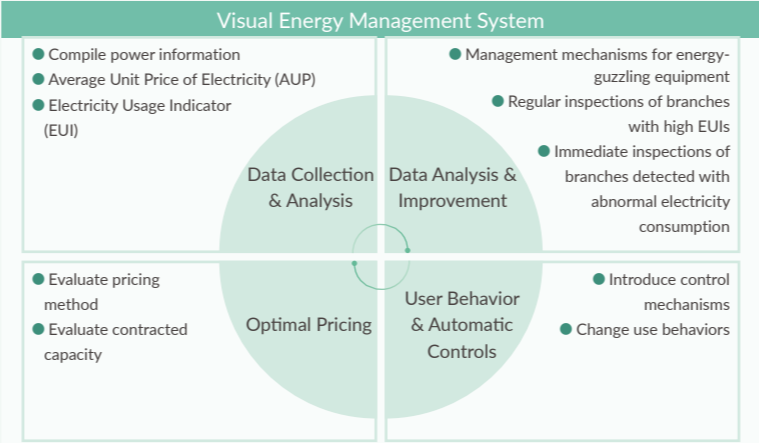
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Four Major Areas of Carbon Reduction			
Increase Use of Renewable Energies	Deploy Energy Management Systems	Adopt Carbon Pricing Mechanisms	Install Solar Panels on Proprietary Buildings
<ul style="list-style-type: none"> Cathay FHC is actively negotiating power purchase agreements (PPAs) to acquire renewable energies and working through diverse channels to obtain renewable energy certificates (RECs). Related efforts include bidding on the National Renewable Energy Certification (T-REC) Center and talking with electric power providers. Cathay FHC and its 5 companies' HQs has wheeled 100% renewable energy, with all renewable energies usage accounting for 7.7%, and establish annual renewable energy targets to gradually increase usage and achieve "net zero carbon emissions." <p>In 2022, Cathay donated weight-loss funds to the Taiwan Green Energy for Charity Association to purchase solar panels, earnings from solar power generated in the next 20 years are donated to the Thao Cultural Development Association for language and cultural preservation.</p>	<p>At CUB, 90% of branches have introduced energy management systems (EMS). As of the end of 2022, smart meters have been installed at seven of CUB's proprietary buildings and introduced into their EMS to analyze energy usage data across various branches in cloud systems, improve energy consumption behaviors, and control the cost of energy usage. Smart meters connected to Cathay's EMS conduct the following steps in order: 1. collect and analyze data; 2. improve data analysis; 3. behaviors and automatic control; and 4. optimize pricing to create an energy management foundation and strengthen climate resilience. In the future, smart meters will also be installed in locations without EMS, in addition to branches, to roll out EMS to units at head offices and monitor their energy consumption. In addition to raising awareness about energy conservation, evaluations to replace old A.C. units will be conducted as well to conserve energy and reduce carbon emissions.</p> <div> <div>Visual Energy Management System</div>  </div>	<p>Internal carbon pricing is now a common approach adopted by companies to reduce carbon emissions. Cathay continues to monitor carbon pricing trends in Taiwan and abroad, introducing the concept of shadow price and adopting the carbon price in the "International Energy Agency" (IEA) Sustainable Development Scenario (SDS) to evaluate transition risks to specific industries in 2022. In addition, the company continues to monitor internal carbon fee mechanisms to evaluate roll-out feasibility internally. Carbon pricing is slated to be included in the company's Electricity Saving Competition in 2023 to strengthen awareness about the cost of carbon amongst employees, conserve energy, reduce carbon emissions, and align with international standards.</p>	<p>In addition to negotiations to acquire renewable energies through PPAs, Cathay FHC and its subsidiaries are also installing solar panels on rooftops:</p> <ul style="list-style-type: none"> Cathay Life's Wuri Building in Taichung has an installed capacity of 183 kW, the largest rooftop onsite self-use PV system in the finance industry. As of 2022, Cathay has developed four onsite self-use PV systems in Wuri, Qingping, Taozhuan, and Shixing, with an installed capacity of 417.38 kW, generating 518,200 kWh annually. In 2013, CUB led the banking industry to build Taiwan's first solar-powered branch. In 2018, CUB built its Ruihu Branch, the largest solar-powered branch in Greater Taipei. In 2022, CUB launched plans to build six new solar-powered branches in Ruihu (expansion), Tongde, Xinshu, Duxing, Fengyuan, and Qingshui that are slated to be completed by the end of 2023. The six new projects are estimated to introduce an installed capacity of 270.78 kW.

Cathay Dingshan Community Solar Power Plant and Taiwan's First PPA to be Launched Soon

In 2019, Cathay FHC signed Taiwan's first PPA for renewable energies with the Dingshan Lohas Association and other organizations, donating NT\$2 million from employee weight loss to the Dingshan Campus of Tainan's Hougang Elementary School. The donations were used to install solar panels on school building rooftops, and Cathay buys back electricity for its own use. Profits generated from renewable energies are then used to fund activities for older adults, achieving a positive cycle of "weight loss, renewable energy, and charity."

2.2.2 Green Operations

To keep up with thriving work-from-home (WFH) and digital transformation trends, Cathay FHC is cultivating workplace environments by integrating green operation concepts. Cathay FHC has also established carbon reduction goals and is seeking to minimize water consumption and waste per capita to reduce the group's environmental impact.

■ Three Workplace Strategies - Digitalize Services, Mobilize Operations, and Share Workspaces

Work patterns and consumer behaviors have changed in the post-pandemic era. Cathay FHC has thus deployed three green operations strategies - digitalize services, mobilize operations, and share workspaces - to create a low-carbon, agile, shared, and circular workplace and established carbon reduction goals. Currently, Cathay FHC is digitalizing work processes to reduce carbon footprints generated by financial products and services and using life cycle assessment (LCA) to calculate and manage GHG emissions produced by products or services, including upstream green procurement and midstream low-carbon product and service processes. In addition, Cathay FHC is actively working to acquire product carbon footprint and carbon reduction labels. In a show of resolve to reduce carbon emissions, Cathay commits to completing carbon footprint verification for 85% of major financial products and services by 2030.

Three Workplace Strategies				
Strategies	Digitalize Services		Mobilize Operations	Share Workspaces
Actions	Digitalization: Use digital technologies to optimize user experiences with electronic insurance policies/products (e.g., Cathay Century - Smart Commercial Insurance Engine); encourage customers to trade on digital platforms (e.g., Cathay Securities' innovative "Alpha" chatbot); and audit individual printer use.	Carbon Labels: Cathay FHC and its subsidiaries have obtained ISO 14067 - Carbon Footprint of Products and the EPA's Carbon Reduction Label for main financial products and services.	In 2022, Cathay FHC introduced VDI OA (Note) to promote its instant messaging platform and document exchange platform, upgrade software and hardware equipment, and create a more convenient and agile workflow. The VDI OA brought information into the cloud as Cathay FHC distributed more laptops to roll out remote work.	Sharing workspaces can increase energy efficiency and office space efficiency and flexibility without comprising employee experiences. The company is evaluating spatial modules and designs based on the nature of different functions. Office spaces will now be designed for sharing and employees will no longer have fixed workstations, enabling them to brainstorm at any time and share spaces for discussions.

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Three Workplace Strategies

Strategies	Digitalize Services		Mobilize Operations	Share Workspaces
Outcomes/ Impacts	<p>In 2022, subsidiaries were actively digitalizing service processes to minimize the use of paper (Note 2). For example:</p> <ul style="list-style-type: none"> ● Cathay Life: 81.8% of insurance policies were delivered electronically, saving 81.78 million sheets of paper through mobilizing and digitalizing services. In addition, Cathay Life is now the first life insurance company in Taiwan formally approved to test and regularly provide remote insurance enrollment services. In 2022, customers enrolled in over 20,000 insurance policies through the Cathay Vision Experience (CVX) platform, reducing 23,000 kg in carbon emissions. ● CUB: Actively promoted digital finance tools, digitalized administrative tasks, audited individual printer use, and minimized printing meeting materials, saving 524.56 million sheets of paper. ● Cathay Century: Adopted digital files and saved 70.46 million sheets of paper. ● Cathay SITE: Discouraged printing and adopted IFORMs in 2022, allowing the company to reduce printing by 480,000 sheets of paper from 2021, a 47.3% decrease. ● Cathay Securities: Up to 90% of users now open bank accounts online and use digital bank statements, allowing Cathay Securities to use 208,000 fewer sheets of paper from 2021. Internally, Cathay Securities is digitalizing administrative tasks and was able to use 738,000 fewer sheets of paper from 2021. 	<ul style="list-style-type: none"> ● Cathay Life: In 2020, became the first life insurance company in Taiwan to obtain dual certification - ISO 14067 and EPA's Carbon Reduction Label. ● CUB: To comply with EPA's changes to product category rules, CUB helped compile the "Off-line financial services CFP-PCR" for industry peers to refer to in the future. CUB also conducted carbon footprint verification for residential mortgage services and small deposits/payments via ATMs. The carbon footprints of small deposits/payments via ATMS and residential mortgage services were verified under ISO 14067 in January and February 2023, respectively. CUB also obtained Carbon Labels and started the application for Carbon Reduction Labels for both services. ● Cathay Century: In 2019, became the first in the industry to establish product category rules for "property insurance services." Also in 2019, Cathay Century obtained ISO 14067 certification and then went on to fulfill its carbon reduction commitment in 2021, making it the first and only property insurance provider to secure a Carbon Label and Carbon Reduction Label. 	<ul style="list-style-type: none"> ● Cathay FHC was the first financial institution in Taiwan to roll out VDI OA, which stores computer data in a data center that employees can connect to with their devices, i.e., laptops/desktops. The VDI OA delivers a range of benefits, including a great employee experience, remote working capabilities, and energy conservation. Currently, 417 employees are using VDI OA, of which 85% of them have access to company laptops. As laptops have a smaller carbon footprint than desktops, the increased use of laptops conserves around 440 kW per person every year. VDI OA will be deployed to Cathay Life and CUB in the future. 	<p>To comply with Cathay FHC's digital transformation strategies, subsidiaries optimized workspaces in 2022. For example:</p> <ul style="list-style-type: none"> ● Cathay Life: Constructed one new workspace in 2022 by converting workspaces to provide shared spaces for employees to work, meet, and relax and gradually transforming available spaces on different floors to increase employee happiness, conserve energy, and reduce carbon emissions. ● CUB: Constructed two new workspaces in 2022 by transforming workspaces into new models across different stages. ● Cathay Century: Constructed five new workspaces for IT Development Department, Digital Technology Development Department, Taipei Branch Office, Nan Kan Liaison Office, and Shengli Liaison Office by utilizing unused spaces and effectively using available workspaces.

Note 1: Virtual Desktop Infrastructure Office Automation (VDI OA) runs desktop environments on remote servers and data storage systems, enabling individuals to log in at any time, location, or device.

Note 2: Calculated by multiplying the coefficient of papers (in sheet) saved by digitalizing services with the number of digitalization projects

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Water Management

In recent years, climate change has indirectly impacted water cycles and rainfall patterns, making water one of the critical challenges to the modern world. Cathay FHC is working to reduce water consumption from company operations. The group achieved its 2021 water target and set a 2023 target to limit per capita water consumption to 12.82 cubic meters. Cathay FHC has instituted the following measures to achieve its target:

Install automatic sensors to conserve water and use products certified as water-efficient for faucets, toilets, and other facilities

Set targets for water conservation, establish an action plan to ensure targets are met, and work with EDM to remind employees to reduce water consumption

Cathay FHC started introducing ISO 46001 - Water Efficiency Management Systems in 2022

Cathay Life established the "Responsible Property Investment and Management Policy" to introduce eco-friendly and energy-saving designs as standard practices in new buildings. For example, setting KPIs on greenery coverage, water conservation, carbon emissions, and assessing rainwater recycling systems and water reclamation systems for new real estate development projects.

Waste Reduction

The financial services sector produces only domestic waste and general recyclables and does not produce toxic waste. Cathay FHC aims to limit per capita waste under 26.2 kg and adopt the following practices to reduce waste produced from company operations and generate positive impacts on the environment and adopt the following practices to reduce waste produced from company operations and generate positive impacts on the environment:

Cathay FHC and its subsidiaries discourage the use of disposable tableware and encourage employees to bring their own reusable cups and utensils when buying beverages or eating out

CUB regularly reviews waste spreadsheets for more insight into the collection of waste-related data and makes necessary recycling changes as soon as possible. In addition, CUB is working with the ASUS Foundation to refurbish and donate old computers to social welfare groups or remote schools in need.

Cathay Life put up anti-plastic posters in 300 locations around Taiwan and designed a series of environmental education campaigns titled "Say No to Plastics Now" to raise awareness and encourage action against plastics and waste among employees through various channels

Cathay FHC's Procurement Systems and Procedures

Cathay FHC rigorously controls sustainability issues related to procurement processes. Currently, Cathay FHC works with over 1,000 service providers, equipment suppliers, and construction subcontractors. Their services and products enable Cathay's operations. To reduce suppliers' environmental impact as they provide products or services to any Cathay entities, Cathay became the first financial institution around the world to incorporate ISO 20400 - Sustainable Procurement Guidance and comply with its guidelines for the supply chain management. All Cathay suppliers have signed the Cathay Financial Holdings Statement of Sustainability Values. For details on sustainable procurement at Cathay FHC, please refer to [Table 11](#) in the Appendix.

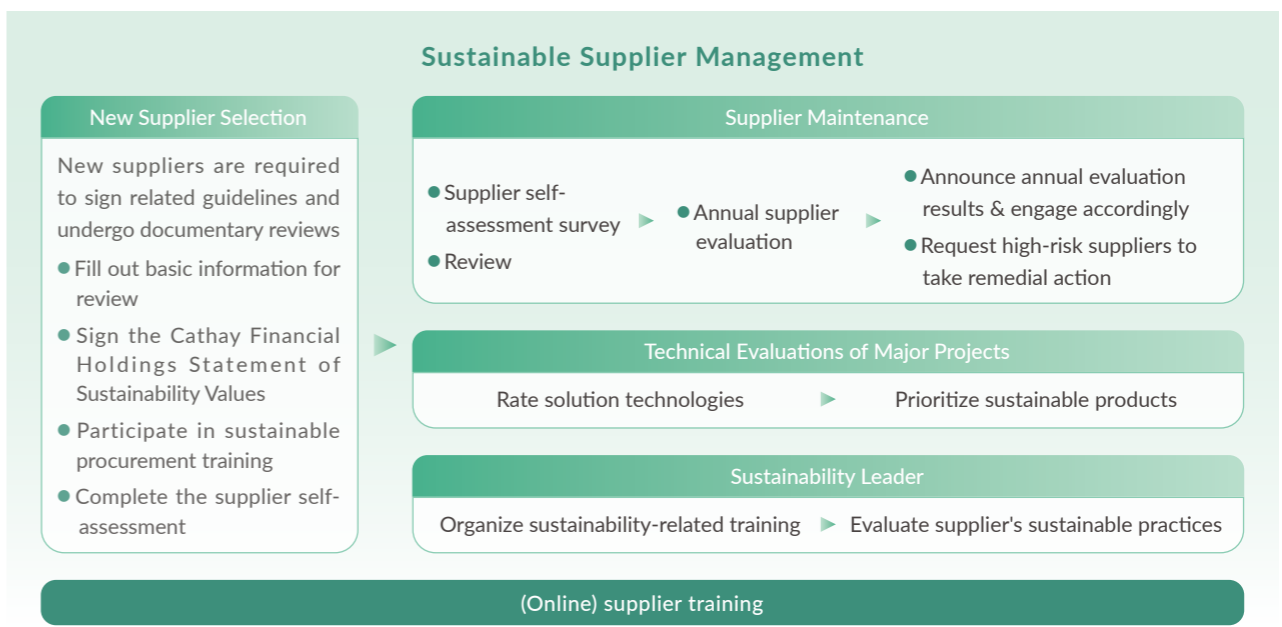
1.Objective

Cathay firmly believes in enforcing green procurement into its Procurement Management Regulations and prioritizes products with eco-friendly, green energy, and water conservation labels. In 2018, we introduced the ISO 20400 - Sustainable Procurement Guidelines to help mitigate risks from poor supply chain management and ensure sustainable development in the group's finance, environmental efforts, and goodwill. Cathay FHC also managed supplier practices and provided training based on sustainable procurement demands to exert the company's influence and spread the ideals of sustainable development. Cathay FHC hopes to bring suppliers' attention to sustainable development for the environment, society, and economy.

2.Challenges and Responses

Cost reduction is usually the number one priority for procurement in most companies. This overlooks potential risks, e.g., environmental or human rights risks from suppliers. Cathay FHC adopted ISO 20400 - Sustainable Procurement Guidelines to assess suppliers across seven core subjects - organizational governance, labor practices, human rights, the environment, fair operating practices, consumer issues, and community involvement and development. ISO 20400 can help mitigate procurement risks and the overall benefits far outweigh the original cost savings.

3.Results



2022 Procurement KPIs

Green Procurement (NT\$)

- NT\$476 million
- Received the Taipei City Government's "Green Procurement Outstanding Enterprise" for the 13th consecutive year

Local Procurement (%)

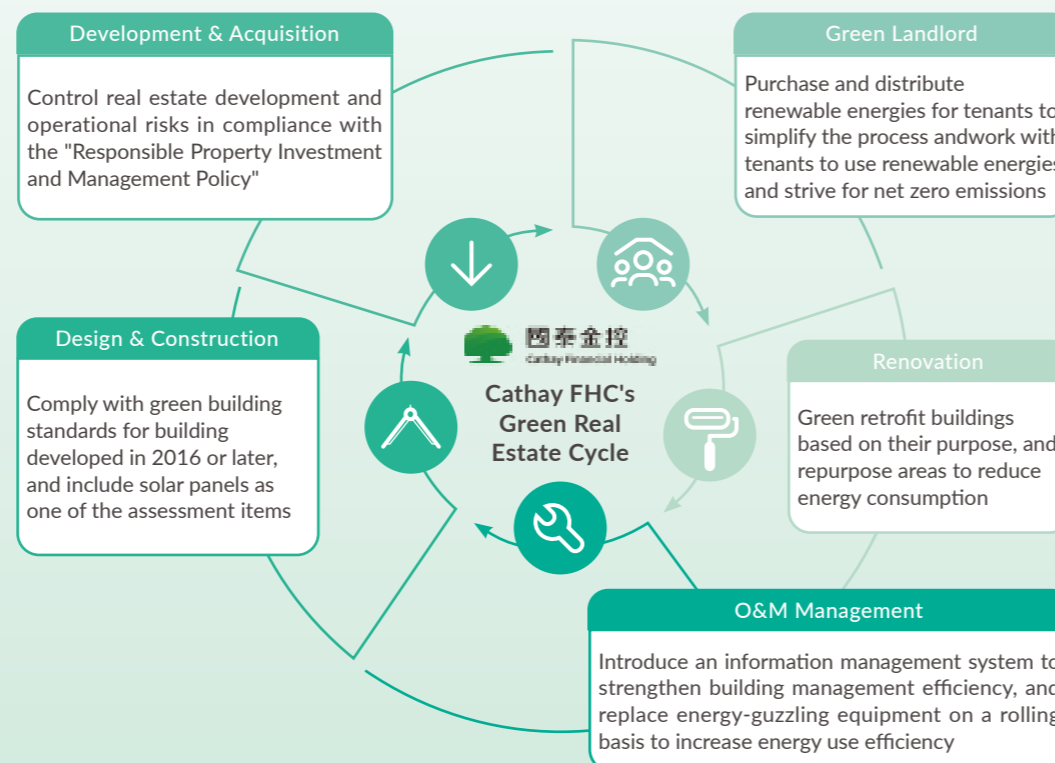
- 97.1%
- Helped local economies grow by purchasing locally

Sustainable Procurement Campaigns




- Organized supplier training and asked suppliers to complete supplier self-assessment, sustainability declaration, and commitments

2.2.3 Green Real Estate

Cathay FHC believes that investing, developing, and managing commercial real estate should be about more than profits. It should be about how we coexist with the environment and flourish with society. To such ends, Cathay FHC committed in 2017 to comply with green building standards and obtain EEWH, Taiwan's green building certificate, for any new buildings developed or invested in by Cathay FHC. Cathay is dedicated to creating a low-carbon real estate ecosystem, working with tenants through the "Green Leasing Program" to achieve net zero emissions, and making renewable energies more accessible to SME tenants. Cathay FHC is striving toward energy transition and UN SDGs through three directions: "low-carbon architecture," "green retrofit," and "green landlord."



Three Major Directions for Green Real Estate

 <p>Low-Carbon Architecture</p>	<p>Cathay Life established the "Responsible Property Investment and Management Policy" to introduce eco-friendly and energy-saving designs as standard practices in new buildings. For example, setting KPIs on greenery coverage, water conservation, and carbon emissions and assessing rainwater recycling systems, water reclamation systems, and PV systems for new real estate development projects. The goal is to reduce the consumption of traditional energy by generating energy onsite for self-use. Currently, Cathay FHC has obtained 25 Green Building Labels (Taiwan) or LEED certificates.</p>
 <p>Green Retrofit</p>	<p>In 2019, CUB started to green retrofit branches and has since increased its use of green construction materials to over 60% of total surface areas, transforming buildings to produce lower emissions. As of 2022, CUB has green-retrofitted 28 branches. Mingcheng Branch was relocated during this process and furnished in collaboration with an architectural firm to comply with green architectural standards and designs. The branch was submitted for the 24th National Golden Award for Architecture by the architectural firm and became the first company to take home the award in the category of "Low-Rise Buildings."</p>
 <p>Green Landlord</p>	<p>In July 2022, Cathay Life and the Bureau of Standards, Metrology and Inspection (BSMI) compiled the "Green Leasing Program 2.0" to outline how landlords can wheel in and distribute renewable energy to building tenants. The program is an effective solution to the renewable energy dilemma that previously prevented tenants under the same electricity account from accessing renewable energies. Under the program, tenants can access renewable energies without entering into multi-party agreements with electricity suppliers, Taipower, and landlords. As of now, Cathay has wheeled in 6.5 GWh of renewable energy and reduced carbon emissions by 3,000 metric tons.</p>

Case Study on Green Real Estate - Mingcheng Branch becomes first financial branch to win the 24th National Golden Award for Architecture in the "Low-Rise Buildings" category

Mingcheng Branch, CUB's first solar-powered branch, was relocated in 2022 from the Aozidi Commercial District to the Kaohsiung Museum of Fine Arts District (both in Kaohsiung) on Mingcheng 4th Road. The branch was designed in compliance with green architectural standards. In addition to using materials with the Green Building Material label, designers also considered "greenery coverage," "water conservation in buildings," "water reclamation," "energy conservation," "indoor environments," and "biodiversity" when planning the buildings.



Energy Conservation, Water Conservation in Buildings, Greenery Coverage, and Biodiversity	Indoor Environment - Energy recovery ventilator (ERV) keeps indoor air fresh	Water - Deploy rainwater harvesting and detention facilities, use AC condensation for plants, and install water-efficient toilets
<ul style="list-style-type: none"> ● Modularize AC coverage for ATM sections, service counter areas, and office areas and reduce cold air leaks on the first floor to increase the building's energy efficiency. ● Use permeable pavements and design rainwater harvesting & detention facilities and grass paver blocks to collect rainwater. This can increase water conservation in the building, mitigate the urban heat island effect, and improve the branch's microclimate. ● Design large, open windows to bring in sunlight and eliminate the use of artificial lighting during certain periods of the day. Use insulating glass to ensure that the building is not absorbing excessive heat with the added sunlight. 	<ul style="list-style-type: none"> ● ERV - ERVs work because cold and warm air flow in opposite directions and transfer heat vertically or at a certain angle from the flow of cold and warm air. ERVs are airtight and able to separate indoor and outdoor air to avoid any polluted air emitted from inside the building being drafted into the fresh air vents. By increasing the contact surface area, ERVs can effectively transfer heat and ensure fresh air inside at all times. 	<ul style="list-style-type: none"> ● Install rainwater harvesting tanks, redirect AC condensation to gardens for irrigation, and reuse AC condensation to grow greenery at Cathay locations. ● Water-efficient toilets - Use water-efficient facilities in bathrooms to reduce any unnecessary water consumption and increase the buildings' water efficiency.

Case Study on Green Real Estate – Group Purchasing Renewable Energies? Cathay Life Launches Renewable Energy Services in Commercial Buildings to Support Environmental Sustainability

In 2020, launched the “Pilot Program of Renewable Energy Certificate Transaction for Multiple Users in Single Electricity Account Number” to help companies access green energy. The pilot program encourages building tenants to use renewable energies but requires them to sign multi-party wheeling agreements between tenants, landlords, renewable energy businesses, and Taipower. Using renewable energies under this program will also change the composition and cost of the building's electricity bills and impact the rights and obligations of landlords and tenants.

As one of the most influential players in Taiwan's commercial building market, Cathay Life recognized these challenges and felt strongly about leveraging its corporate influence, taking the initiative to advocate for commercial building tenants and their use of renewable energies. The team spent nearly six months formulating the "Green Leasing Program" in collaboration with think tanks and MOEA's BSMI. In the program, renewable energy buyers are now commercial building owners (landlords) instead of tenants (tenants). Landlords can now purchase renewable energies from electricity providers and provide added-value services to tenants by recording how much energy they use and how much renewable energy they need. This can help tenants meet renewable energy or carbon emission goals and provide them convenient access to ample renewable energies to help them strive for the energy transition.

Under this system, distributing renewable energies becomes more efficient because tenants and electricity providers negotiate once, reducing the landlord's load as the middleman and enabling tenants to access renewable energies and RECs on a need basis. In October 2022, Cathay Life formally rolled out the "Green Leasing Program" to four of its commercial buildings, including the Cathay Life HQ Building, Cathay Financial Center, Cathay Dunnan Commercial Building, and Cathay Dunnan Xinyi Building and is currently the largest renewable energy wheeler to commercial buildings in Taiwan. In 2022, the four buildings used a total of 6.5 GWh of renewable energy and reduced emissions by 3,300 metric tons. The Cathay Life HQ Building and Cathay Financial Center completed their phased target in 2022 Q4 and now run completely on renewable energies.



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CHAPTER

Health

► 3.1 Health Promotion ► 3.2 Financial Health



The World Economic Forum's Global Risks Report 2023 has identified the rising cost of living as a critical short-term risk facing the world, alongside the long-term crisis of climate change. This crisis is widening the wealth gap that can result in an imbalanced society. Cathay FHC is addressing these risks by leveraging our core competencies to provide a comprehensive range of products and services that meet the need of our customers' physical, emotional, and financial health. Our commitment at Cathay is to help create a prosperous society that benefits all.

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• Health Promotion - Performance Highlight



★ Charitable activities that integrate health and green energy

- The newly launched Every Step Counts program has accrued 38.4 billion steps; the program donated NT\$6 million to elementary schools
- A total of 80,000 people participated in Cathay's Weight-Loss Contest



★ Cross-industry ecosystem and caring for the sub-health group

- Cathay's FitBack App has attracted 806,000 registered members who have collectively logged 849 billion steps while using the app
- The "I-Li-Ho Healthcare" has served more than 1,600 customers with a 97% satisfaction rate



★ Creating a safety net for a happy retirement for the Elderly

- Cathay's online platform for the Elderly "Splendid Life" received 1.22 million visits
- Launched five new insurance products with in-kind benefits, and led the industry in rolling out two cognitive impairment insurance products

• Sustainability Strategy Blueprint - Health Promotion (Corresponding to Cathay's Material Issues: Health Promotion and Life Security and Employee Health and Well-being)

Ambitious Goal 1

Expand the ecosystem of promoting physical and mental health : Promote awareness of physical and mental health and accident prevention; advocate for public self-awareness and management; enhance the ex-ante prevention and ex-post compensation value of insurance; exert industry influence to promote health and wellness.

- Fitback App (with Spillover Effect) : Offer diverse health missions, work with different industries to create a health ecosystem, and utilize spillover-effect insurance to provide additional coverage or premium discounts.

Reach 1 million participants (members) for health promotion projects by 2023

Help 520,000 members manage their health and provide health management services 12 million times per month in 2023

- Increase health insurance coverage for citizens: Visit all customers with insufficient coverage to ensure that all customers have adequate protection.

Extend full health insurance coverage (daily hospital indemnity \geq 2,000) of 210,000 persons annually by 2023

Reach 1.35 million participants (members) for health promotion projects by 2025

Help 740,000 members manage their health and provide health management services 15 million times per month in 2025

Ensure full coverage (daily hospital indemnity \geq 2,000) for 50% of all health insurance policies by 2025

Reach 2 million participants (members) for health promotion projects by 2030

Help 1.2 million members manage their health and provide health management services 20 million times per month in 2030

Ensure full coverage (daily hospital indemnity \geq 2,000) for 60% of all health insurance policies by 2025

Major Projects

Short-term Goals (2023-24)

Mid-term Goals (2025-26)

Long-term Goals (2030)

- Employee Health Services Plan: Offer diverse health-promotion activities, stress monitoring and counseling services, and occupational safety measures to create a happy workplace conducive to overall health and safety.

Continue to offer health promotion activities and help over 50% of employees maintain healthy BMIs by 2024

In 2023, Cathay is offering employees emotional support programs, assisting 60% of our employees with wellbeing enhancement

CUB and Cathay Life will maintain ISO 45001 standards in 2023

Continue to offer health promotion activities and help over 51% of employees maintain healthy BMIs by 2026

Continue to offer employees emotional support programs and assist them with wellbeing enhancement

CUB and Cathay Life will maintain ISO 45001 standards in 2025

Continue to offer health promotion activities and help over 53% of employees maintain healthy BMIs by 2030

Cathay FHC, Cathay Life, CUB, Cathay Century, Cathay Securities, and Cathay SITE will obtain ISO 45001 certifications by 2030

Major Projects

Short-term Goals (2023-24)

Mid-term Goals (2025-26)

Long-term Goals (2030)

- Promote Traffic Safety: Raise student and public awareness of traffic safety and loss control through the following sites: Accident-free Bicycles, Accident-Free Riders, and Zero-Accident Academy.
- Anti-Drug Campaigns on Campus: Provide entertaining anti-drug education on the PaGamO online learning platform to increase student knowledge and awareness and prevent drug abuse.

Host 400 promotional events for "Accident-Free" loss control projects

Raise Students' Safety Awareness/Correct Response Rate: Reach 80% awareness for the Accident-Free Rider Project and 70% correct response rate for the Accident-Free Bicycles Project by 2023

Extend outreach to 1,400 schools with our anti-drug programs by 2023

Reach 1.8 million people with the anti-drug Air Force, Army and Navy Project in 2023

Host 500 promotional events for "Accident-Free" loss control projects

Raise Students' Safety Awareness/Correct Response Rate: Reach 85% awareness for the Accident-Free Rider Project and 75% correct response rate for the Accident-Free Bicycles Project by 2025

Continue with anti-drug campaigns on campus to promote student awareness and encourage them to stay away from drugs and stay healthy

Host 800 promotional events for "Accident-Free" loss control projects

Raise Students' Safety Awareness/Correct Response Rate: Reach 90% awareness for the Accident-Free Rider Project and 80% correct response rate for the Accident-Free Bicycles Project by 2030

Ambitious Goal 2

Support Sub-Health Reablement : Reduce the overall burden and cost of healthcare by collaborating with the healthcare and medical industry to reable customers and elevate their quality of life.

- Sub-Health Intervention: Target the three highs (high blood pressure, high cholesterol and high blood sugar) and help policyholders monitor their own health regularly through localized care and new service modes. Provide health management services and explore policyholders' needs to develop new modes of service

Increase participation among customers with high blood pressure, high cholesterol, and/or high blood sugar through localized care and new service modes to promote overall physical health

Help 75% of customers participating in services related to the three highs (high blood pressure, high cholesterol, and high blood sugar) to improve their health by 2025

Help 80% of customers participating in services related to the three highs (high blood pressure, high cholesterol, and high blood sugar) to improve their health by 2030

Ambitious Goal 3

Offer age-friendly services and create a safety net for elderly people to live lifestyles of health and sustainability : Furnish a healthy and dignified life for older adults by using financial products and services to create an age-friendly safety net with solutions to promote the overall health of older policyholders by 2030.

- Blueprint for Elderly Services:

1.Age-Friendly Services: Understand the needs of the elderly, and pool resources from Cathay and other industries to care for older adults, as well as monitor physical and mental health issues.

2.Protection Comes First: Provide products tailored for older adults and satisfy health insurance needs for the elderly.

3.Sustainability - Promoting Senior Health: Provide health promotion services to help older adults manage their health and prevent diseases.

Provide A&H insurance to 1.3 million persons aged 55 and older

Partner with NGOs and schools to promote elderly care services and increase social support; provide outreach to 1,000 older adults in 2023

Continue to offer diverse products for older adults to satisfy the insurance needs of different elderly client groups.

Partner with NGOs and schools to promote elderly care services and increase social support; provide outreach to 1,200 older adults in 2025

Work with cross-industry partners to offer diverse physical and mental health services to satisfy the needs of older adults

3.1 Health Promotion

As one of the largest financial institutions in Taiwan, one out of every two people is a customer of Cathay FHC. Facing the challenges of demographic changes such as an aging society and a lower birth rate, we hope to expand the scope of our health promotion policy from individuals to households. While helping the general public with health promotion activities, Cathay FHC also emphasizes transportation and safety risks faced by our students. Meanwhile, we pay special attention to the physical and mental health of our older adults. Furthermore, as our employees are our most valuable asset, we hope to become their greatest support through a comprehensive physical and mental health promotion mechanism. Our goal is to realize the vision of "Total Well-Being for All Ages in the Home" to help the public, customers and our employees.

3.1.1 Cross-industry ecosystem, strengthen coverage awareness and health promotion

Cathay FHC is committed to promoting and realizing the goal of building a healthier society. Through our FitBack App, we leverage technology to promote healthy behaviors and routines among the public to fully realize the core value of insurance products while improving health coverage. In addition, we have long been committed to campus engagement and strengthening risk prevention awareness. Cathay FHC integrates the power of services, products and education to create a health ecosystem that enables the public to embrace a lifestyle of well-being.

■ FitBack promotion, facilitating healthy actions through technology

In 2018, we were the first in the industry to roll out a large-scale health promotion project. "Get healthy, get rewarded" was the project's theme. Through gamification of achievements and a reward mechanism, participants were incentivized to exercise more. In 2020, the project was upgraded to "Cathay Walker Plus(upgrade to FitBack in November 2022)," where the focus shifted from encouraging participants to walk more to adding more diverse health missions (e.g. gym workouts, sleep, heart rate, etc.) and rich cross-industry collaboration. The project invited the public to participate in gradually building a large-scale health ecosystem. By the end of 2022, there were a total of 806,000 FitBack App members. Users collectively walked 849 billion steps, which is equivalent to 662 round trips to the moon. For an overview of FitBack App's accomplishments over the years, see [Table 24](#) in the Appendix.

■ Realize health management by maximizing the inherent values of " ex-ante prevention" and " ex-post compensation " of insurance products

Insurance Products	Results from 2022
Insurance with Spill-over Effect	<ul style="list-style-type: none"> ● We are the industry leader in promoting second-generation health promotion products. Stepping into the shoes of our customers, the product integrates Fitback App's healthy ecosystem platform to allow policyholders to select their health missions. Through the use of our AI health engine - Life Score, users can quickly gain insight into their health status. The program provides policyholders with the care they need while encouraging them to stay healthy to be eligible for discounted premiums. ● The company launched 16 new health promotion products (for a total of 50 for the calendar year), offering a variety of coverages (e.g. long-term care, hospital indemnity, surgery, cancer, dementia, catastrophic illness and investment products) to meet customers' coverage needs. A total of 431,000 spillover policies were sold, and the new contract premium income was approximately NT\$7.05 billion, continuing to lead the industry.
Protection Products	To increase the public's coverage awareness, Cathay Life has been promoting health management by releasing promotional videos, promoting health outreach activities and creating diverse health promotion insurance policies. Cathay Life also continues to work with government policies to actively promote protection products, reaching 15.04 billion in FYP.

■ Integrate education to increase risk prevention awareness

• Traffic Safety Protection Project

Risk prevention education for all ages effectively reduces accident rates

Cathay Century promotes risk prevention education to achieve the goal of "comprehensive risk identification for all ages," and has implemented the “Campus Traffic risk map ” and "Accident-free Rider Project" and "Accident-free Bicycles Project. The projects utilize digital technologies such as virtual reality (VR) and augmented reality (AR), while using the Zero-Accident Academy website to share risk awareness with the general public. The projects integrate online and offline resources to create a new kind of interactive road safety education experience.

Transportation Safety Education	Action Plans
Campus Traffic risk map	<ul style="list-style-type: none"> ● Cathay Century and National Pingtung University collaborated on a transportation project in 2022. The project covered the areas of its three sub-campuses (Pingshang Campus, Pingshih Campus and Minsheng Campus), including parts of Pingtung City. ● Through the integrated power of industry, government and academia, the project sought to expand the effectiveness of the Campus Traffic risk map. By taking advantage of Web VR technology and through the promotion by the university's student association, the project attracted the participation of more students and the public to collectively understand the traffic accident hotspots in their everyday environment.
Accident-Free Riders Project -Campus transportation safety awareness program	<ul style="list-style-type: none"> ● Colleges, universities, high schools and vocational schools were the target outreach groups. The program trained instructors from Cathay Century's four internal business units and maintained cooperation with Cathay Life's campus operations network. ● In 2022, Cathay Century held 23 courses on campus traffic safety, accumulating to more than 2,000 course participants. Cathay's program instructors were also invited to the Ministry of Education's Traffic Safety Training Camp to conduct training courses for instructors at colleges and universities nationwide. Such an honor also contributed to the program's visibility and effectiveness. ● A total of 224 events were held between 2015 and 2022, with approximately 21,000 students participating. A student satisfaction rate of more than 80% was reported.
Accident-Free Bicycles Project	<ul style="list-style-type: none"> ● Junior high school and primary school students were the target audience for this project. Cathay Century utilized Cathay Life's school network service to expand the project's reach. The program collaborated with Ren-Ai Elementary School in Taipei City to conduct a semester-long classroom awareness program to promote the spirit of neighborliness. ● In 2022, Cathay Century held 38 campus transportation safety courses, with a total of more than 1,100 participants. Before that, Cathay Century held 147 transportation safety courses between 2020 and 2022, with a total of more than 4,500 students and teachers attending. A 96.04% satisfaction rate was reported, with at least 80% of schools hoping to hold at least one program each school year.

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Before and after a trip - a one-stop insurance platform - Zero Accident Academy

With our expertise in loss control and social responsibility, Cathay Century has long been committed to educating the public on the importance of accident prevention and safe driving. Since the establishment of the Zero Accident Academy in 2014, we have been dedicated to promoting road safety, focusing on the research of safe driving behavior. Like all traffic safety professionals, we share the common goal of zero accidents and hope to reduce the rate of traffic accidents.



Zero
Accident
Academy



- The Zero Accident Academy website has been viewed by more than 2 million people to date!
- Through the use of online comprehensive driver tests, articles and promotional videos, Cathay aims to promote traffic safety awareness to reduce the risk of traffic accidents.
- Three test categories are offered in the online comprehensive driver tests for business entities, including "suitability for driving", "risk perception" and "cognitive driving". The tests evaluate drivers in terms of psychology, reaction and cognition, offering a comprehensive assessment and training.



Zero-
Accident
Driving
Course



- Cathay Century launched the "Zero-Accident Driving Course" at the Zero-Accident Academy in the latter half of 2022 to enhance young adults' awareness of on-the-road risks when riding mopeds. The course utilizes an anthropomorphic animation interface to present the three tests in psychology, reaction, and cognition. In addition to the course, the risk awareness promotion project included activities such as lucky draws and was advertised on Facebook and IG, attracting over 90,000 visitors.
- Our objective is to promote driving risk awareness and minimize the chance of traffic accidents among the public by utilizing gamification.

Sustainable Campus Project

Cathay Life began offering group insurance to students in 2017. In addition to providing insurance, Cathay Life worked with the K-12 Education Administration of the Ministry of Education to launch the Sustainable Campus Project. In 2019, the project began to focus on anti-drug initiatives and launched the Air Force, Army and Navy Project in collaboration with PaGamO, an online gaming learning platform. The project replaces the traditional dogmatic approach with game-based anti-drug education. Students can learn about anti-drug issues by correctly answering quizzes to unlock territories. The goal of the project is to help students identify drugs so they can say no to drugs.



Air Force
PaGamO Online
Anti-Drug Mission

Invited professors from National Taiwan Normal University and National Chung Cheng University to assist in formulating the questions, which will be reviewed and approved by the K-12 Education Administration of the Ministry of Education, and the questions will be put on the PaGamO platform for use by elementary and middle school students in Taiwan.



Army
Volunteers go on campus
organize small
Anti-Drug gaming competition

Sale persons all over Taiwan entered the campus to hold Anti-Drug gaming competitions in units of classes.



Navy
National Anti-Drug
e-Sports Competition

In cooperation with PaGamO and local education bureaus, combined with school subjects, the National Anti-Drug e-Sports competition "2022 Cathay Anti-Drug Heroes Competition" will be held. The final was held in July 2022.

3.1.2 Working with Trusted Partners to Care for Sub-Health Customers

To better serve our policyholders and fulfill our social responsibility in community engagement, Cathay Life has partnered with local clinics on the "I-Li-Ho Healthcare Service" initiative. The initiative started its trial service in the Taoyuan region in August 2022. The initiative served a total of 1,600 enrollees with a 97% satisfaction rate as of the end of 2022. The partnership with local clinics provided a personalized health management service managed by four health management expert categories.

Health Management



3.1.3 Creating a Safety Net of Comprehensive Solutions for the Elderly

Taiwan is on its way to becoming a super-aged society. To help the public cope with the risks associated with demographic changes, Cathay has long been committed to caring for the middle-aged and elderly. Our solution is to provide various products and services to ensure that the economic security and healthcare needs of the target groups are met. We strive to fill any gap in social security to weave a safety net for older adults.

■ Protection products for the elderly

We offer a wide range of insurance products that provide comprehensive physical, mental and financial protection for older adults.

Aspect	Project	Project Description
Physiological	Elderly protection	For older adults who may have difficulty securing health insurance coverage due to their age and health, Cathay Life has launched a series of customized products, such as the Elderly Series and Petty Amount Whole Life Insurance. The products can meet the needs of the elderly for accident, medical, dementia and cancer insurance. Elderly policyholders who have previously purchased life insurance can also take advantage of the Policy Activation Service to transfer life insurance coverage to meet more immediate long-term care, medical or pension needs. The Policy Activation Service provides flexibility for senior policyholders to adjust their coverage planning.
	In-kind Payment Policies	Cathay Life has formed an alliance with external partners to become an industry leader in launching an in-kind-benefit insurance policy that allows policyholders to select from goods and services or cash claims, offering a wider range of coverage for cancer, long-term-care, catastrophic illness, critical illness and dementia. This flexibility ensures that policyholders can secure the most appropriate service when faced with long-term-care, or in the unfortunate event of cancer, have access to genetic testing services to improve treatment efficacy. A total of five new insurance products with in-kind benefits were offered in 2022. We will continue to work with Taiwan's long-term-care and precision medicine industries to create a blue ocean market to achieve a win-win situation for the policyholders, our company and society.

Aspect	Project	Project Description
Psychological	Dementia care	According to the Taiwan Alzheimer Disease Association, there are more than 300,000 people with dementia in Taiwan, or one in every 77 people. In response to the increasing number of dementia patients, Cathay Life was the first to launch two cognitive impairment insurance products. The policies are coupled with a health management mechanism to encourage policyholders to walk more to reduce the risk of dementia. In the unfortunate event of dementia, the coverage provides immediate support in the early stages of the illness to ensure that the policyholder can secure the right treatment. It also provides personalized dementia care services to slow down the progression, giving the patient and family the right help in the fight against the illness.
Financial	Retirement finances	A happy retirement requires not only physical and mental health, but also sound retirement finances. Cathay Life offers a wide range of investment, annuity and premium installment products to meet the needs of retirement planning and asset allocation. We encourage the public to undertake early retirement financial planning to ensure a stable retirement income. Increasing life expectancy leads to a corresponding increase in daily living expenses, which can result in insufficient retirement funds.

■ A Platform for the Elderly: Splendid Life

Splendid Life is a resource integration platform for middle-aged and elderly people, the first of its kind. The platform includes a library, a wellbeing center, and a gaming center to provide a wealth of information on elderly care, elderly services, and dementia prevention games/questionnaires. The platform aims to provide easy access to information and meet the needs of society in caring for our older adults. The website has generated 1.22 million views by the end of 2022, with 750,000 engagements generated by the website's dementia prevention games. The platform engagement will facilitate the public's awareness of dementia prevention.

■ Thoughtful for the Elderly

Services	Action Plans
Elderly-Friendly marketing materials	Products designed for older adults not only meet the appropriate coverage planning, but our sales documents (DMs) also adopt a font size that is easier to read and a colloquial language to ensure that the readers can have full access and understanding of the coverage information.
Elderly service hotline	A dedicated customer service team has been created to prioritize questions from senior customers. The representative helps resolve the senior's policy-related questions by speaking at a slower pace and in more understandable terms. In addition, the representative presents relevant information about "added services for older adults" to ensure the customer has access to the resources needed while reminding the customer of points to consider to protect policyholder rights.
Healthy Home	In 2022, the "Cathay Healthy Home" empowerment project was launched in cooperation with Taipei Medical University. The project provided training in health certification, elderly care advancement, precision medicine and disease care to eligible sales employees. By the end of 2022, a total of 626 sales employees had participated in the empowerment project.
Safeguard Wellbeing for the Elderly	To safeguard the health of older adults and ease the burden on family members in caring for the elderly, Cathay Life focuses on the four major illnesses - fracture, dementia, disability and cancer - and provides health education information and care resources such as "Causes of Disease" and "Prevention and Aftercare." In this service, Cathay also collaborates with cross-industry partners to provide dedicated healthcare services to policyholders. This program already provided services to 2,880 customers by the end of 2022.

Services	Action Plans
Anti-Fraud Tabletop Game	Cathay volunteers from around the country work with local police stations to bring "anti-fraud tabletop games" into the community. Through the games, we aim to help older adults recognize common fraud tactics so they can protect their life savings without falling prey to scams. A total of 52 sessions were held in 2022, with 2,688 participants attending.
Cathay Happiness Farm	To encourage older adults to be more active and reconnect with the community, Cathay Charity Foundation is working with long-term care facilities to establish four Cathay Happiness Farms in the northern, central, southern and eastern parts of Taiwan. The project allows older adults to stay active while doing farm work under the guidance of Cathay volunteers and community caregivers. Harvested fruits and vegetables also find their way to the elderly's dinner tables and into the lunch menus of nearby social service groups and schools.
University Social Responsibility for the Elderly	In collaboration with the University of Taipei's University Social Responsibility (USR) program, the project theme was "Active Aging Sports Institute Program Promotes Active Healthy Living for Older Adults in the City" and focused on health promotion for older adults. The project provided digitized physical education materials and trained 130 Cathay sales agents on how to lead the older adults in strength training, warm-up and stretching. The goal of the project is to help older adults exercise safely to improve their well-being and reduce the risk of sarcopenia for a healthy and happy retirement.



3.1.4 Supporting Employee Wellbeing

GRI : 403-1、403-2、403-3、403-4、403-5、403-6、403-7、403-9

While we emphasize a customer-centric operating principle, we also respect and care for the safety and wellbeing of our employees, customers, suppliers and contractors as occupational health and safety is a top priority for Cathay FHC and its subsidiaries. For Cathay FHC's statistics on occupational accidents, please refer to [Table 22](#) in the Appendix.

■ Policy and Regulations on Occupational Safety and Health Management

To achieve the goal of "zero disasters, zero accidents," Cathay FHC emphasizes active prevention and continuously improves safety and health measures in the workplace. Employees, contractors and individual contractors working within the framework of Cathay FHC and its subsidiaries are required to comply with the outlined policy and guidelines. Cathay FHC and its subsidiaries have established operational guidelines such as "Safety and Health Work Guidelines," "Occupational Safety and Health Management Program," and "Occupational Safety and Health Management Guidelines." Cathay Life and CUB have implemented the ISO 45001 occupational safety and health management system. Our other subsidiaries also follow the Plan-Do-Check-Act (PDCA) approach in occupational safety and health management. Our goal is to establish a safe environment to facilitate employee wellbeing. The "Management Guidelines for Contractor Safety and Health" is also in place for Cathay's contractors. Contractors entering Cathay's workplace are required to fill out a form for joint prevention of occupational accidents and comply with relevant regulations to ensure workplace safety.

Cathay FHC Occupational Safety and Health Policy

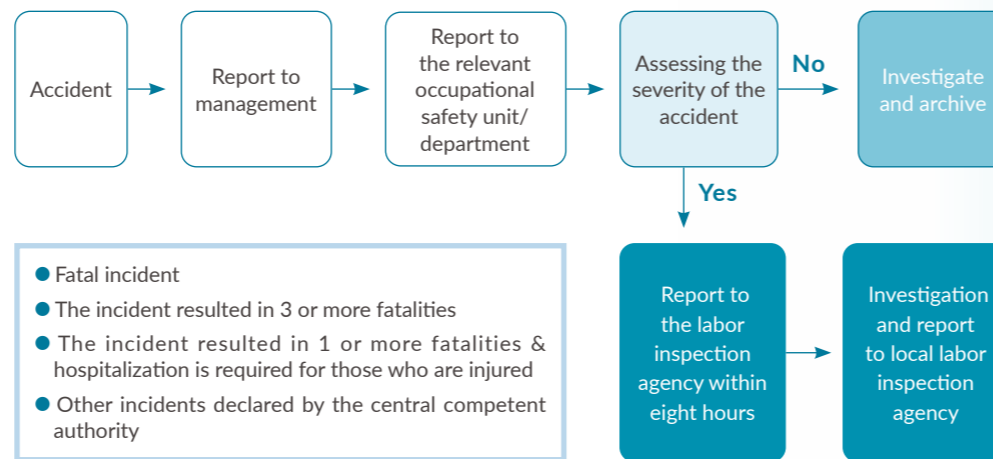
- Provide a safe work environment for our employees and stakeholders, actively prevent the occurrence of incidents, and continue to improve workplace health and safety as measures to attain the goal of "zero disasters, zero accidents"
- Create a safe work environment to facilitate the development of the physical and mental wellbeing of our employees
- Implement risk management assessment mechanism to continuously improve health and safety performance
- Set goals and actions with regular performance monitoring
- Strengthen health and safety awareness and capabilities while ensuring employee consultation and participation

■ Compliance Risk Assessment and Management Measures for Occupational Safety



To promote employee wellbeing and reduce the risk of occupational accidents, Cathay FHC regularly identifies and evaluates risks based on occupational safety and health hazard factors. We also consider necessary planning measures and occupational safety prevention plans in the risk assessment process. Our goal is to fully implement appropriate measures and manage occupational risks to create a safe work environment:



Management Measures	Overview
Policy on Occupational Safety and Health	The Occupational Safety and Health Policy is approved by the company president. Employees and contractors must all comply with the policy.
Incident Investigation Protocol	Cathay and its subsidiaries have dedicated departments that regularly analyze and report statistics on occupational accidents. In the event of an employee requiring surgery or experiencing permanent disability due to an occupational accident, health professionals will monitor and manage their condition. The employee's ability to perform the current role will be assessed to determine fitness for duty. At Cathay, we prioritize the wellbeing and safety of our employees. We are committed to maintaining a safe workplace through rigorous implementation and effective management practices. In 2022, there were no reports of occupational accidents resulting in fatalities for Cathay employees and contractors. For detailed statistics on Cathay FHC's occupational safety performance, please refer to Table 22 in the Appendix.
Establish Scenario-Based Contingency Plans	To prepare for potential accidents and emergencies, our departments have developed contingency plans based on factors such as work functions, workplace hazards, and unsafe behaviors. We conduct emergency drills at least once a year to improve our response capabilities. Our drill scenarios include fires, typhoons, robberies and violence. Additionally, we have established a comprehensive incident-reporting protocol
Conduct Regular Workplace Inspection	The "Occupational Safety and Health Management Guidelines" require that occupational safety and health management professionals are responsible for ensuring that workplaces and contractors undergo regular inspections to maintain workplace and job site safety.
Adoption of ISO 22301 - Business Continuity Management Systems (BCMS)	In 2021, Cathay FHC, Cathay Life, and CUB adopted ISO 22301 - Business Continuity Management Systems (BCMS). To establish a robust business continuity management mechanism, a Business Continuity Management Committee, comprising the company president, chief risk officer, and department heads, has been formed. The committee inspects operational procedures, contingency plans, business recovery protocols and remote backup mechanisms.

• Cathay FHC Investigation Procedure for Occupational Safety and Health Incidents



■ Occupational Safety and Health Risk Identification and Management Measures

Risk Issues	Health-Related Programs and Implementation Results
 <p>Mental Wellbeing</p>	<ul style="list-style-type: none"> ● An employee mental health evaluation questionnaire is administered every year. In 2022, 93.3% of our employees completed the survey. The results indicate that there are no significant risk factors to Cathay employees' mental wellbeing. ● Cathay FHC launched the Employee Assistance Program (EAP). The program has received a total of 275 assistance inquiries.
 <p>Physical Health</p>	<ul style="list-style-type: none"> ● We hold annual road runs, hikes, mountain climbing and weight-loss competitions. In 2021, Cathay SITE received the Sports Corporation Certificate (valid for three years) from the Sports Administration of the Ministry of Education in recognition of our commitment to creating a healthy workplace that cares for employee wellbeing. ● Cathay offers free health check-ups every three years to monitor health conditions such as obesity and the three highs (high blood pressure, high cholesterol and high blood sugar). More than 30,000 employees participated in the health check-up in 2022.

Risk Issues	Health-Related Programs and Implementation Results
 <p>Occupational Safety</p>	<ul style="list-style-type: none"> ● AEDs and other first-aid equipment are in place per regulations; provide relevant training for first-aid personnel. ● Hold regular employee safety and health training; a total of 57,781 hours were provided in occupational safety and health training in 2022. ● Conduct evacuation drills; Cathay held one evacuation drill in 2022. ● All new hires completed the health check-up. ● Offer on-site employee health services with physicians and nurses ● Conduct regular workplace environmental measurements, such as lighting and carbon dioxide concentration ● Conduct regular workplace safety audits and contractor safety assessments. In 2022, all internal audits were conducted per regulations and no significant failures were found.
 <p>COVID-19</p>	<p>Workplace Management</p> <ul style="list-style-type: none"> ● Provide employees with protective equipment, such as protective goggles, professional-grade face shields and masks, as well as disinfecting the workplace ● Keep a regular inventory of epidemic-prevention supplies and distribute them to front-office staff and back-office employees ● Set up a conference room that is dedicated to external visitors as well as a designated area for food deliveries ● Meetings/Activities: Transition training activities to online format; adjusted in-person attendance cap for corporate activities such as club activities / department activities / family day ● Split Operations: Implement flexible shifts, remote working and work-from-home options ● Personnel Movement: Provide quarantine leave; personnel returning to Taiwan from overseas trips / business trips / expatriate assignments must complete a self-health monitoring period as required by the CDC

■ Employee Health Promotion Programs

Cathay FHC and its subsidiaries prioritize occupational safety and employee wellbeing, and are committed to creating a safe and healthy environment. We conduct regular physical check-ups for our employees and distribute mental health evaluation questionnaires to monitor the wellbeing status of our employees. We also launch annual weight loss/exercise programs; the "Weight-Loss Contest" was launched in 2015 and is entering its eighth year. Meanwhile, "Every Step Counts" is another health promotion program that was recently launched in 2022. Below is an overview of the positive outcomes of our 2022 employee health promotion programs.

• Weight-Loss Contest

The mission of the contest was to promote participation and health awareness. The contest aims to encourage employees to maintain a healthy diet and exercise habits by utilizing online streaming exercise classes combined with the use of Cathay Life's Cathay Walker Plus to monitor health data. More than 80,000 employees participated in 2022, with a total of 152,392 kg lost since the program was launched (22,982 kg lost in 2022 alone). Using BMI as an indicator, before and after BMI measurements showed that the percentage of overweight participants decreased by 15%. In addition, Cathay contributes NT\$100 to the construction of solar panels for every kilogram lost. Money from the feed-in tariff is also donated to charity.

• Every Step Counts

Cathay Life pledged to donate NT\$6 million to charity if participating users collectively accumulated 20 billion steps during the program using the FitBack app. The program aims to turn every step into support for sustainability. In 2022, more than 160,000 participants took part in the program, totaling 38.4 billion steps.








CSR Video of Weight-Loss Contest

Every Step Counts Charity Event	
Charity Partner 1: Hua-Yu Elementary School, PengHu County	Hua-Yu Elementary School used to rely on generators for its electricity supply. However, by installing solar panels, it has become the first nearly zero-energy elementary school in the outlying islands. Solar panels generate approximately 80,000 kWh of electricity a year (an average household uses 350 kWh per month). With this new source of electricity, the school's energy needs are sufficiently met, and Cathay Life has the opportunity to become T-REC certified in the future.
Charity Partner 2: Green Hope Spring	Green Hope Spring is a social enterprise dedicated to promoting tree planting in eastern Taiwan. With support from Cathay Life, the organization formed the 'Plant Trees to Play Football' alliance with 60 elementary school football teams in Hualien and Taitung Counties. Green Hope Spring donated 30 stout camphor tree saplings to each school, and pledged to plant an additional tree for every game won by the participating schools to encourage them to join county-wide competitions. In addition, fallen branches and leaves are repurposed to make various goods, with 1/3 of the proceeds from the sales donated to the school.

• Occupational Safety and Health Governance

Occupational safety is becoming an increasingly important priority. It is a critical aspect of "Health", which is one of the three focus areas of Cathay's sustainability efforts. Beginning in 2022, Cathay's CS Committee is responsible for assessing and reporting on the status of occupational safety, and reporting the committee's proposals of major tasks and their implementation status to the board of directors. Our goal is to utilize a wide range of management approaches to improve Cathay FHC's occupational health and safety governance.

Item	Actions
 Adoption of ISO 45001 - Occupational Health and Safety Management System	Cathay Life and CUB have implemented ISO 45001, an occupational health and safety management system, with the company presidents serving as management representatives. This adoption is intended to establish, implement, review, and evaluate the occupational health and safety management system regularly. Meanwhile, other Cathay subsidiaries have adopted the PDCA model for continuous improvement.
 Employee Wellbeing and Occupational Safety Defined as Important Sustainable Development Goals	Within the "health" focus area in Cathay's sustainability strategy blueprint, we have made employee wellbeing and occupational safety a priority and set quantifiable short-, mid- and long-term goals. <ul style="list-style-type: none"> Continue to offer health promotion activities and help over 50% of employees maintain healthy BMIs by 2024. In 2023, Cathay is offering employees emotional support programs, assisting 60% of our employees with wellbeing enhancement. Our long-term goal is for Cathay FHC, Cathay Life, CUB, Cathay Century, Cathay Securities, and Cathay SITE to be all ISO 45001 certified by 2030. For detailed quantifiable health promotion strategies within the blueprint, please refer to P55 .
 Performance-Based Remuneration Tied to Occupational Safety and Employee Wellbeing Targets	The remuneration of department managers and executive VPs in occupational safety and health-related departments is linked to the targets related to employee wellbeing and occupational safety. These targets include employee engagement and effectiveness in weight-loss programs, maternity health and protection, and penalties related to occupational safety. Cathay plans to further tie these targets to the CEO's performance-based remuneration.
 Regular Review and Reporting	Cathay FHC and its subsidiaries have set up an Occupational Safety and Health Committee in compliance with regulatory requirements. The committee is responsible for reporting on occupational safety issues and presenting its findings at Cathay FHC's monthly administrative collaboration meeting for prompt review of relevant strategies and progress on action plan implementation. In addition, the committee provides the board with a semi-annual review report on occupational health and safety issues and implementation status, as well as a self-assessment of regulatory compliance.
 Employee Communication	Cathay FHC conducts employer-employee communication meetings in compliance with the "Employer-Employee Meeting Implementation Guidelines." Representatives from both sides fully communicate on material issues, including occupational safety and health issues, through reports and proposal discussions. The implementation process is carried out based on meeting consensus.

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Financial Health - Performance Highlight



★ Easy and Comprehensive Wealth Management

- Small investors made a total of NT\$ 23.22 billion in regular investment contributions, growing 23.6 times the amount in 2019.
- Became the first financial institution in Taiwan to offer the mutual promotion of insurance claim trust service.



★ Providing Warm Financial Services

- Established financial services centers in 140 townships across Taiwan and outlying islands to implement financial inclusion by providing service to 80,000 people and won the Financial Inclusion Promotion Award at the 11th Taiwan Banking and Finance Best Practice Awards and the Taiwan Sustainability Action Awards in 2022.



★ Promoting Financial Inclusion to Improve Financial Accessibility

- Provided microinsurance coverage to 313,000 people, reaching NT\$ 105.5 billion in insured amount to increase financial accessibility.
- Provided "Preferential Loans for Social Enterprises" totaling NT\$81 million

Sustainability Strategy Blueprint- Financial Health (Corresponding to Cathay's Material Issues: Financial Planning and Services and Digital Transition and Innovation)

Major Projects

Short-term Goals (2023)

Mid-term Goals (2025)

Long-term Goals (2030)

Strategy 1

Become the Best Custodian of Client Assets: Provide diverse financial planning and management tools and help the public make sound financial decisions to ensure a sense of security and happiness in the face of social changes

- Value customer risk awareness, financial autonomy, and satisfaction, and provide customers with long-term and stable financial planning to enhance their financial resilience and ultimately achieve a comfortable retirement

CUB aims to achieve over 80% customer satisfaction for its financial services by 2023

Commit to increasing total accumulated insurance premiums to supplement the annual ideal retirement amount for citizens under 65 years old

CUB will serve 19,000 customers in 2023, reaching NT\$6.4 billion in investments; Cathay SITE will serve 869,000 customers in 2023 with a fund size of NT\$148.9 billion

(Note: ESG financial products comply with the number of investors and the assets under management (AUM) of funds announced in the ESG section of FUNDCLEAR)

Aim to have 215,000 CUB customers and 120,000 Cathay SITE customers make regular investment contributions to mutual funds by 2023

Cathay Century will utilize 90% of sales support personnel at commercial insurance operations by 2023

Cathay Century will ensure 90% utilization of mobile apps for personal insurance (car, health, accident, and travel insurance)

Cathay Century aims to achieve over 90% satisfaction with its customer care services

CUB aims to achieve over 90% customer satisfaction for its financial services by 2025

Increase total accumulated insurance premiums to supplement 6% of the ideal retirement amount for citizens under 65 years old by 2025

CUB will serve 21,000 customers in 2025, reaching NT\$7 billion in investments; Cathay SITE will serve 940,000 customers in 2025 with a fund size of NT\$164.1 billion

Aim to have 232,000 CUB customers and 130,000 Cathay SITE customers make regular investment contributions to mutual funds by 2025

Cathay Century will utilize 100% of sales support personnel at commercial insurance operations and steadily increase the number of users of the online platform for commercial insurance quotes

CUB aims to achieve over 90% customer satisfaction for its financial services by 2030

Increase total accumulated insurance premiums to supplement 16% of the ideal retirement amount for citizens under 65 years old by 2030

CUB will serve 26,000 customers in 2030, reaching NT\$9 billion in investments; Cathay SITE will serve 1.144 million customers in 2030 with a fund size of NT\$209.5 billion

Aim to have 280,000 CUB customers and 160,000 Cathay SITE customers make regular investment contributions to mutual funds by 2030

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Strategy 1

Become the Best Custodian of Client Assets: Provide diverse financial planning and management tools and help the public make sound financial decisions to ensure a sense of security and happiness in the face of social changes

Major Projects

- Continue to provide microinsurance and develop diverse trust products to help the public protect their assets and make safe transactions

Provide microinsurance or low-cost insurance to over 80,000 people by 2023 and work towards 120,000 people

Provide trust products to 4% more people in 2023 compared to the previous year

Provide microinsurance or low-cost insurance to over 90,000 people and work towards 120,000 people

Safeguard the public's assets by providing more diverse trust products, steadily increasing the number of people covered by trust products and services every year

Strategy 2

Benchmark Inclusive Finance Businesses in Taiwan: Provide equal and friendly financial services, expand the area of service, and implement financial equality to increase public acceptance and use of digital finance

- Continue to develop financial inclusion products and reduce investment thresholds by promoting digital platforms, thereby increase the accessibility and affordability of financial services

Offer at least three innovative financial inclusion products or services by 2023

Assist and provide preferential loans to 16 social enterprises in 2023

Increase the percentage of individual customers using digital securities trading accounts to 90% by 2023

Offer at least eight innovative financial inclusion products or services by 2025

Continue to partner with the government and provide preferential loans

Maintain the percentage of individual customers using digital securities trading accounts at 90% and optimize platform services by 2025

Offer at least 15 innovative financial inclusion products or services by 2030

Maintain the percentage of individual customers using digital securities trading accounts at 90% and evaluate the improvement of system and service processes by 2030

- Value customer experience while increasing accessibility of financial services; optimize customer experience with intelligent assistance and expand the utilization of financial service stations

Intelligent assistance will resolve 90% of all customer problems within one second

Achieve 80% or higher in customer satisfaction with digital services

Financial services stations shall service 150 townships and help 100,000 people across Taiwan by 2023

Financial services stations shall service 170 townships and help 170,000 people across Taiwan by 2025

Financial services stations shall service 200 townships and help 350,000 people across Taiwan by 2030

- Continue to promote financial education through multiple channels to impart correct financial information to the public, thereby elevating financial literacy, lowering the risk of succumbing to fraud, and building a healthy financial mindset

Provide financial education to elevate the public's knowledge of finance; over 80% of participants agreed in a survey that the classes increased their knowledge of finance

3.2 Financial Health

SASB: FN-CB-240A

Cathay FHC provides insurance, banking and asset management services to more than half of Taiwan's population. As the largest privately-held financial holdings company in Taiwan, it is our responsibility to enable everyone to find the right financial products and services at Cathay to achieve a sound personal balance sheet and improve their financial health. By helping everyone make good financial decisions and attain their goals, we hope to foster a win-win situation for Cathay and our customers, and become a stabilizing force for society.

3.2.1 Trusted Financial Services for Our Customers

Cathay continues to strengthen information security and vulnerability management and protection as the most fundamental barrier to protecting our customers' assets. We leverage financial technology (fintech), digitalization and data for early identification of our customers' needs. We strive to put ourselves in their shoes to help them make the best financial decisions and increase financial resilience. Our approach helps customers achieve long-term financial growth and a wealthy retirement. For a complete overview of Cathay FHC's asset management products and services, please refer to [Table 25](#) in the Appendix.

■ Trust for Happiness and Security

• Professional trust team safeguards financial security

CUB established a professional trust team during the initial development of trust services in Taiwan. CUB works with businesses, hospitals and community care institutions to promote the establishment of trusts as a means of ensuring financial security. Our goal is to help people plan ahead to provide for themselves and their families with sound estate planning. Trust is the gatekeeper of wealth management and plays a critical role in Cathay FHC's sustainable development. Our three main pillars - scenario-based services, product diversity and modularized contracts - enable us to realize the universal value of trusts. Even before the pandemic, CUB had set up a 24/7 online consultation platform that offers consultation by appointment, providing clients with peace of mind when it comes to asset security. As a long-time industry leader, CUB led the industry with a market share of over 30% of the domestic insurance trust business in 2022, and is the only five-time winner of the "Best Trust Financial Awards" of the Taiwan Banking and Finance Best Practice Awards.

• Mutual promotion of insurance trust service to promote trust for all

Insurance is one of the most widely held and accepted financial products. The combination of trust and insurance system allows the trust to become a protection layer for the insurance policy, which directly enhances the asset protection for the policy

beneficiary. Building on the foundation of the existing insurance trust product niche, CUB is committed to promoting financial inclusion by expanding the scope of its services. In 2022, CUB and Cathay Life jointly launched the "mutual promotion of insurance trust" service, becoming the first financial institution in Taiwan to offer an innovative one-stop service of "enrollment, trust and insurance endorsement." The integration promotes the use of trust as a carrier for insurance payments to help the public establish healthy financial planning, which in turn can fully realize Cathay's vision of "trust for all."

• CPBL Anti-Gambling Trust



CUB established the "CPBL Anti-Gambling Trust" and the "CPBL Player Signing Bonus Trust" in 2009. The establishment of the Anti-Gambling Trust helps players with retirement planning while promoting baseball in Taiwan. A total of 252 active players participated in the program, with the trust assets exceeding NT\$165 million as of the end of 2022. The size of the trust continues to grow. If, during the term of the trust, the need arises for a player to make a temporary withdrawal from the trust, the request must be approved by the player's association before a withdrawal can be made. When the player retires from the sport, the trust property passes to the player to fund living expenses to ensure the quality of his post-retirement life.

As CUB fulfills our professional duty to protect and promote the welfare of Taiwan's professional baseball players, we have also formed a charity partnership with the Taiwan Professional Baseball Players Association (TPBPA). We work with professional baseball players to give back to the local community by launching the "TPBPA Giving Back Train." CUB has organized more than 70 events in 130 institutions and schools, with a total of more than 9,000 participants as of the end of 2022.

■ Easy and Comprehensive Wealth Management

• Easy investment management, dollar-cost averaging for small investors

In 2019, Cathay Securities APP was the first to launch dollar-cost averaging investment in Taiwanese stocks, allowing small investors to invest with as little as NT\$1,000 per month. Additionally, only a NT\$1 brokerage fee is required for any investment purchase of less than NT\$10,000. This approach significantly lowers the investment threshold, allowing small investors to participate and benefit from long-term investment in Taiwan's top 50 benchmark companies by market capitalization. Investors can increase their income through a systematic investment approach, while Cathay fulfills its corporate social responsibility by providing financial inclusion services. About 60% of Cathay Securities' customers are under the age of 40, reflecting the younger generation's need for small-budget investments. As digital tools are an integral part of the younger generation's lives, Cathay Securities has introduced the "Alpha" chatbot to provide streamlined services. An investor only needs to go through a few prompts to complete the dollar-cost averaging purchase of Taiwanese stocks on the APP. As of the end of 2022, 230,000 customers have enrolled in Cathay Securities' dollar-cost averaging service, reaching a total contribution amount of NT\$23.22 billion, an increase of 23.6 times compared to 2019.

Cathay Securities found that 67% of its customers use dollar-cost averaging to invest a fixed amount at regular intervals into

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ETFs. Cathay Securities currently offers 90 ETF products that allow customers to take advantage of dollar-cost averaging. An exchange-traded fund, or ETF, is a basket of investments such as stocks or bonds that passively tracks a particular index. For an investor, dollar-cost averaging an ETF provides a solution for "stock selection" and "timing the market." A basket of investments solves the former, while dollar-cost averaging solves the latter. When Cathay Securities introduced this financial inclusion service aimed at solving investors' pain points, it is no surprise that it has since become a popular product.

Cathay Securities' continuous commitment to our customers' service needs drives us to offer more refined digital finance services. We continue to develop "industry-first" digital security services, launching several new services in 2022. These include a dollar-cost averaging in Taiwanese stocks at any given time, allowing customers to customize contribution intervals to best suit their needs. The minimum contribution threshold has also been lowered from NT\$1,000 to NT\$100. In addition to Taiwanese stocks, Cathay Securities also found that customers were also interested in dollar-cost averaging U.S. stocks, which drove the launch of the service in September 2022, allowing customers to regularly invest in global giants such as TSMC, Apple, and Tesla.

• Cathay Funds Proprietary Automated Financial Management Solutions

"Investment Made Easy" is the best tool for automated asset management. The younger generation is paying closer attention to investment issues. As digital tools and their aesthetics are embedded in the daily routine of the younger generation, a friendly user experience is a must. Cathay SITE uses baseball to draw an analogy between automated investment and an easy-to-understand baseball game. The easy and fun interactive investment experience helps make difficult investment terminology easy to understand.

Cathay SITE's digital asset management platform "Cathay e-Family" allows easy investment purchases in less than three minutes. With as little as NT\$10,000, customers can personalize automated investment portfolios in combination with Cathay proprietary funds with the right equity-to-bonds ratio. We actively monitor the latest market trend and form a fund management committee to respond with investment actions in the face of major political and economic events. The immediate response quickly adjusts the investment approaches according to the market events. Our human-machine integrated investment approach allows clients the luxury of passive investment while growing sustainable wealth with ease.

■ Convenient and Inclusive Financial Services Centers

With the arrival of the digital era, CUB is committed to our brand motto of "What if We Could" to explore endless possibilities. As a result, Cathay financial services centers were established with the initial goal of providing digital financial access to the public. Cathay is on its way to achieving financial inclusion by bringing financial services to different corners of the community. In 2020, Cathay and PX Mart worked in collaboration to launch "Cathay financial services centers" to break away from the hour and location constraints of a traditional bank, with operating hours extended to 9 p.m. The center is an innovative approach to providing financial services outside of traditional banking locations, providing services in four categories, including bank account opening, digital service promotion and consultation, credit card application, rewards and offers, as well as automated

equipment consultation and training. Cathay established financial services centers in residential, industrial and commercial areas during the trial phase. While serving the communities, the centers also provided an overview of the financial service gaps between the communities. As a result, Cathay proactively established more centers in areas with a lower density of Cathay Bank branches to fill such a gap. Customers responded positively to having convenient access to financial services in their local community even after working hours. From asking a few curious questions while passing by, customers have become more engaged with the center's services, actively seeking advice on how to open a bank account and seeking help in understanding the diverse functions of the ATM.

By the end of 2022, the financial services centers have served 140 townships in Taiwan and its offshore islands, 31 of which are defined as "areas in need of more financial institution branches" by the Banking Bureau. The centers have served more than 80,000 people and won the Financial Inclusion Promotion Award at the 11th Taiwan Banking and Finance Best Practice Awards and the Taiwan Sustainability Action Awards in 2022.



Flagship financial services center - PX Mart Tianmu TianYu Store

3.2.2 Integrated Digital Finance Solutions

Cathay is committed to providing our customers with an easy-to-navigate and personalized digital finance experience. By offering practical and convenient financial services tools, Cathay FHC helps customers stay in control of their finances and wealth management.

Cathay's four focus areas for digital finance			
Digital	Data	Technolog	People
<ul style="list-style-type: none"> ● Cathay as a Service (CaaS) ● CUBE App ● Cathay Vision Experience(CVX) ● Self-Assembled Insurance ● groupins+ ● Sure n' Safe ● Cathay Securities App 	<ul style="list-style-type: none"> ● Smart Claim and SmartBiz 	<ul style="list-style-type: none"> ● iFHIR Center ● Cathay FHC Annual Conference on Technology ● "Alpha" chatbot 	<ul style="list-style-type: none"> ● Innovation as Cathay's Corporate DNA ● Kaohsiung AWS Cathay Financial Holdings International Financial Innovation Center (KACIFIC) ● Vietnam Digital Insurance Business Competition

■ Digital

• Cathay as a Service (CaaS) Ecosystem Service Platform

Using "Cathay as a Service" (CaaS) as the core concept, we established the "CaaS Ecosystem Service Platform" as a portal for cross-industry collaboration that provides integrated one-stop resources. The platform provides digital services for all corporate partners that seek collaboration with Cathay. In 2022, the platform launched a new "exclusive offer for Cathay customers" partnership model, extending the partnership invitation to corporate partners with a combined Cathay customer base of more than 14 million. With the expanded ecosystem, the CaaS platform has gathered over 200 digital financial services, connected with nearly 100 corporate partners, and facilitated more than 120 collaborations.

• CUBE App - One-Stop On-Demand Digital Finance Platform

CUB transformed its customer experience offering and brand image in 2022 by launching the brand-new CUBE App. Everyday financial services such as money transfers, cardless withdrawals, credit card services, loan applications, investments and insurance can all be performed through the app, making it a true one-stop, on-demand digital financial platform. Furthermore, Cathay's resources and business were integrated into the app. In addition to Cathay Securities, which launched online securities investment account registration through the app, allowing customers to invest in Taiwanese and U.S. stocks through dollar-cost averaging, Cathay Life also launched several cross-industry financial products. The CUBE App provides digital empowerment to Cathay's customers and gracefully balances security, experience and innovation, making the customer experience more autonomous, flexible, convenient and personalized. For example, customers can switch between different types of rewards from the Cathay CUBE card via the CUBE App. This innovative approach gives customers control by allowing them to make the choice that best suits their needs, making it mutually beneficial for CUB, corporate partners and our customers. Furthermore, the app was the first in the industry to integrate the FIDO to provide "biometrics authentication" for customer login to provide a convenient and secure financial services environment. Furthermore, the CUBE App provides a "flex loan" option that facilitates speedy online loan applications with just a single click, and with automatic financing available in as little as five minutes. This offering allows for pay-as-you-go functionality, with interest accruing solely based on the on-demand usage. Such attributes enable the tailoring of loan usage, representing a departure from traditional lending practices. Notably, CUB launched an "equal principal payment" feature by the end of 2022, aimed at providing highly personalized loan products to assist customers at different stages of life, whether it be a first-time small loan or the pursuit of family endeavors. These loan options are accessible via the CUBE app. As of the close of 2022, the CUBE APP has attracted more than 6.3 million digital users, generating an average of nearly 30 million visits per month. Our users benefit from the financial services and online banking capabilities offered through the CUBE APP, with transaction frequency increasing sixfold over the past five years.

• Cathay Vision Experience (CVX)

During the Level 3 epidemic alert in 2021, Cathay Life was the first insurance company in Taiwan approved by the supervisory bureau to launch a remote insurance enrollment platform - Cathay Vision Experience (CVX). This platform offers an all-in-one online insurance service that encompasses enrollment, policy alterations, premium services, and claims. The platform aims to provide uninterrupted services with an enhanced digital experience for our valued customers. The platform processed 87,000 policies as of the close of 2022.

• Self-Assembled Insurance

Targeting the insurance needs of the digital natives, Cathay Life broke away from the traditional framework to launch "Self-Assembled Insurance," a digital platform for personal insurance. Cathay Life is the first to introduce a "component-based insurance product" that can be mixed and matched under a single policy. The product is designed to be easy to understand and with a relatively lower premium cost, enabling policyholders to tailor their insurance coverage to suit their individual needs and budgets. The website attracted approximately 490,000 visitors in 2022, processing nearly 33,000 policies, with younger customers between 20-39 accounting for 63%. This performance marks a substantial increase of 44% when compared to traditional sales channels.

• groupins+

In response to businesses' group health insurance needs, Cathay Life has leveraged insurance technology to optimize its services. The introduction of the digital group insurance platform "groupins+" offers all-in-one group insurance digital services. By utilizing this platform, businesses can efficiently select and customize the appropriate policy coverage to suit their specific needs and receive a prompt premium estimate, facilitating the creation of a tailored insurance coverage solution with ease. The approach substantially increases group insurance enrollment efficiency by providing businesses with comprehensive digital services. As of the close of 2022, groupins+ attracted 330,000 views, becoming the best group insurance enrollment channel among businesses seeking a transparent and zero-contact remote experience.

• iSmart Variable Life Insurance

With a scientific approach, Cathay's robo investment services leverage big data analysis to create a diversified portfolio. Cathay assesses the portfolio using a 24/7 smart monitoring system, reducing the client's need to monitor the market while offering them a long-term and sustainable asset allocation. In addition to a diversified portfolio containing stocks and bond funds created by Cathay robo investment services, CUB and Cathay Life also jointly launched a new portfolio - "Cathay Life iSmart Variable Life Insurance" at the end of 2022. By combining robo investment services and life insurance, our customers can reap the benefits of smart investments and life insurance coverage, offering additional security to our customers and their families, making it an excellent product for the sandwich generation and pre-retirees. Additionally, Cathay employs a recalibration mechanism that generates portfolio rebalance recommendations to prevent emotional and irrational investment decisions during volatile market conditions. Our investment recommendations are transparent, and we give our clients the final say on investment decisions. As a result, Cathay's robo investment services witnessed a 20% increase in assets under management (AUM) compared to 2021.

• Sure n'Safe

Cathay Life and CUB have jointly introduced an innovative business model, wherein customers can seamlessly open a savings account and enroll in an "Sure n' Safe" injury insurance in a single transaction. This innovative approach allows all or parts of the interest generated from the savings account to be allocated as the premium for an accident or injury policy, thus revolutionizing digital insurance services. This model eliminates the limitations posed by customers' insurance awareness or abilities to make policy decisions, aligning instead with the savings preferences of digital natives to

establish a protection net for them. Furthermore, the industry-first model was patented in Taiwan in 2022. Since its inception, the "Interest=Insurance" service has accumulated 3.7 million views as of the end of 2022.

• Cathay Securities App - All-in-One Digital Investment Service

Cathay Securities has been proactively consolidating Cathay's resources. Following the integration of functions and services in 2022, Cathay Securities has commenced offering all-in-one digital investment services. By leveraging cutting-edge digital technology, we are able to streamline the investment process, thereby enhancing investment efficiency for investors. Cathay Securities led industry peers to become the first to attract more than 1 million digital customers. The service is widely recognized in the contactless era by our customers, as evidenced by the regular investment contribution amount exceeding 10 billion, with 90% of investment purchases being made digitally.

■ Data

• Smart Claim and SmartBiz

Empowered by digital technology, Cathay Century created a digital technology tool - "Smart Claim" to manage risks associated with car insurance fraud. Cathay Century also created "SmartBiz" to optimize the business insurance sales process to provide a faster and more precise enrollment experience. The two patented innovative digital technology services use digital data to promote the expansion of property insurance sales. "Smart Claim" is a digital tool used to manage car insurance fraud risks. Its "digital management" function helps specialists efficiently handle the claim process, while the "high-risk notification" function acts as the first layer of security against abnormal claims to prevent potential fraud by insurance scammers. Smart Claim uses an "automation algorithm" model to conduct early system detection and proactively warn against high-risk claims, making car insurance claims management more intelligent and stringent. At the same time, "SmartBiz" uses web crawling to integrate external public information and underwriting rules to build Cathay's proprietary database. By leveraging the power of address latitude/longitude transformation and distance calculation, SmartBiz can provide accurate recommendations and ratings. With this system, agents can quickly generate customized policies and quotes by simply entering a company's basic information and operational status. SmartBiz's approach streamlines the commercial insurance sales process by making the enrollment process more accurate and efficient.

■ Technology

• Cloud Electronic Health Record Platform - iFHIR Center

Cathay FHC became the industry leader to integrate cross-industry resources to break the barrier between the medical and fintech industries. Cathay's Digital, Data & Technology Center (DDT) created a new generation cloud electronic health record platform - iFHIR Center. The platform passed the third annual MI-TW FHIR test conducted by the Medical Image Standards Association of Taiwan (MISAT). The platform uses Fast Healthcare Interoperability Resources (FHIR) as the standard for

electronic health record exchange and adopts microservice architecture. It is equipped with high flexibility and scalability, allowing medical institutions to easily convert unstructured electronic medical records into international standard formats through APIs (Application Programming Interface) without manipulating the core system or writing a lot of programs. The platform facilitates the exchange of healthcare data. Cathay also hopes to expand to a wider range of applications, including future collaborations with insurance companies and health management centers to create a more comprehensive financial medical ecosystem.

• Cathay FHC Annual Conference on Technology

To actively promote digital transformation and create a financial services ecosystem, Cathay FHC has held the Cathay FHC Annual Conference on Technology for three consecutive years. It is the first technology conference held by a financial industry player, attracting more than a thousand participants every year to jointly explore the new trends and technology applications of fintech. The 2022 Cathay FHC Annual Conference on Technology based its theme on decentralized finance (DeFi). The conference brought together 26 technology experts from 18 leading companies, including AWS, Google Cloud, IBM and Visa. The conference attracted 2,300 attendees both onsite and online, with experts offering insights on how to transform the financial market structure and redefine user interactions. The conference defined the next wave of industry transformation, covering topics ranging from business models to technology and application implementation. The 2022 conference also included a dedicated "Women in Fintech" conference designed for women in the technology workforce. The all-day online conference focused on four themes: women in technology, digital, data, and technology. The conference brought together 25 leading female experts from technology, finance, start-ups, industry, government, and academia to share the latest trends in technological development and innovation. The conference attracted more than one thousand attendees.

• "Alpha" Chatbot

"Alpha" chatbot, Cathay's group-wide intelligent customer service, is the first customer service of its kind in the financial industry. Through the incorporation of cutting-edge NLU (natural language understanding) technology, the chatbot accurately understands the intent behind customers' queries. In addition, Alpha was integrated with voice recognition technology and subsequently upgraded to a three-dimensional intent framework. When the customer's intent is unclear, the framework guides customers with rhetorical questions, making it easier and more efficient to process the customers' queries. Alpha serves over 1.5 million monthly online customer service entries across all Cathay channels, maintaining a high average satisfaction rating of 4.8 out of 5. In the future, Alpha will be integrated into various business areas and serve as a gateway to digital services. Cathay plans to expand its services to digital customers and transform Alpha's digital services into digital sales results. The goal is to provide customers with a wider range of services that address all aspects of their digital needs. This approach will enable Alpha to become a stronger force in digital financial services, moving from intelligent customer service to intelligent assistance. The following services were launched in 2022:

1

Cross-channel integration: CUB and Cathay Securities created a securities default notification and settlement protocol; Cathay Securities and Cathay SITE launched the innovative online ETF IPO purchase service.

2

CUB: Application to merge credit cards into CUBE cards, assistance to unblock card when a lost credit card is picked up by a merchant, verification of credit card authorization details, conversion of Costco/Cathay co-branded credit cards into CUBE cards.

3

Cathay Life: Policy coverage inquiry, policy change, travel insurance application, insurance policy loan, etc.

4

Cathay Century: First to introduce roadside assistance request through intelligent customer service. The service also allows customers to check the assistance status in real-time.



圖：2022 國泰金控技術年會— DeFi 開源創世紀

■ People

• Innovation as Cathay's Corporate DNA

Cathay FHC celebrated its 60th anniversary in 2022, marking a time of acceleration in the pace of digital transformation at Cathay. Crucial to this success is the organization's workforce of over 1,100 digital data-related talents spread across Cathay Life, CUB, and Cathay Century. Serving as the driving force behind Cathay's digital transformation momentum, these talents have played a pivotal role in fostering an innovation-focused culture integral to Cathay's corporate DNA. Furthermore, Cathay's subsidiaries continue to leverage the "situation room" as a digital transformation command center. Meanwhile, Cathay's job rotation system helps vitalize the organization, facilitating smart, diverse, and agile decision-making embedded into our everyday work. This emphasis on innovation not only elevates the quality of customer experience but also enhances Cathay's internal operational efficiency.

• Kaohsiung AWS Cathay Financial Holdings International Financial Innovation Center (KACIFIC)

In 2022, Cathay launched a project to establish the first financial information development center in Kaohsiung's Asia New Bay Area. The goal is to leverage Amazon Web Services (AWS) to cultivate 100 cloud services professionals over the next three years. By promoting innovation in fintech, Cathay is broadening its pool of digital talents. Previously, a background in finance or certification in related fields was a prerequisite for joining the financial industry. However, in recent years, Cathay has diversified its recruitment efforts to include professionals in technology, such as cloud, data, visual design, and UI/UX. This approach has enabled Cathay to strengthen its fintech development capabilities with a more diverse team.



2022 AWS Kaohsiung Cloud Industry Summit

• Vietnam Digital Insurance Business Competition - Eyeing the New Southbound Market

Cathay FHC has focused its transformative innovation efforts on the priority countries outlined in the New Southbound Policy in recent years. To facilitate business development in Southeast Asia, Cathay FHC and Cathay Life partnered with National Chengchi University to launch the "2022 Creative Bizplan Competition: The Vietnam Showdown." This competition offered more than NT\$500,000 in combined prizes to attract young talent and invite them to propose digital insurance business models tailored to the Vietnamese market. Additionally, to further strengthen Cathay's talent pool in accordance with the New Southbound Policy, all participants were invited to interview for international finance-related roles within the company.







Vietnam Digital Insurance Business Competition

3.2.3 Promoting Easily Accessible Financial Services

Cathay FHC strives to promote financial inclusion by providing accessible, user-friendly, and affordable financial products and services, including insurance, bonds and loans. For a complete overview of Cathay FHC's promotion of financial inclusion, please refer to [Table 27](#) in the Appendix.

Inclusive finance products/services			
Pretty Amount Whole Life Insurance	Microinsurance	Elderly-friendly products	Preferential loans for social enterprises
Student Group Insurance	Agricultural Insurance	Small Personal Loans	

■ Extend financial inclusion to the vulnerable

 Pretty Amount Whole Life Insurance	<ul style="list-style-type: none"> As of the end of 2022, Cathay has approximately 258,000 active insurance policies, providing coverage of NT\$82.8 billion, making Cathay the industry leader. To increase coverage for the general public, Cathay was the first industry player to roll out pretty amount whole life insurance in 2017, which has the highest coverage and can be enrolled by almost anyone. The product provides coverage to those who are often denied coverage due to age or poor physical health. The lower enrollment barrier and low premium make basic coverage available to the public.
 Microinsurance	<ul style="list-style-type: none"> Cathay was the first in the industry to introduce microinsurance in 2009. We actively work with county and city governments and social welfare groups to provide basic insurance coverage through microinsurance to vulnerable groups. As of the end of 2022, the number of people insured by effective micro insurance policies of Cathay Life and Cathay Century was 313 thousand people, with the total insured amount reaching approximately NT\$105.5 billion. Among the insured, 1,321 families have received immediate financial reimbursement through microinsurance. In 2022, Cathay Life won the "First Place" and "Business Performance Award" in the microinsurance competition organized by the Insurance Bureau of the Financial Supervisory Commission (FSC) for the third consecutive year.
 Elderly-friendly products	<ul style="list-style-type: none"> Cancer has been one of the ten most common causes of death for 40 consecutive years, and the elderly are often unable to successfully purchase insurance by themselves due to their physical conditions. In view of this, CathayLife was the first to launch the exclusive cancer insurance products for the elderly in 2022, which cover elderly patients for up to 80 years old, with physical conditions that are not covered by the general cancer insurance without the need for additional premiums. This truly solves the pain points of insurance for the elderly, and achieve inclusive finance. From its initial launch in June 2022 until the end of the year, we sold 65 thousand policies with FYP of approximately NT\$700 million.
 Student Group Insurance	<ul style="list-style-type: none"> Since 2017, we have started offering student group insurance, providing coverage to 2.93 million students with a total insured amount of approximately NT\$3 trillion. Cathay also works with the K-12 Education Administration to launch the "Sustainable Campus Project."

■ Agricultural Insurance

Cathay Century harnesses its core competencies to help Taiwanese farmers cope with the challenges of climate change. In 2016, we launched the first Mango Crop Insurance (linked to government disaster-aid program). This program provides coverage for mango losses caused by various weather conditions, including typhoons, torrential rains, cold damage, high temperatures (foehn winds), and prolonged heavy rains. Building on this success, we have since expanded our offerings to include Mango Crop Insurance (regional harvest), and Guava Crop Insurance (tied to typhoon wind speed and rainfall). Our crop insurance programs provide coverage for various types of crops. Crop insurance policies are tailored to the specific crop due to differences in the timing of planting, flowering, and the type of natural disaster it's susceptible to. Policies are also adjusted based on climate and changes in the crop. For example, the Mango Crop Insurance (regional harvest), launched in 2017, used the amount of regional harvest as a benchmark. If the actual harvest is lower than the guaranteed harvest, farmers can file a claim. This flexible approach allows farmers to file claims that are more appropriately tied to the harvest season. In addition, to provide precision claims service for its agricultural insurance products, Cathay Century integrated an automated digital service, introduced instant claims processing, and adjusted the loss cost ratio to mitigate the financial impact of typhoons and torrential rains. In 2022, Cathay Century's Guava Crop Insurance began using instant claims processing. This innovative approach has enabled us to initiate claims processing immediately when natural disasters such as torrential rains occur. We also proactively reached out to affected farmers via text messages, intending to complete claims payments as quickly as possible to help them replant and restore production levels. As of the end of 2022, Guava Crop Insurance had settled 186 claims, with a combined payout of approximately NT\$353,000. In addition, Cathay Century actively participates in agricultural seminars where we share our knowledge and expertise to help farmers increase their insurance and risk management awareness and gain valuable market insights. By regularly reviewing our insurance products and making adjustments to our policies, we strive to provide farmers with the most comprehensive coverage possible. We want to ensure that, through the insurance reimbursement mechanism, they have the resources and support they need to rebound quickly and resume farming after natural disasters.

■ Small Personal Loans - Flex Loan

CUB was the first in the industry to launch the fully automated flex loan APP in 2019. This innovative online service allows customers to apply for, drawdown, and repay small personal loans all-in-one convenient location - the CUBE App, with loan approval in as little as 5 minutes. The service has been very well received by our customers. After years of observing the evolving demand for loans among different generations and groups, CUB launched a new flex loan solution that offers equal principal payments in 2022. With this loan option, the monthly payment amount is highly predictable and displayed in the CUBE App, with the newly adjusted payment amount displayed after each payment. By providing a clear and predictable repayment schedule, our equal principal solution helps customers easily budget their loan repayments into their monthly cash flow, enabling them to make more accurate personal financial allocations. The flex loan solution is free of personal engagement and contractual obligation, and offers a flexible repayment option that can effectively reduce the typical worries that come with loans for small investors. Flex loans can easily meet the financing needs of our customers, regardless of the amount of financing required.

At CUB, our customers are our top priority. With this philosophy in mind, CUB is committed to providing innovative financial services that offer flexibility and digital empowerment. We hope that the CUBE App can provide our customers, whether they are young entrepreneurs or looking to start a family, with highly personalized and diverse loan services.

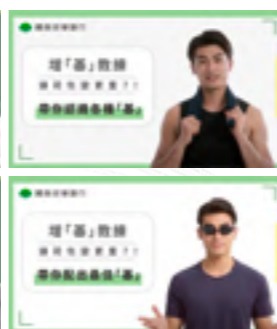
■ Preferential Loans for Social Enterprises

To support the development of social enterprises, CUB has been working with the Taipei City Government since 2017 to launch the "Preferential Loans for Social Enterprises" project. CUB also collaborates with the Small and Medium Enterprise Credit Guarantee Fund of Taiwan (Taiwan SMEG) to provide direct guarantee loans and low-interest preferential loans to eligible social enterprises. By leveraging and expanding the effectiveness of our business models, we can continue to make a difference in our society by helping social enterprises obtain operational financing. As of the end of 2022, CUB has provided loans totaling NT\$81 million to a total of 15 social enterprises.

3.2.4 Providing Diversified Financial Education Channels

In addition to providing integrated and warm financial services and improving the convenience for the public to obtain financial products, with the leap forward and upgrade of digital financial technology, the affordability of financial products and financial services has increased, and along with risks such as financial crimes, the implementation of financial education It is even more important. Therefore, Cathay FHC and its subsidiaries have provided multiple financial knowledge learning resources for a long time, and actively used multiple channels, including: forums, financial education audio-visual, physical lectures, etc., combined with interesting themes to deliver easy-to-understand content and enhance public awareness. Financial concepts and make more rational financial decisions to help everyone have a financially healthy and secure life. In 2022, Cathay's financial education actions as follows:

Improve Financial Literacy



CUB : Invite financial experts to participate in financial education live broadcast activities to share the latest investment trends; and hold financial management and investment trend forums to accelerate the popularization of financial concepts to public.

Cathay SITE : Hold online and offline lectures, presentations, and videos in various forms to promote investment and financial management knowledge and retirement planning solutions; and through industry-university cooperation, deepen financial education on campus.

Enhance Fraud Awareness



In response to frequent fraud incidents, CUB regularly publicizes on social media to allow the public to quickly grasp the latest financial crime methods and increase their awareness of relevant information.

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04

CHAPTER

Empowerment

► 4.1 Workplace Empowerment ► 4.2 Social Empowerment



Promoting talent development is pivotal to a corporation's sustainable operations. KPMG's 2022 Taiwan Sustainability Risk Survey points out that a shortage of talent and past experiences is a major challenge that organizations must deal with to mitigate risks. In a rapidly changing digital era, Cathay FHC is empowering our employees with a "What if We Could?" mindset. We are helping employees reskill and upgrade their professional competencies, and empowering youth, the underprivileged, and women with the requisite knowledge and skills to adapt to a rapidly changing society - so that they may be independent, confident, and self-sufficient.

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Workplace Empowerment - Performance Highlight



★ Listed in "HR Asia - Best Companies to Work for in Asia" in 2022

- Cathay FHC has been listed in "HR Asia - Best Companies to Work for in Asia" for the fourth year running and leads in ratings for "open and transparent communication," "encourage employee voice," and "employees engage in self-improvement"



★ Included within the 2023 Bloomberg Gender-Equality Index

- Cathay FHC is dedicated to building an inclusive workplace and has been included within the 2023 Bloomberg Gender-Equality Index once again, earning near-perfect ratings in terms of equal pay & gender pay parity, inclusive culture, and anti-sexual harassment policies



★ Cathay FHC fully implements a hybrid office work mode

- Cathay cultivates a transformation of company culture around the digital transition, fully implementing hybrid work modes and disrupting traditional workplace restrictions to create flexible work arrangements

Sustainability Strategy Blueprint - Workplace Empowerment (Corresponding to Cathay's Material Issues: Talent and Skill Development, Attracting and Retaining Talents and Inclusive Workplace)

Major Projects

> Short-term Goals (2023)

> Mid-term Goals (2025)

> Long-term Goals (2030)

Strategy 1

Employee Reskilling: Identify future human resource needs, as well as the professional knowledge and skills to adapt to future trends

- Promote reskilling programs to expand employees' digital skill sets (will vary according to annual training programs)
- Cultivate managers and employees with diversified digital work management capabilities and management skills and mindset; furnish employees with digital skills

Provide digital training to 50% of employees (vary according to annual training programs)

Strategy 2

Employee Upskilling: Provide training materials corresponding to the different developmental needs of employees at different stages to ensure the continued elevation of employee capabilities

- Provide educational materials appropriate to each occupation/job level to enhance employee skill sets and continue to incorporate digital learning resources to meet diverse learning needs
- Provide training programs at different levels to meet human resource requirements for the group; Organize diverse educational events to provide a platform for employees to share learning achievements

- Satisfaction rate of 4/5 for annual job dedication training
- 85% of employees will achieve a score of 4 or higher on a 360-degree performance assessment

Strategy 3

Build a Leadership Pipeline: Furnish adequate talent pools of management personnel at all levels and develop deep talent benches to ensure sustainable development

- Regularly review talent pools at all levels of the group, plan and implement training programs for each level, to meet human resource requirements for the group's operations

- Retain 80% of key junior- and middle-level talent
- Retain 50% of key Young Talent

Strategy 4

Create a Workplace of Diversity, Equity & Inclusion: Build a working environment that encourages diverse talents to unleash their potential, thereby enhancing our competitiveness

- Forging a Foundation of Diversity and Inclusion: Eliminate unconscious biases through building awareness, establishing the correct cognitive framework, and continuous feedback, communication, and advocacy
- Establish Diverse and Inclusive Internal and External Networks: Such as internal learning communities and external professional networks to consolidate connections and expand influence
- Family Support Measures: Help employees come up with solutions to take care of their family and provide support from within the system for their development

- Retain 80% of employees taking parental leave
- Women will fill 33% of management positions

4.1 Workplace Empowerment

GRI: 401-1、401-2、401-3、404-2、404-3、405-1、405-2

Attracting and cultivating talent has always been pivotal to Cathay FHC's sustainable operations. With the increasingly competitive and complex environment driving talent to transition, we help employees adapt to external changes through the four focus areas: "Employee Reskilling," "Employee Upskilling," "Building a Leadership Pipeline," and "Building an Inclusive Workplace." We hope that through reskilling/upskilling employees, we can drive the digital transformation of the workplace to cultivate a more inclusive workplace environment and policies that take care of our employees. Through this, we hope to enhance employees' sense of belonging to the company to cultivate an even more diverse and inclusive corporate culture.

4.1.1 Employee Diversity and Building an Inclusive Workplace

Here at Cathay, we value and cherish the unique value in each of our employees. We also firmly believe the foundation of our competitiveness lies within the differences between each individual employee. Cathay FHC compiled the "Cathay FHC Human Rights Policy" according to the UN's "International Covenant on Civil and Political Rights" and relevant initiatives to ensure that no individual is treated differently or discriminated against based on gender, sexual orientation, race, socioeconomic status, age, marriage and family status, language, religion, political affiliation, nationality, appearance, physical and mental disability, or other reasons. Cathay also recognizes the importance of gender-friendly mechanisms and has adopted measures and management mechanisms in excess of regulatory requirements to create a gender-friendly workplace.

■ Employee Composition and Diversity

Cathay FHC had 46,091 full-time employees and 369 part-time employees in 2022. Part-time employees account for 0.80% of all employees. We prioritize recruitment of local workforce and aim to recruit 85% local hires. A majority of our business locations are currently in Taiwan, where the local hiring rate is approximately 99%. We abide by labor regulations and have never engaged in child labor. Recruitment of foreign nationals complies with the Employment Service Act and Regulations on the Permission and Administration of the Employment of Foreign Workers. For the number of employees by region, gender, and age, please refer to [Table 12](#) in the Appendix. In 2022, Cathay FHC, CUB, Cathay Century, Cathay Securities, Cathay SITE, and Cathay Futures had 36 non-binary employees who disclosed their sexual preferences voluntarily.

Cathay also supports indigenous peoples and persons with disabilities, as well as their right to employment, and continues to provide employment opportunities through multiple channels. Indigenous employees enjoy "indigenous holiday leave" which provides them with one additional day of leave in accordance with special holidays for the tribe to which they belong. Cathay also provides accessible facilities in the workplace, and promotes workplace tolerance and inclusivity of diverse cultures through newsletters, seminars, and other events. For the number and percentage of indigenous and disabled employees, please refer to [Table 13-1](#) in the Appendix. Lastly, Cathay is also concerned with the diversity of our employees and aims to hire locals at our global locations. Our employees come from a total of 13 countries spanning Mainland China, South East Asia, North America, and Europe. For the actual number and percentage of foreign employees, please refer to [Table 13-2](#) in the Appendix.

■ Building an Inclusive Workplace

Cathay's sustainability strategy blueprint focuses on diversity and inclusion, and deems a "workplace of diversity, equity & inclusion" as an important goal, so that diverse talents can unleash their potential and enhance our competitiveness. To support employee development at Cathay, we established the "Scrum Team," a diversity inclusion project. Through agile work methods, we conduct preliminary exploration and research for the project and consider internal and external trends and strategies from various angles. In the future, we shall continue with this framework and work with subsidiaries to meet demands and optimize the system. Through creating "a culture of diversity and tolerance," "a co-learning group for female empowerment," and "a flexibility program for employees to slow down but stay on board," Cathay constructs a diverse and inclusive workplace environment and atmosphere.

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Action Plan 1. Creating a Culture of Diversity and Tolerance

Cathay has a diverse workforce, so we continue to eliminate inequality through unconscious biases to construct a culture of diversity and tolerance. Also, Cathay ensures human rights and gender equality for its employees. Cathay FHC compiled the "Cathay FHC Human Rights Policy" according to the UN's "International Covenant on Civil and Political Rights" and relevant initiatives. We regularly evaluate the level of human rights risks at all of our business locations, and then institute subsequent mitigating measures while enhancing compensatory measures. We strive to achieve zero human rights risks in our workplace. For information on human rights management, please refer to [6.2.4 Management of Human Rights Risks](#).

Cathay supports a workplace of equality and inclusion. To prevent workplace discrimination and harassment, we instituted the "Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace" and set up a dedicated sexual harassment mailbox and the Sexual Harassment Grievance and Investigation Committee to investigate reported instances of sexual harassment. If the report is deemed to be true, the accused will be subjected to disciplinary actions in accordance with company regulations, whilst the victim will receive all necessary care such as psychological counseling. Other colleagues will be asked to bolster their education and training on sexual harassment to prevent such incidents from occurring in the future. In 2022, Cathay handled 7 incidents of sexual harassment or gender equality violation, 2 of which were dismissed due to lack of evidence, and the remainder handled accordingly. Cathay FHC has been included within the 2023 Bloomberg Gender-Equality Index once again, earning near-perfect ratings in terms of equal pay & gender pay parity, inclusive culture, and anti-sexual harassment policies. We are especially supportive of gender pay parity, and we ensure equal remuneration standards for both genders in compliance with labor regulations. We believe in equal pay for equal work and strive to bridge the salary gap between men and women. For statistics on the number of women in management positions, as well as the gender pay gap, please refer to [Table 16](#) and [Table 17](#) in the Appendix.



Manage Human Rights Risks



Establish Mechanisms to
Prevent Sexual Harassment

Action Plan 2. Co-Learning Group for Female Empowerment

Cathay FHC values female empowerment in the workplace, and our Chief Investment Officer Sophia Cheng has long been making strides in support of this cause. Sophia served as a speaker at the 2021 Women in Science & Technology Convention @ Taiwan (WiST) - Advancing Towards a Bright Future, to share her thoughts on "The Role of Women in Global Sustainable Development" and speak out in support of sustainability and women. She was also invited to speak at the Bank of America Taiwan's International Women's Day Celebration as a top-level female role model in the workplace, sharing ideas on gender equality and women's rights under the "Embrace Equity" theme. Sophia also shared the challenges that women encounter at different stages of their lives, and how women balance, flourish, and grow within their families, careers, and society - sharing personal experiences to encourage and inspire working women. Cathay is dedicated to cultivating female STEM talents by offering diverse educational resources, forging connections with external networks, and sponsoring the Society of Taiwan Women in Science and Technology (TWiST). For the ratio of women in STEM positions at Cathay, please refer to [Table 16](#) in the Appendix. In the future, Cathay will invite female role models to speak at internal seminars and share their career experiences, as well as their feminine resilience. We hope that this will help women in the workplace furnish both external network resources and connections.



Chief Investment Officer Sophia Cheng was also invited to speak at the Bank of America Taiwan's International Women's Day Celebration as a top-level female role model in the workplace, sharing ideas on gender equality and women's rights under the "Embrace Equity" theme.

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Action Plan 3. "Slow Down but Stay on Board" Family Support Measures

Cathay FHC has set up a "Slow Down but Stay on Board" task force to help employees come up with flexible work arrangements and support solutions to take care of their families. We hope that this means our employees can enjoy long-term career development and balance work and family obligations. For statistics on parental leave and family care, please refer to [Tables 20](#) and [21](#) in the Appendix. Cathay FHC builds a friendly workplace environment, which provides the following benefit programs:




Employee Benefit Programs			
 Work Arrangements	<ul style="list-style-type: none"> ● Flexible WFH arrangements: Through digital upgrades and restructuring of company culture, Cathay can offer flexible and cooperative WFH arrangements, allowing employees to work from home according to their needs ● Flexible shifts: Cathay offers two to four different shifts, allowing employees to choose a shift best suited for their work or lifestyle ● Providing diverse employment options: Cathay offers various part-time job opportunities, allowing employees to choose based on their work or lifestyle 	 Health & Leisure	<ul style="list-style-type: none"> ● Travel subsidies, Cathay's employee benefits website, airport drop-off and pick-up discounts, massages, health promotion activities, regular medical check-ups, health subsidies, employee pandemic insurance, corporate group insurance
 Learning & Development	<p>Employee learning network, cloud library, subsidies for continuing education, professional certification subsidies, job rotations, and digital courses, etc.</p>		
 Family	<ul style="list-style-type: none"> ● Cathay provides seven days of family care leave, wedding bonus and bereavement pay, family activities exclusive for employees, and children's education subsidies ● Paid childcare leave: Cathay offers six months of paid childcare leave for both primary and secondary caregivers. ● Childbirth benefits: Provided to female employees and employee spouses when they give birth ● Daycare for Infants and Children: Cathay has signed agreements with local daycare facilities to provide employees with convenient daycare services ● Maternity Programs: Cathay established the Cathay Pregnancy Club and provides comprehensive assistance to pregnant employees, including assessing workplace risks, mommy workshops, pre- and post-pregnancy questionnaires, gifts for moms and dads, and breastfeeding rooms in the workplace ● Menstrual/Sick Leave: Fully paid leave for five days every year. (Note: Taiwan laws only require companies to provide half pay.) ● Miscarriage Leave: Employees that have served for less than six months are also eligible for fully paid leave. (Note: Taiwan laws only require companies to provide half pay.) ● Pregnancy Checkup Leave: Ten days (Note: Taiwan laws only require companies to provide seven days) ● Pregnancy Checkup Accompaniment and Paternity Leave: Paternity leave has been increased from five to seven days in accordance with the law since January 2022 	 Social Activities	<ul style="list-style-type: none"> ● Club subsidies, movie screenings, singing contests, other contests, family day
		 Financial & Asset Management	<ul style="list-style-type: none"> ● Preferential fund subscription, premium discount, preferential interbank withdrawal/transfer fee, preferential interest rate for salary account deposits, and preferential loans for purchasing housing from Cathay Real Estate ● Salary, retirement, and stock ownership benefits: Regular salary adjustments, stock trust plans, and legally reserving 10% of the shares for employee subscriptions when cash capital increases are made

■ Offer Flexible Work Arrangements

With the challenges of the pandemic, hybrid WFH arrangements have become the new norm. Through the digital transformation, Cathay has upgraded ICT capabilities and digitalized operational processes, as well as transformed the management system and restructured the company culture to build mobile workspaces for more flexible and cooperative new workplace arrangements. To ensure the smooth operation of the mobile workspace, Cathay encourages managers to touch base more frequently with employees and establish multiple channels of communication, as well as set clear targets. Managers should understand their employees' capabilities and career mindsets and establish a connection between employees through formal or informal gatherings. Also, we are continuously optimizing digital tools through the Cathay Toolkit, elevating the productivity of the mobile workspace and ensuring information security. Instituting the mobile workspace will help employees develop freely, allowing them to WFH if necessary. Flexible work arrangements ensure that we can retain talent and enhance employees' sense of belonging and satisfaction with the company.

4.1.2. Employee Reskilling

Cathay helps employees build relevant professional knowledge and skills to adapt to future trends as technological advancements continue at a rapid pace. Cathay FHC is targeting agility for skill transformation training in 2022, whilst providing courses on remote management and data analysis to cultivate employees with diverse digital work management skills and thinking to adapt to the changes in digital transformation and future work patterns.

Course	Purpose	Achievements in 2022
 Agility	The courage to act and quickly respond to highly uncertain environments is a requisite soft skill in the digital age	<ul style="list-style-type: none"> ● Provided training to 74% of employees as of the end of December ● The Agility Certification Course is slated for February 2023
 Remote Work Management	Cultivating diverse digital skills and mindsets in the workplace for managers and employees alike to adapt to the digital transformation and changes in future work arrangements.	<ul style="list-style-type: none"> ● A total of 45 participants ● Course satisfaction score of 8.7 ● The Remote Work Management and New Work Arrangement Workshop is slated for 2023 Q1-Q2
 Data Analysis	To impart the mental framework and skills for conducting data analysis and optimize the quality of work from our employees, so they may make precise decisions and offer financial products/services that are more tailored to our customers' needs	<ul style="list-style-type: none"> ● 25 participants took the course, and 19 obtained certifications ● Satisfaction of 4.6 (out of 5) ● Course follow-up: 65% of students continue to benefit from the course

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4.1.3 Employee Upskilling

In response to the changing learning needs, we encourage employees to engage in cross-disciplinary learning and enhance their learning abilities through group-wide training. Cathay also introduces diverse external resources and provides platforms for sharing knowledge. In addition to developing a comprehensive knowledge base and professional courses for different employee roles, we have also tailored digital literacy courses in response to the future of technology. Furthermore, we have planned a series of learning blueprints, development guides, and personal development plans for employees at different career stages, so that all, regardless of level or seniority, can continue to grow and improve through continued learning.

■ First Annual Themed-Learning Event - Cathay Apex Conquest

To resolve common employee pain points with online learning in the past (confusing information, low educational value, lack of motivation to learn, etc.), Cathay FHC rolled out a brand new online course platform "Cathay Apex Conquest" that combines diverse courses and seminars with learning gamification to encourage all employees to continue learning. According to a survey of learning needs and experience (see Note), 81.4% of employees reported satisfaction with the theme of the training, and students gave a score of 8.1 for learning satisfaction. Note: Results taken from the 2022 survey on learning needs and experience, which was administered to 679 people.



Five Learning Programs Drive Employee Education		
Program	Content	Results
 Cathay's Trivia Arena	Hold learning expos/VR games and help employees review content from annual training through trivia questions	<ul style="list-style-type: none"> ● A total of 986 people attended the learning expo, and 902 people attended online events (an increase of 30% from 2021) ● 72.4% of employees reported satisfaction with the event, and 93.6% of employees supported the continuation of the learning expo
 ESG with Futures	Four speakers led employees in a discussion regarding the future of ESG	We organized a total of four ESG with Futures seminars, reaching 1,999 people and earning a satisfaction score of 9.4
 Digital Library	Selects and recommends nine books per month and organizes events to encourage employees to share quotes and submissions	Received 692 submissions and 251 quotes
 Co-learning Seminars	<ul style="list-style-type: none"> ● Employees with various expertise are invited to share their professional knowledge and tips on-and-off the job. We aim to give employees a stage to share their talents and also cultivate professional speakers to create an atmosphere of co-learning ● Established the Tai-Xiang Award to recognize the most outstanding speaker, encouraging employees to help others and achieve self-actualization 	We organized 15 Sharing Club seminars, which were attended by 5,086 people, earning a satisfaction score of 9.1
 Customized Course Recommendations	<ul style="list-style-type: none"> ● Analyzed results of 360 Degree Ability Feedback through data from Hahow for Business and the employee learning network, evaluated employee IDPs (Individual Development Plans), as well as current work modalities to recommend appropriate learning materials for enhancing employee skill set and bridging skill gaps ● Recommendations for 2 courses were sent every month between June and December, recommending a total of 14 courses 	Employees from Cathay FHC and subsidiaries participating in the program finished over 80% of the recommended courses

■ Provide professional development training/courses to facilitate customized career development

Different individuals at different job levels face different career challenges. In addition to providing monthly learning magazines, regular communication and group discussions with the empowerment team, we also offer tailored professional development plans and courses to meet the specific needs of different positions, helping employees upgrade their professional skills.

Professional Development Training/Courses	Cathay Life's AG 2.0 Sales Force Transformation Plan	Cathay FHC's Professional Competency Training Courses	New Manager Training
Training Purpose and Results	Cathay Life has activated the Transition Plan to increase overall business performance by enhancing the performance of our sales agents and the retention rate of new hires, thereby adding value to our employee skillset.	Help senior professionals/management and employees enhance their professional capacities and resolve issues they encounter a work. A total of 165 people finished training in 2022.	To help employees transition to new posts, Cathay provides internal courses to impart remote management, bottom-up management, and conflict management skills. A total of 50 managers took part in these classes in 2022, with 45 of them completing training. The overall satisfaction score was 8.7.
Training Mechanism/ Course	<ul style="list-style-type: none"> ● Introduced the Cathay Box App ● Tiered Courses for Sales Agents ● Worksite Marketing ● Managerial Competencies ● Recruit Talent and Optimize Orientation Training 	<ul style="list-style-type: none"> ● Team Building in the Remote Era Workshops ● Project Management with Optimized Processes ● Problem Analysis and Solutions 	<ul style="list-style-type: none"> ● The Three Powers of Transformation ● Build a Successful Team ● Planning and Organizational Skills ● Operational Decision-Making Abilities ● Mentor and Develop Talent ● Facilitate Change and Innovation ● Build Partnerships

• AG 2.0 Sales Force Transformation Plan

Cathay Life's AG 2.0 Sales Force Transformation Plan					
Project Goal	Enhance the professional competencies and digital skills of sales personnel to raise customer satisfaction and professional marketing abilities	Project Outcomes	Return on Investment L5: ROI		
			2018	2019	2020
			48.2%	56.3%	49.33%
			2021	2022	
			45.19%	46.37%	
Training Mechanism	1. Introduced the Cathay Box App 2. Tiered Courses for Sales Agents 3. Worksite Marketing 4. Managerial Competencies 5. Recruit Talent and Optimize Orientation Training	Project Outcomes	Results Assessment L4: FYPE, First Year Premium Equivalent (Unit: NT\$ 1K)		
			2018	2019	2020
			71,371,774	96,312,927	62,181,535
			2021	2022	
			50,996,539	42,434,095	
Target Group	All sales agents	Project Outcomes	Conduct Evaluation L3: Retention rate of new hires		
			2018	2019	2020
			64.6%	67.8%	69.0%
			2021	2022	
			66.9%	66.8%	
Project Benefits	1. Improve job performance of sales agents to enhance company performance 2. Increase the retention rate of new hires to lower recruitment costs	Project Outcomes	Learning Assessment L2: Number of trainees that passed		
			2018	2019	2020
			26,867	28,108	28,147
			2021	2022	
			27,140	25,870	
		Project Outcomes	Response Assessment L1: Satisfaction Rate		
			2018	2019	2020
			90.62%	98.64%	95.59%
			2021	2022	
			94.76%	94.4%	

Overall Benefits of Training

In addition to developing a comprehensive knowledge base and professional courses for different employee roles, we have also tailored digital literacy courses in response to the future of technology. Furthermore, we have planned a series of learning blueprints, development guides, and personal development plans for employees at different career stages, so that all can continue to grow and improve through continued learning. For Cathay employee training statistics, please refer to [Table 19](#) in the Appendix. Also, Cathay regularly tracks employee training outcomes through the Kirkpatrick Model and Human Capital ROI indicators to help us further optimize our educational training.

• Evaluation of overall benefits from employee training

Item	Indicator	2019	2020	2021	2022
L5 Return on Investment	Human capital ROI (Note 1)	9.18	11.39	11.06	5.68
L4 Results Assessments	Attainment of Customer Satisfaction Goals	100%	100%	100%	100%
	Retention rate of key talents (Note 2)	98%	99%	98%	99%
L3 Conduct Assessment	% of open positions filled by internal candidates	60%	80%	82%	73%
	Number of CFP® certifications obtained	516	555	690	702
L2 Learning Assessment	Pass rate of educational training involving Code of Conduct for Employees, information security, legal compliance, and risk management	100%	100%	100%	100%
L1 Response assessment	Overall satisfaction with employee education and training (out of 5)	4.18	4.15	4.10	4.10

Note1: Human Capital ROI = $\text{Return} - (\text{Operating expense} - (\text{Salary cost} + \text{Benefits cost})) / (\text{salary cost} + \text{benefits cost})$

Note2: The key talents are those who are above (inclusive) of the internal Junior management at the end of 2022, and have a performance of 4 or above (inclusive) in 2021

4.1.4 Build a Leadership Pipeline

We need to enhance the talent pools of management at all levels and develop deeper talent benches to ensure Cathay can develop sustainably. Cathay FHC began implementing leadership training at all levels in 2022, with a total of three programs: the senior VP pipeline, the manager pipeline, and the Young Talent Program.

Program	Cultivation Training	Achievements in 2022
Young Talent Program Reserve program for GMA financial strategist	Trainees rotate tasks and companies every six months for a total of 2.5 years of training. HR, senior employees, and senior executives work together to train talent reserves for management	Retained 100% of key Young talent
Senior VP Pipeline The group's core talents	The project began in 2022 and will run for two years, focusing on core competencies and active learning. Through practical problem-solving, we will elevate the professional competencies of key talents	<ul style="list-style-type: none"> Retained 87.5% of key senior VP talent Course satisfaction score was 4.21; Active learning satisfaction score was 4.51
Manager Pipeline The group's future talents	<ul style="list-style-type: none"> 39 managerial-level supervisors assisted with training, mentoring and tracking the results of IDPs (Individual Development Plans) High-level two-way dialogues: Two presidents and one external advisor moderated and guided a round table discussion 	<ul style="list-style-type: none"> Retained 90.9% of key managerial talent IDP workshop satisfaction score was 4.54

4.1.5 Retain Talents with a Happy Workplace

Regular Communication with Employees to Assess Engagement

Establish multiple channels of communication

Cathay promotes workplace transparency in many ways, including a group-wide internal communication platform, employee forum, business newsletter, Cathay Financial Monthly, Cathay FHC town hall meetings, the Chairman's mailbox, and the reporting mailbox to promote employee communication. 26 employee-employer communications were conducted in 2022. In 2022, Cathay handled 15 labor disputes, involving NT\$ 2.52 million in fines, 14 of which are currently undergoing appeals. The remainder was handled in accordance with the legal process with improvements made for operational procedures.





Cathay Financial Holdings conducts positive interaction and communication with employees through the quarterly employee forum

Employee Engagement Survey

Cathay FHC conducts Employee Engagement Survey every year and examines employee expectations according to quantitative feedback, sample interviews, focus questionnaires, etc. The five dimensions of the survey are corporate sustainability (CS), organizational commitment, employee happiness, leadership management, and overall job recognition. The survey is administered to Cathay FHC and its subsidiaries, with an over 80% completion rate in 2022 and an overall employee satisfaction score of 4.08. For past results of the Employee Engagement Survey, please refer to [Table 23](#) in the Appendix.



2022 Employee Engagement Survey Results		
<div>Engagement Score</div> <div>4.08</div>		<div>Response Rate</div> <div>85.3%</div>
Results Distribution		
Gender	Men	4.12
	Women	4.06
Position	Staff	4.06
	Managerial and above	4.25
Age	Under 30	4.08
	30-39	3.98
	40-49	4.05
	50-59	4.15
	Over 60	4.29
Location	Taiwan	4.08
	Overseas	3.95

Performance Evaluation & Talent Retention

Mechanisms for Performance Evaluation

Cathay conducts annual performance reviews in accordance with the "Employee Performance Management and Development Guidelines" to ensure communication between employees and supervisors about work goals and career development plans. All full-time employees submit to performance evaluations. At the same time, Cathay set up the "Employee Performance Improvement Guidance Plan" to help supervisors come up with plans to assist employees who are lagging behind. Employees may file complaints if they want to dispute the results of the performance evaluations. The Admin Department then convenes a meeting to investigate the complaint, inviting the employee and supervisor in question to attend. Cathay FHC received no complaints in 2022. Also, all full-time Cathay employees submit to the 360 Degree Ability Feedback Mechanism. Diverse feedback is given across six major dimensions: learning ability, agility, communication, teamwork, problem analysis and resolution, and work management. Employees can better understand their own abilities and plan skills and learning goals for future career development, which connects to the IDPs (individual development plans). Cathay boosts productivity by helping employees fill in skill gaps.

Diverse Retention Mechanisms

Cathay provides competitive remuneration and refers to the market standard for salaries every year to stay competitive. We have again been included as a constituent stock within the Taiwan Stock Exchange's High Compensation 100 Index. We examine the salaries of all full-time office staff at Cathay once a year, and over the past four years, we've increased salaries by roughly 4% each year. To acknowledge senior employees for their long-term contribution, we established "Guidelines on Incentives for Senior Employees" to issue service bonuses for different years of service. For salaries of full-time staff (non-managerial positions) in 2022, please refer to [Table 18](#) in the Appendix. Employees leaving due to retirement or termination of employment are entitled to receive retirement benefits and severance pay in accordance with the law. These benefits are provided to assist them in obtaining financial security afterward. Cathay also introduced an Employee Share Ownership Trust (ESOT) program in 2022, allocating incentive funds and encouraging employees to make regular monthly investments through the trust to provide additional retirement security. During the last four cash capital increases (2016, 2018, 2019, and 2022), the company reserved 10% of the shares. These shares are allocated based on factors such as employee job levels, performance, and years of service, inviting colleagues to participate in the company's operations and share in the fruits of their labor. In 2022, the employee subscription rate reached 90%.

• Social Empowerment - Performance Highlight



★ Empower Youth to Take Innovative Sustainability Action

- Held the Cathay Climate Change Youth Forum for the third consecutive year, achieving over 90% participation in 2022 - empowering a total of 200 youths with climate knowledge
- Held Taiwan's first Impact Investment Campus Roadshow, visiting 6 universities and reaching 898 students



★ Establish diverse role models for women

- Provided long-term support for women's basketball and table tennis training, helping 87 female athletes to establish themselves on the sports field
- Held the first annual Women in Fintech conference



★ Called upon employees to assist diverse stakeholders grow and mature

- Offered our new online financial education platform Tutor CUB to 4 rural elementary schools with the support of over 400 volunteers
- Established four accessible Cathay Happy Farms and recruited 30 volunteers to help improve the physical and mental health of 100 older adults

• Sustainability Strategy Blueprint - Social Empowerment (Corresponding to Cathay's Material Issues: Youth Empowerment)

Strategy

Major Projects

Short-term Goals (2023)

Mid-term Goals (2025)

Long-term Goals (2030)

Strategy 1

Youth Empowerment

- Youth x Revolutionizing Education:
Provide children with more diverse educational resources to bridge urban-rural and wealth divides by working with educational start-ups

Collaborate with educational social enterprises and start-ups that share learning resources to raise awareness among students for life and environmental issues and to bridge the gap between rural and urban education

Empower over 25,700 rural students in 2023

Empower over 63,000 rural students in 2025

Empower over 170,000 rural students in 2030

- Youth x Sustainability:
Help youths develop unique perspectives, independent thinking, and the ability to make innovative breakthroughs by providing resources to encourage youth action and entrepreneurship to resolve social/environmental issues

Partner with the government, charity groups, and social enterprises to hold events that empower youths to monitor sustainable issues and prompt them to take action

Provide empowerment to youths 3,500 times in 2023

Provide empowerment to youths 4,000 times in 2025

Provide empowerment to youths 5,000 times in 2030

Over 70% of youths will report motivation to take action on a survey measuring their willingness to take action and future direction

- Youth x Workplace Competencies:
Help youths develop self-identity, consider career paths, and build necessary workplace soft/hard skills to facilitate workplace transition

Help students make key career decisions early on and provide matchmaking programs to help students enter the field of finance; facilitate the development of diverse skill sets and empower youths with workplace skills like banking program coding languages

Achieve a score of 3.5 and above in 2023 on willingness to pursue a career in the finance industry

Achieve a score of 4 and above on willingness to pursue a career in the finance industry

Strategy 2

Women's Empowerment

● Autonomy & Self-Sufficiency:

Combine existing products and services with core competencies to help women build financial literacy and independence, and continue to grow in their careers and life

Establish a Collaboration Cycle for Female Entrepreneurship: Support charities led by female entrepreneurs, set up a cooperative network for empowering women, help women achieve economic independence, and build a sense of achievement

Collaborate with one women-led business every year

Collaborate with two to three women-led business every year

Partner with women-led businesses to hold charity and specific events, encouraging female entrepreneurs to expand the ecosystem of empowered women and establish a positive cycle for support systems

● Self-Actualization:

Build a comprehensive support system for women to allow them diverse and equal opportunities, assisting them with career and self-development

Provide long-term support for domestic athletes, as well as comprehensive practice facilities, dormitories, and benefits to establish a complete support system

(1) Women's basketball: Support one coaching team and train 50 female basketball players

(2) Women's table tennis: Support one coaching team and train 39 female table tennis players

(1) Women's basketball: Continue to support one coaching team and train 50 female basketball players

(2) Women's table tennis: Continue to support one coaching team and train 39 female table tennis players

Construct one table tennis hall that meets specifications for international competitions, and continue to support the development of women's basketball and table tennis

Strategy



Major Projects



Short-term Goals (2023)



Mid-term Goals (2025)



Long-term Goals (2030)

Strategy 3

Supporting the underprivileged

● Self-Affirmation:

Eliminate social inequalities so that every person has the power to improve their own quality of life.

Provide scholarship incentives, collect special proposals, and offer live-streaming of basic financial education courses to provide equal-opportunity and quality education to youths and students

Have at least 57 volunteers dedicating 435 hours in 2023

Reach 25~30 rural schools by 2023

Achieve a score of 3 or above on items related to financial literacy on a student self-evaluation questionnaire by 2023

Have at least 178 volunteers dedicating 1480 hours in 2025

Reach 30~35 rural schools by 2025

Achieve a score of 3.5 or above on items related to financial literacy on a student self-evaluation questionnaire by 2025

Combine and utilize Cathay's diverse resources and influence to help students in rural areas

● Community Involvement:

Provide education, participation, collaboration, and other diverse resources to help certain groups gain the resources, confidence, and skills they need to participate in society and reach their potential.

Assist older adults and underprivileged groups through volunteer events and inspire the public to cherish what they have; cultivate a sense of belonging to the company by providing differential care to different underprivileged groups

Have at least 163 volunteers dedicating 386 hours in 2023

Have at least 210 volunteers dedicating 405 hours in 2025

Reach 20,000 people online and 2,000 people offline

Reach a score of 4 and above for items related to self-reported inspiration on the questionnaire

Take the initiative and collaborate with industries, governments, and academia to develop diverse service models

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4.2 Social Empowerment

Founder and Executive Chairman of the World Economic Forum (WEF) Klaus Schwab pointed out that inequality has a profound impact on society and the economy. The private and public sectors must work together to eradicate inequality to facilitate socio-economic mobility and forge new paths to ensure that we can begin at the same starting line and head towards success. Cathay exerts our core capacities to drive sustainable action and strive for an inclusive and equal society, reaching out to different stakeholder groups to empower them to elevate their own quality of life and ensure that everyone enjoys equal opportunity to develop. We particularly value the development of youth, women, and the underprivileged. Therefore, we are forging diverse strategic partnerships to support and empower these three groups with greater knowledge and skills so that they develop the ability to motivate themselves and others in the face of a rapidly changing society.

4.2.1 Youth Empowerment - Form strategic partnerships with industries, governments, and academia to ensure better quality education and career development for our future generations

Children and youths are important drivers of sustainable development and social progress. Education is the flint upon which we can ignite their growth and development. Here at Cathay, we've taken it upon ourselves to promote positive development of future generations in hopes that we can become facilitators for youths to innovate and resolve socio-environment issues. Therefore, we are providing diverse empowerment programs targeting different developmental stages of children and youths - cultivating the knowledge, attitude, and skills with which youths can face the future through revolutionizing education, sustainability, and workplace competencies. As we support them in resolving social and environmental issues, we can also facilitate workplace transition by building the necessary skills, bringing innovative change to the world.

Youth x Revolutionizing Education

Cathay recognizes that the future development of Taiwanese children is affected by factors such as family economic status and rural-urban education disparities. Therefore, we continue to strive for improvements in the learning environment and integrate diverse resources around children's needs. Through collaborations with educational startups, we provide after-school tutoring resources in remote areas, nurture influential teachers, and provide viewings of videos on life education. These efforts aim to optimize children's learning environments, broaden their perspectives and imagination, and ultimately narrow the educational gap between rural and urban areas. Our goal is to ensure that every child receives a quality education and achieves suitable development.

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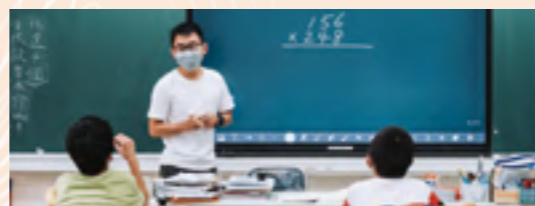
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Youth x Revolutionizing Education Overview

Project/ Event	Projected Goals	Resources and Actions	Achievements in 2022	
			Social/Environmental Influence	Business Influence
Community Empowerment Base Program	<ul style="list-style-type: none"> Addressing the issues of intergenerational parenting and caring for single-parent/underprivileged families Provide rural students with help and company when learning Enhance learning performance of rural students to enhance their confidence 	<ul style="list-style-type: none"> The Cathay Charity Group has supported multiple after-school class programs in rural areas since 2011. We supported three programs in 2022, including Sanxia District in New Taipei, Kouhu Township in Yunlin, and Xiulin Township in Hualien In 2022, we offered financial education on the "benefits of saving" as part of the "Let Love Fly" after-school class program in Xiulin Township, Hualien County 	<ul style="list-style-type: none"> Supported 1,440 students to learn after-school in the last four years As of the end of 2022, 24 students benefited from financial education courses under the Community Empowerment Base Program. 	<ul style="list-style-type: none"> A total of three employees volunteered for the financial education course in Hualien
Teach for Taiwan Training Program	<ul style="list-style-type: none"> Galvanize the power of the public to resolve educational inequalities Foster cross-disciplinary talents to maintain influence in other fields 	<ul style="list-style-type: none"> The Cathay Charity Group has been recruiting youth dedicated to education and with leadership potential for the Teach for Taiwan (TFT) program since 2016, providing them with comprehensive cross-disciplinary teacher training courses Send qualified teachers to high-demand areas to serve full-time for two years, collaborating with local schools and communities to provide high-quality education to students Connect with Cathay's talent exchange program to break through the industry and talent framework 	<ul style="list-style-type: none"> Cathay supported the development of 285 teachers of impact through TFT's third to ninth program Partnered with 80 rural elementary schools Empowered near 7,000 rural students 70% of students taught by TFT teachers exhibit higher than regional average learning abilities, and roughly 60% achieve standard or above standard levels of non-cognitive abilities 	<ul style="list-style-type: none"> Outreach to an average of 7,000 youths a year via the TFT program A total of eight Cathay and TFT employees applied for the "Cathay X TFT Talent Exchange Program," two of which successfully transferred to rural and financial careers, cumulatively creating over NT\$ 9.7 million in media value
Beautiful Taiwan 3D Film Tour Project - Film Series	<ul style="list-style-type: none"> Facilitate diverse learning for rural students, broaden their horizons to boost their confidence 	<ul style="list-style-type: none"> Cathay FHC joined the program in 2022, supporting Beautiful Taiwan NGO to bring the stories of Taiwan's oceans, landscapes, people, culture, traditions, and lives to rural areas through the 3D mobile cinema truck Each viewing is accompanied by a showing of Cathay's anti-drug and campus safety promotional video Recruited employees to serve as volunteers to familiarize rural students with diverse issues 	<ul style="list-style-type: none"> Visited 135 schools in 2022, impacting 20,415 students 	<ul style="list-style-type: none"> A total of 119 employees volunteered a cumulative total of 262 hours



Community Empowerment Base Program



Teach for Taiwan Training Program



Beautiful Taiwan 3D Film Tour Project - Film Series

Youth x Sustainability

An aging society and lowering birth rates are accelerating a paradigm shift in education. In the face of upcoming challenges, the skills required of future talents are increasingly diverse. The OECD pointed out three major future skills in their Skills for 2030 Report: cognitive and meta-cognitive skills, social and emotional skills, and practical and physical skills. To foster independent thinking, and the ability to make innovative breakthroughs, Cathay organizes student forums for sustainability issues, creative competitions, and educational events. We also provide diverse resources to encourage youths to take action against social/environmental issues in hopes of expanding their influence and bringing about overall improvement for society and the environment.

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Youth x Sustainability Overview				
Project/ Event	Projected Goals	Resources and Actions	Achievements in 2022	
			Social/Environmental Influence	Business Influence
Impact Investment Campus Roadshow	<ul style="list-style-type: none"> Promote impact investing and SDGs to elevate student understanding of sustainable issues, thereby fostering future talents versed in both investing and sustainability 	<ul style="list-style-type: none"> Cathay FHC has been working with the Taiwan Impact Investing Association (TIIA) since 2022, holding the Taiwan Sustainable Investment Forum (TWSIF) - the only one of its kind in Taiwan Senior executives returned to their alma maters to share their sustainability outlook, as well as practical experience in finance and their careers, with undergraduate students 	<ul style="list-style-type: none"> Toured a total of 6 university campuses, reached 80 departments, 30 clubs, and 898 undergraduate students 94.8% of students agree that the forum gave them a better understanding of impact investing, and 84.5% of students expressed willingness to begin impact investing, as well as other relevant actions for ESG and SDGs 	<ul style="list-style-type: none"> A total of 6 senior executives from various subsidiaries in charge of investment services, risk management, and product pricing visited students on campus Created over NT\$ 1.30 million in media value
Taiwan Climate Action Expo & Cathay Climate Change Youth Forum	<ul style="list-style-type: none"> Empower youth with climate knowledge and encourage them to use their creativity to solve these issues, creating sustainable business opportunities Build a climate talent pool for Taiwan through multiple means and prompt all of society to take climate action to reverse the impacts of climate change 	<ul style="list-style-type: none"> Cathay FHC has brought together the public, private, and academic sectors to hold the Cathay Climate Change Youth Forum for the third time in a row since 2020 Partnered with the International Climate Development Institute and NTU Biodiversity Research Center to hold the 2022 Taiwan Climate Action Exposition and Cathay Climate Change Youth Forum The Youth Forum partnered with the Ministry of Education (MOE) and the Circular Taiwan Network to showcase the results and achievements of the MOE Climate Change Innovation Competition and offer the Circular Economy Exploration Workshop 	<ul style="list-style-type: none"> Taiwan Climate Action Expo (TWCAE): Attended by a total of 32 organizations and institutions, reaching 20,000 participants, with 94% of participants expressing an increased understanding of climate issues after the event TWCAE Youth Forum: 90% participation rate with a total of 200 in-person attendees; 2,046 people joined online Circular Economy Exploration Workshop: A total of 36 participants 	<ul style="list-style-type: none"> A total of 37 employees volunteered a cumulative total of 400 hours Created over NT\$ 5.41 million in media value

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Project/ Event	Projected Goals	Resources and Actions	Achievements in 2022	
			Social/Environmental Influence	Business Influence
Taiwan Can - Sustainable Energy Creative Competition	<ul style="list-style-type: none"> Raise awareness for creating and conserving energy to foster energy and technology talents across multiple disciplines 	<ul style="list-style-type: none"> Cathay FHC began sponsoring cash prizes for the "Undergraduate Green Energy & Circular Economy Division" of the Sustainable Energy Creative Competition organized by the National Science and Technology Museum (NSTM) and co-organized by the Ministry of Education (MOE) Cathay executives served as keynote speakers and panel judges for the competition 	<ul style="list-style-type: none"> Received 464 creative proposals from the competition and prompted 1,963 teachers and students to register; 246 students participated in the online training camp The Undergraduate Green Energy & Circular Economy Division received 76 creative proposals and had 296 registered participants; a total of 6 entries belonging to 28 teachers and students received an award 	<ul style="list-style-type: none"> Two executives served as keynote speakers and panel judges for the competition Created over NT\$ 900,000 in media value
Lead For Taiwan - Promoting Critical Thinking	<ul style="list-style-type: none"> Guide youths to explore diverse topics in the future, gain independent thinking skills, build their own perspectives, and develop the ability to solve problems 	<ul style="list-style-type: none"> In 2022, Cathay FHC began supporting Lead For Taiwan in their events to promote critical thinking skills among the public Organized an undergraduate lecturer training program to guide university students in completing case studies on sustainability issues and acquiring teaching skills in critical thinking Organized critical thinking winter/summer camps to assess university student lecturers on their ability to guide high school students across Taiwan to engage in critical thinking Offer diverse critical thinking courses for high school/vocational school students and partnered with high schools across Taiwan to prompt exploration of future issues 	<ul style="list-style-type: none"> Undergraduate lecturer training program: Provided training to a total of 45 lecturers and produces 23 research reports, receiving a satisfaction score of 92 Critical thinking winter/summer camps: Organized a total of four sessions with 203 student participants Diverse critical thinking courses for high school students: Toured a total of 20 high schools/vocational schools and offered 69 courses, helping 1,359 students learn critical thinking skills 	



Impact Investment Campus Roadshow



Taiwan Climate Action Expo & Cathay Climate Change Youth Forum



Taiwan Can - Sustainable Energy Creative Competition



Lead For Taiwan - Promoting Critical Thinking

Youth x Workplace Competencies

The World Economic Forum released the 2020 Future of Jobs Report and mentioned that approximately 85 million jobs will disappear in 2025, but 97 million new jobs will be created. The emergence of new professions also highlights the importance of training new talents. Taiwan is plagued by the loss of professional talents and difficulties in transitioning from school to the workplace and is therefore in dire need of a more comprehensive talent cultivation strategy. Cathay aims to cultivate talents on campus for the fintech industry. We collaborate with high schools and universities across Taiwan to promote diverse talent development programs. These programs include practical professional training, comprehensive fintech courses, and camps to assist youth in self-exploration. Our goal is to nurture young professionals with the necessary skills to thrive in the workplace, while also guiding them in self-exploration and career reflection.

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Youth x Workplace Competencies Overview				
Project/ Event	Projected Goals	Resources and Actions	Achievements in 2022	
			Social/Environmental Influence	Business Influence
Financial Literacy Mini Courses for High School Students	<ul style="list-style-type: none"> Enhance the financial literacy of high school students and help them learn basic concepts in finance and investment analysis Guide youth to explore the financial sector and provide more information when selecting a major to facilitate future workplace transition Enhance youth's understanding of sustainable issues and prompt them to take action to resolve social and environmental issues 	<ul style="list-style-type: none"> Cathay partnered with the Taipei City Department of Education, the NTU Center for Regional Cooperation and Competitiveness, and Spark Taiwan to offer a mini-course on financial literacy for high school students in Taipei Cathay FHC, Cathay Life, and Cathay SITE each sent executives and staff to Taipei First Girls High School, Songshan Senior High School, and Taipei Municipal Jingmei Girls High School to serve as lecturers 	<ul style="list-style-type: none"> A total of 63 schools participated in 717 hours of classroom hours, empowering 8,148 high school students in Taipei with financial knowledge 	<ul style="list-style-type: none"> Cathay FHC, Cathay Life, and Cathay SITE sent a total of 22 executives and staff to lecture at high schools in Taipei
Career Diary	<ul style="list-style-type: none"> Introduce youths and students to a variety of professions to prompt self-exploration and uncover their own value 	<ul style="list-style-type: none"> Cathay Life has been partnering with City Wanderer since 2017 to organize the Career Diary challenge competition, conducting diverse interviews and experiential events 	<ul style="list-style-type: none"> Prompted 70 students across 19 disciplines from 31 schools to participate The event had a positive impact on students: The rating for "better understanding of different industry jobs" increased by 1.35 (out of 5); the rating for "I know my field of interest" increased by 0.56 (out of 5) 	<ul style="list-style-type: none"> Reached 1.018 million people via online media Cathay's Likability Factor reached 4.27, and Level of Understanding reached 4.02 (both out of 5) Satisfaction with the event reached 4.84, and the Likelihood of Recommendation reached 4.7 (both out of 5)

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Youth x Sustainability Overview

Project/Event	Projected Goals	Resources and Actions	Achievements in 2022
			Business Influence
CIP / CAP Internship Program	<ul style="list-style-type: none"> Foster outstanding talents on campus to feed into the fintech industry and help students explore career options early on 	<ul style="list-style-type: none"> The Cathay Internship Program (CIP): Taiwan's first summer financial internship program, providing internship opportunities in nine diverse fields and empowering students with real corporate experience in advance The Cathay Agile Program (CAP): Began in 2018 to foster tech talents, the program runs through the school year and allows students the opportunity to be project managers 	<ul style="list-style-type: none"> The Cathay Internship Program (CIP): A total of 2,254 people registered for the program, among which 133 were accepted. A cumulative total of 262 participants were employed by Cathay FHC up to the current year, for a cumulative reemployment rate of 20.58% The Cathay Agile Program (CAP): A total of 330 people registered for the program, among which 33 were accepted. A cumulative total of 21 participants were employed by Cathay FHC up to the current year, for a cumulative reemployment rate of 14.48% <p>*Cumulative reemployment rate = (Number of participants employed by Cathay FHC up to the current year) / (Total cumulative number of individuals ever employed)</p>
Coding Class	<ul style="list-style-type: none"> Cultivate IT professionals to inject new blood and vitality into companies with the recent rise in popularity of IT 	<ul style="list-style-type: none"> CUB offered the Java for Finance Class in 2022 to job seekers interested in both financial services and programming; outstanding performers were tendered formal job offers The 14-week training consisted of a total of 8 classes, covering subjects such as SQL, Java, Spring Boot, and Scrum 	<ul style="list-style-type: none"> Prompted 22 job seekers to participate, 13 of which successfully became full-time CUB employees A total of 46 CUB executives and staff served as lecturers, TAs, CR personnel, and mentors Reached 4,300 people via social media



Financial Literacy Mini Courses for High School Students



Career Diary



CIP / CAP Internship Program

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4.2.2 Female Empowerment - Empowering Women & Establishing Diverse Female Role Models

The Global Gender Gap Report 2022, published by the World Economic Forum, highlights that progress toward gender equality has nearly stalled worldwide due to factors such as the pandemic and conflicts like the war in Ukraine. The report indicates that achieving global gender equality will take approximately 132 years. Women continue to face challenges such as domestic violence, the gender pay gap, gender stereotypes, and unequal distribution of household chores. Cathay's vision is to establish a diverse, equal, and inclusive (DEI) society. Through empowerment that embraces gender equality, we encourage women to actively participate in society, break through gender barriers, assume leadership roles, and unleash their potential and influence. We aspire to provide every woman with the opportunity to be confident, independent, and accomplished in both work and life.

Female Empowerment Overview				
Project/ Event	Projected Goals	Resources and Actions	Achievements in 2022	
			Social/Environmental Influence	Business Influence
Supporting Women Entrepreneurs	<ul style="list-style-type: none"> Empower female entrepreneurs with financial knowledge and expand their business opportunities; foster a collaborative network and startup ecosystem for women 	<ul style="list-style-type: none"> Cathay Securities partnered with female social enterprises Tribake and iGoods to organize volunteer events for Halloween and Christmas 	<ul style="list-style-type: none"> Tribake Halloween Event: Help disabled persons gain baking skills iGoods Christmas Event: Raised 50 boxes of second-hand goods and gifted them to over 13 social welfare/underprivileged organizations across Taiwan 	<ul style="list-style-type: none"> Tribake Halloween Event: A total of 30 employees volunteered iGoods Christmas Event: A total of 22 employees volunteered
Supporting Women's Basketball and Table Tennis	<ul style="list-style-type: none"> Break with traditional gender roles and bridge the gender disparity to foster more female professionals in various fields 	<ul style="list-style-type: none"> Cathay's women's basketball and table tennis teams have been around for 53 and 20 years respectively. Cathay Life has long fostered female basketball and table tennis players in Taiwan, providing them with comprehensive training facilities and benefits Partnered with middle and high schools taking part in industry-education cooperation programs to train players, selecting outstanding athletes to join the team. Provide comprehensive training facilities and benefits to help teams participate in competitions. Teams may also represent the country to compete in international events 	<ul style="list-style-type: none"> Cathay Women's Basketball Team: Sponsored 48 team players and one coaching team (consisting of 11 members) Cathay Women's Table Tennis Team: Sponsored 39 team players and one coaching team (consisting of ten members) 	<ul style="list-style-type: none"> Cathay Life has been honored with the Sports Activist Award, a landmark award in the field of sports in Taiwan, for 14 consecutive years Cathay Women's Basketball Team: Created a team record of 29 consecutive championships and won the WSBL title 12 times Cathay Women's Table Tennis Team: Won Bronze in the 2022 World Team Table Tennis Championships
Women in Fintech	<ul style="list-style-type: none"> Break with traditional gender roles and bridge the gender disparity to foster diverse gender role models 	<ul style="list-style-type: none"> Cathay FHC held the first annual Women in Fintech conference, honing in on four major topics for deeper discussion: women empowerment, digital, data, and technology 	<ul style="list-style-type: none"> Invited over 25 influential female experts in the fields of technology, finance, startups, industry, government, and academia, to share their knowledge and innovative mindset on technology and advancements Attracted over 3,300 people to register online and broke 7,000 online views 	<ul style="list-style-type: none"> Published the first report on a survey of 600 women working in fintech regarding their voice in the workplace



Supporting Women Entrepreneurs



Supporting Women's Basketball and Table Tennis



Women in Fintech

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4.2.3 Supporting the Underprivileged - Connecting Local Resources and Galvanizing Volunteers to Assist Different Underprivileged Groups

Taiwan is Cathay's main base of operations. Therefore, we not only expand our local financial business, but also recognize the various challenges affecting children in rural areas, elderly individuals living alone, and disabled persons. These challenges include unequal access to educational resources, lack of caregivers/companions, relative economic disadvantages, and inequalities. In the spirit of "happiness is giving happiness," we actively respond to the needs of Taiwanese society through our comprehensive volunteer network and diverse resources. We focus on two aspects: "Self-Affirmation" and "Social Participation," empowering different communities with confidence and skills, enhancing their quality of life, and encouraging them to actively engage in society and express themselves.

■ Self-Affirmation

The goal of education is to foster literacy to adapt to future challenges in the next generation. By taking into account the needs of children, Cathay continues to improve the educational landscape by providing educational resources to help all youth receive an equal and quality education. Since 1980, we have offered various scholarships, including the Dream Come True Program, Cathay's Outstanding Scholarship Project, and the Elevated Tree Program. We adapt these scholarship programs to changing social needs and incorporate Dream Come True proposals, creative proposals, financial education, and other elements in hopes of helping children engage in self-exploration and gain confidence.

Self-Affirmation Programs Overview			
Project/Event	Projected Goals	Resources and Actions	Achievements in 2022
			Social/Environmental Influence
Cathay Youth Excellence Scholarship	<ul style="list-style-type: none"> ● Provide equal and quality educational resources to outstanding youth from economically disadvantaged families ● Encourage youth to propose creative and pioneering solutions to rapidly changing social and environmental issues 	<ul style="list-style-type: none"> ● Co-organized by the Cathay Charity Foundation, the CUB Foundation, and the Cathay Real Estate Foundation, the program provides educational resources to outstanding students from economically disadvantaged families. It also provides startup capital for youth who are dedicated to issues like environmental sustainability, senior care, community building, etc. 	<ul style="list-style-type: none"> ● Sponsored 89 outstanding student teams, each receiving NT\$ 60,000-200,000 in funds, providing a total of NT\$ 7.38 million in sponsorships
Dream Come True Program	<ul style="list-style-type: none"> ● Alleviate the lack of educational resources and cultural stimulation provided to rural children ● Help children think critically and independently, tolerate adversity, and work cooperatively as they work towards achieving their dreams 	<ul style="list-style-type: none"> ● The Cathay Charity Foundation receives proposals every year for the Dream Come True Program from rural schools, non-rural schools that lack educational resources, and elementary schools with a disproportionately high number of underprivileged students. The proposals are reviewed by experts and academics, and a maximum of NT\$ 200,000 is provided to fund selected proposals ● Established the Dream Come True Documentary Award to encourage teachers to record the process of how their students achieve their dreams with video footage 	<ul style="list-style-type: none"> ● Supported a total of 460 students in 2022. Since 2013, we have supported a cumulative total of over 3,500 students. ● Supported a total of 20 schools in 2022. Since 2013, we have supported a cumulative total of 144 schools.

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Self-Affirmation Programs Overview

Project/ Event	Projected Goals	Resources and Actions	Achievements in 2022	
			Social/Environmental Influence	Business Influence
Cathaysec Dream Works	<ul style="list-style-type: none"> Enhance employee identification and recognition with the company and promote co-prosperity of society and the environment at the same time 	<ul style="list-style-type: none"> The chairman of Cathay Securities started Cathaysec Dream Works in 2020, allowing employees the opportunity to make customized proposals and encouraging them to participate in charity and give back to society Supported employees to organize one financial class for rural elementary schools Supported employees to organize a three-day event involving a friendly football match for rural elementary schools and a visit to the city 	<ul style="list-style-type: none"> A total of 25 teachers and students benefitted from the financial class at Lao Mei Elementary School in Shimen District, New Taipei City A total of 15 teachers and students benefitted from the friendly football matches at Pitilidan no Salinpo Elementary School in Taitung County 	<ul style="list-style-type: none"> A total of seven employees volunteered for the financial classes A total of five employees volunteered for the friendly football matches
Elevated Tree Program Tutor CUB - Online Broadcast Financial Education Courses (Industry-first)	<ul style="list-style-type: none"> Help rural students furnish soft skills and values pertaining to financial literacy to overcome inequalities in financial education provided to rural areas 	<ul style="list-style-type: none"> CUB partnered with the CUB Foundation and organized a team of online teachers from the industry with professional financial competencies and provided teacher training Provided financial literacy courses online to rural elementary school students. Empowered students with accurate financial knowledge through interactive broadcast courses 	<ul style="list-style-type: none"> Reached four rural elementary schools As of the end of 2022, 58 students benefitted from financial education courses under the the Tutor CUB online broadcast. Since 2021, the program has imparted financial knowledge to a cumulative total of 77 students 	<ul style="list-style-type: none"> A total of 226 volunteers participated. Since 2021, a total of over 400 volunteers have participated Volunteers served a total of 287 hours, for a total of 557 hours since 2021



Cathay Youth Excellence Scholarship



Dream Come True Program



Cathaysec Dream Works



Elevated Tree Program Tutor CUB - Online Broadcast Financial Education Courses (Industry-first)

Social Participation

To promote active social participation among older adults and disabled persons, Cathay FHC taps into group resources and volunteers to hone in on community coexistence. Through funding, material support, and resource coordination, we support the operations of elderly care centers and organizations providing disability care. We also established Happy Farms, recommended audiobooks for the visually impaired, and created performance platforms for disabled persons. This allows older adults to age in place and provides people with disabilities with opportunities to showcase their talents, ultimately empowering them to enhance their quality of life.

Social Participation				
Project/ Event	Projected Goals	Resources and Actions	Achievements in 2022	
			Social/Environmental Influence	Business Influence
Cathay Happy Farm	<ul style="list-style-type: none"> Create an environment for older adults to retire locally, encouraging them to venture outside and improve their overall health through gardening 	<ul style="list-style-type: none"> The Cathay Charity Foundation partnered with long-term care facilities and social welfare departments to create accessible vegetable gardens for older adults to cultivate at our Cathay Happy Farms Provides gardening courses to allow senior citizens to experience planting and related activities. Organize communal dining events at care centers, where the vegetables and fruits grown by older adults are incorporated into the meals served during these events 	<ul style="list-style-type: none"> Established four accessible Cathay Happy Farms care centers in Gongliao District of New Taipei City, Shetou Township of Changhua County, Changbin Township of Taitung County, and Dongshi Township of Chiayi County Helped over 100 older adults 	<ul style="list-style-type: none"> A total of 30 Cathay volunteers participated in community care events
Fun Club Audiobook Recommendations	<ul style="list-style-type: none"> Help the visually impaired obtain knowledge and broaden their horizons, building more confidence 	<ul style="list-style-type: none"> Cathay SITE partnered with the Taiwan Digital Talking Books Association and invited employees to volunteer their time to compile and review audiobooks 	<ul style="list-style-type: none"> Compiled 495 e-book files 	<ul style="list-style-type: none"> A total of 99 employees volunteered
Mixes Disables Troupe	<ul style="list-style-type: none"> Inspiring youth with the courage to overcome adversity and re-empower themselves to tackle the confusion and uncertainty associated with adolescent changes 	<ul style="list-style-type: none"> The Cathay Charity Foundation supports the Mixes Disables Troupe, which consists of persons with various disabilities, to give charity performances at juvenile detention facilities and middle or senior high schools. Through their performances, they convey the important life message of never giving up 	<ul style="list-style-type: none"> A total of seven performances were given in 2022 at New Taipei City Shiding High School, Yunlin County Siluo Junior High School, Changhua County Beidou High School of Commerce and Home Economics, Yilan Commercial Vocational Senior High School, National Sinying Senior Industrial Vocational School, Pingtung County National Tung Kang Maritime & Fishery Vocational High School, and Chiayi County National MinShyong Vocational High School of Agriculture & Industry Inspired 5,000 youths with the courage to overcome adversity 	<ul style="list-style-type: none"> A total of 85 employees volunteered for the event



More Stories from Cathay Volunteers



Cathay Happy Farm



Mixes Disables Troupe

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Stakeholder Feedback

Teacher Feedback



Financial Literacy Mini Courses for High School Students

Thanks to the Taiwan Financial Literacy Association and Cathay FHC for organizing mini-courses on financial literacy, allowing students to connect cold, hard knowledge with real-life experiences to facilitate further thinking and planning. The course was filled with rich content and helped students better understand the professional image of life insurance and securities managers - which is very beneficial to future career planning.

High School/Vocational School Student Feedback



Lead For Taiwan -

Promoting Critical Thinking

This is an amazing course because it really helped me develop critical thinking skills. I also became interested in following long-forgotten social issues and thinking about the relevant interests involved. I really like how the class was taught - easy and light without any tests. It was both relaxing and educational. I really hope that you can continue to offer mini-courses at Taipei Municipal Da'an Vocational High School.

Student Feedback



Career Diary

I'm very fortunate for the opportunity to join Career Diary and explore the different possibilities for my future. I also learned from many workplace experiences and it has helped me better understand my career goals, as well as my strengths and weaknesses, as I would like to make greater changes in the future. Thank you, Career Diary!

Student Feedback



Coding Class

Thank you to all the staff for their dedication during the training, as well as all my classmates for making the entire training fun and entertaining. Although it was only a short three months, I benefitted greatly!



Student Feedback

Cathay Youth Excellence Scholarship

The thing I remember the most over the past two years of service is the longing for real interactions that I could sense coming from the indigenous children on the other side of the screen as we had online classes during the pandemic. I felt like my efforts were recognized and that I was needed. Many thanks to the Cathay Charity Foundation for recognizing the team's dedication, as well as the needs of the children from Alang Stacis Community, and giving us support.



Teacher Feedback

Cathay's Dream Come True Program

Children are beacons of light, and different children shine at different intensities. Just because a child's light is dim, doesn't mean they cannot be outstanding - only that they are at a different wavelength than everybody else. Therefore, we need to guide children in different ways and help them grow. Cathay's Dream Come True Program will continue to enhance these frequencies so that we can brighten up the world with more light.



Community Feedback

Cathay Happy Farm

It has not been an easy journey, but thanks to the Cathay Charity Foundation for their support in the last three years, we have been able to realize our dreams. The concept of "giving care" has become more interesting, convenient, and meaningful!



Student Feedback

Mixes Disables Troupe

This performance demonstrated how individuals are unique and imbued with endless possibilities. Do not diminish your own value because of personal disabilities, and do not easily give up when faced with adversity and challenges.

05 Sustainable Finance and Its Impact

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- 5.1 Responsible Investment and Lending Framework ► 5.2 Responsible Investment
- 5.3 Responsible Lending ► 5.4 Sustainable Insurance



- Cathay integrates 35 ESG factors to assess the investees and borrowers' sustainability risks and opportunities.
- Architects commissioned by Cathay are required to design buildings invested and developed by Cathay based on green building standards.
- Sustainability themed investments and lending amounts to NT\$1.4 trillion

- Cathay has gained international recognition for our efforts over the years. The Investor Agenda announced the Investor Climate Action Plans (ICAP), and Cathay FHC was the only asset owner in Asia to be included in the world's top ten best practice for our corporate engagement and policy advocacy performance.
- Cathay SITE won the 2022 BENCHMARK Stewardship Award - Outstanding Performance
- Cathay Life fully supports the climate resolutions which facilitate investee's sustainability development.

- Expand Cathay's impact on responsible investment by working with National Taipei University to improve the quality of ESG disclosure by Taiwanese listed companies
- ESG rating evaluation performed on 658 individual stocks
 - Published a new ESG engagement report and made recommendations to the evaluated companies

MSCI 2023 ESG & Climate Trends to Watch report highlights the continued strengthening of global regulatory oversight. Meanwhile, the European Union has established the "Sustainable Finance Disclosure Regulation" (SFDR) and the "EU Taxonomy Regulation" to promote sustainable disclosure of financial products and companies as the basis for the low-carbon transition of the financial market. Thus, Taiwan has followed suit to formulate relevant regulations to facilitate the full implementation of sustainable transformation for companies. Companies and the financial industry are facing more pressure to make the transition as international standards become more stringent. In addition, investors are increasingly moving toward active ownership, where they are more vigilant in monitoring and exercising shareholder rights. For example, in situations where investee companies present transition plans that fall short of the desired level of ambition, investors are increasingly inclined to ask investee companies to formulate transition plans at shareholders' meetings that are more in line with the goals of the Paris Agreement.. The financial sector must fulfill its sustainable management responsibilities as it plays a critical role in the management of capital and assisting industries in the climate transition. As a leader in sustainable finance, Cathay FHC is committed to fulfilling its responsible investment and lending obligations, establishing rigorous screening standards and management mechanisms, and implementing stewardship principles to expand the impact of sustainable finance.

5.1 Responsible Investment and Lending Framework

5.1.1 Team Management

■ Establish Responsible Investment and Lending Teams across Cathay and Its Subsidiaries

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Cathay FHC	The Responsible Investment Working Group is under Cathay FHC Corporate Sustainability Committee and is chaired by Chief Investment Officer of Cathay FHC. The Working Group comprises five senior executives in five major subsidiaries, who are in charge of investment and lending. The Investment Stewardship Team was formed in 2022 to oversee and coordinate responsible investment at Group level.	<ul style="list-style-type: none"> Promote and establish comprehensive responsible investment and lending management mechanism for subsidiaries Consolidate and fully disclose the subsidiaries' ESG information to meet stakeholder expectations
Cathay Life	It establishes Responsible Investment Working Group under Corporate Sustainability Team led by President. The Working Group is made up of 14 departments in the front, middle and back offices, with 45 members including four dedicated staff. In 2022, we established a dedicated planning unit for responsible investment coordination.	<ul style="list-style-type: none"> Set responsible investment goals and climate-related action plans Improve responsible investment approaches: conducting research on global sustainability trends, benchmarking against industry peers' responsible investment approaches as well as climate policies and systems Organize the annual stewardship activities
Cathay SITE	It establishes Responsible Investment Working Group under Corporate Sustainability Committee led by President. The Working Group consists of 12 members, including 4 dedicated staff. In 2022, Cathay SITE established the Sustainability Office as a dedicated unit to oversee responsible investment and corporate sustainability development.	<ul style="list-style-type: none"> Develop a clear execution plan for investment portfolio's ESG performance Leverage resources such as external research, rating analysis, and integration of international ESG rating database to enhance ESG analysis capabilities Assist various departments with ESG analysis of relevant positions
CUB	CUB has established Corporate Sustainability Working Group led by President as the core unit responsible for corporate sustainability development. The Sustainable Finance Section of the International Review Department is the administrative unit responsible for the lending ESG review process. It is also responsible for promoting sustainability-related initiatives.	<ul style="list-style-type: none"> Enhance the review process for lending practices and the Equator Principles (EPs) case review mechanism Review cases where Equator Principles (EPs) are applicable and provide recommendations and advice Promote access to ESG analysis tools or establish ESG management systems
Cathay Century	Cathay Century has established a CS Team, chaired by President, to which the Responsible Investment Working Group reports.	<ul style="list-style-type: none"> Organize ESG training and establish an ESG database Establish a comprehensive ESG investment review management mechanism Implement stewardship activities
Cathay Securities	Cathay Securities has established the Corporate Sustainability Committee, chaired by the president, to which the Responsible Investment Working Group and Sustainable Governance Task Force report.	<ul style="list-style-type: none"> Organize ESG training and establish an ESG database Establish a comprehensive ESG investment review management mechanism Implement stewardship activities Develop ESG investment research and equity selection services

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Strengthen ESG Knowledge

Implementing gradual integration of ESG approaches into our daily work routine. This involves adopting ESG analysis management tools, providing training on responsible investment and financing, and incorporating sustainable investment practices into our investment decision-making processes:

Establishment of ESG Data Platform

Acquired international ESG database and established an ESG data platform: Cathay SITE and Cathay Life optimized investment management tools to help the investment teams consider both the fundamentals and ESG performance of investee companies when making investment decisions. We believe that the availability of a comprehensive set of data enables our managers to make the most informed investment decisions.

Corporate governance
evaluation result
ESG rating
ESG Controversies



Sensitive or controversial industry
Risk management indicators for equities

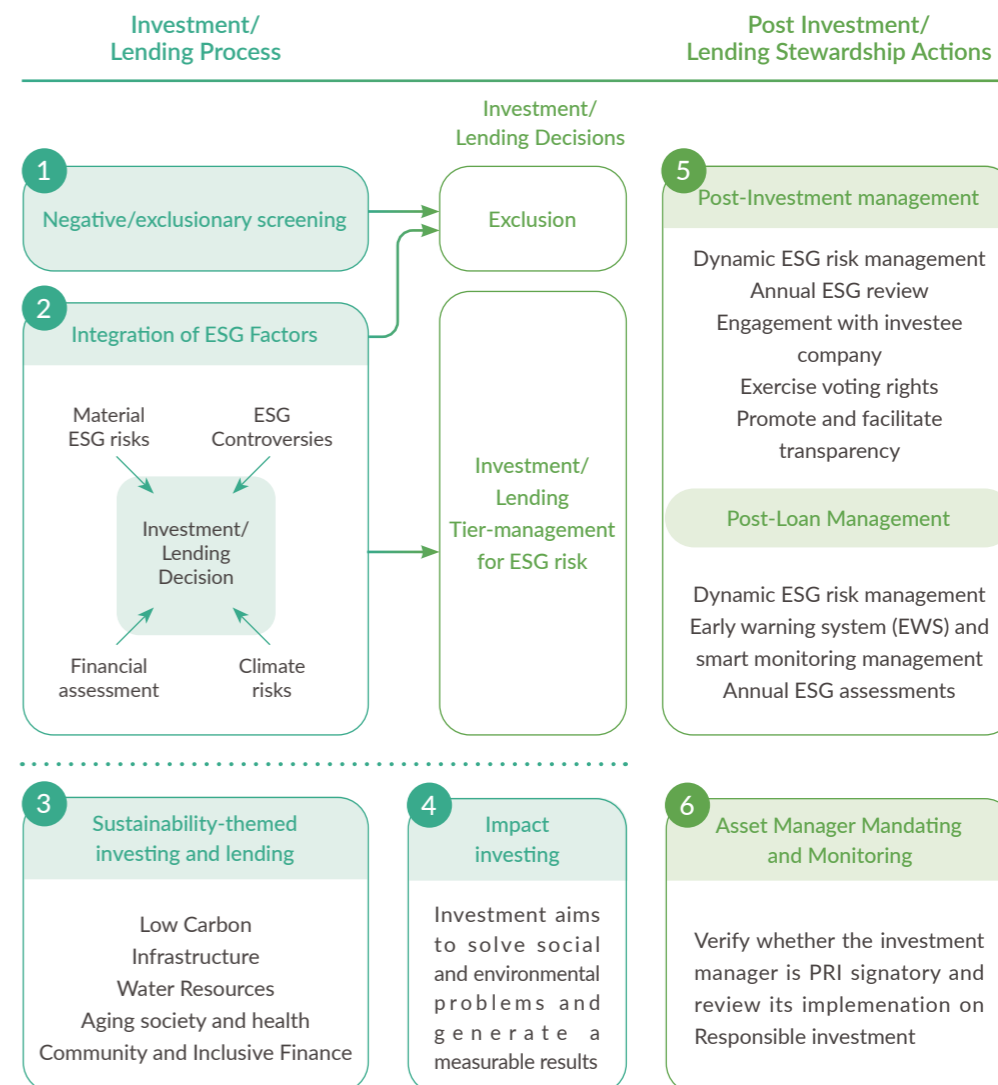
Responsible Investment and Financing Capacity Building

- Diverse training courses help the investment and financing teams strengthen their ESG knowledge, for example:
 - Provide analysis and practicum courses on ESG rating methodology to help teams leverage ESG analysis tools and improve analysis quality.
 - Provide engagement-related training to strengthen the team's engagement awareness and approach.
 - Provide topic-specific training such as TCFD, ESG investment-related academic publications, sustainability bonds, etc. to strengthen the teams' expertise.
 - Responsible investment is integrated into new employee orientation to provide a solid foundation for new hires.
- Responsible Investment Newsletter: Cathay Life and Cathay SITE regularly publish newsletters to share the latest responsible investment initiatives from home and abroad, ESG regulatory trends, sector decarbonization trends, and ESG analysis by sector.
- In 2022, a total of 9,474 employees from Cathay Life, CUB, Cathay SITE, and Cathay Century participated in Cathay's courses as well as external conferences; the average training hours per participant was 0.5 hours.

5.1.2 Responsible Investment and Lending Workflow

Cathay FHC and its subsidiaries must adhere to the "Cathay Financial Holdings Responsible Investment and Lending Policy" when investing and lending. As a financial institution, Cathay has an obligation to its stakeholders to prudently manage ESG risks, seek long-term investment performance. Cathay aims to leverage financial influence promote continuous improvement in the ESG performance of investees and borrowers, contribute to global sustainable development goals, and foster a sustainable society and management.

Cathay Responsible Investment and Lending Process



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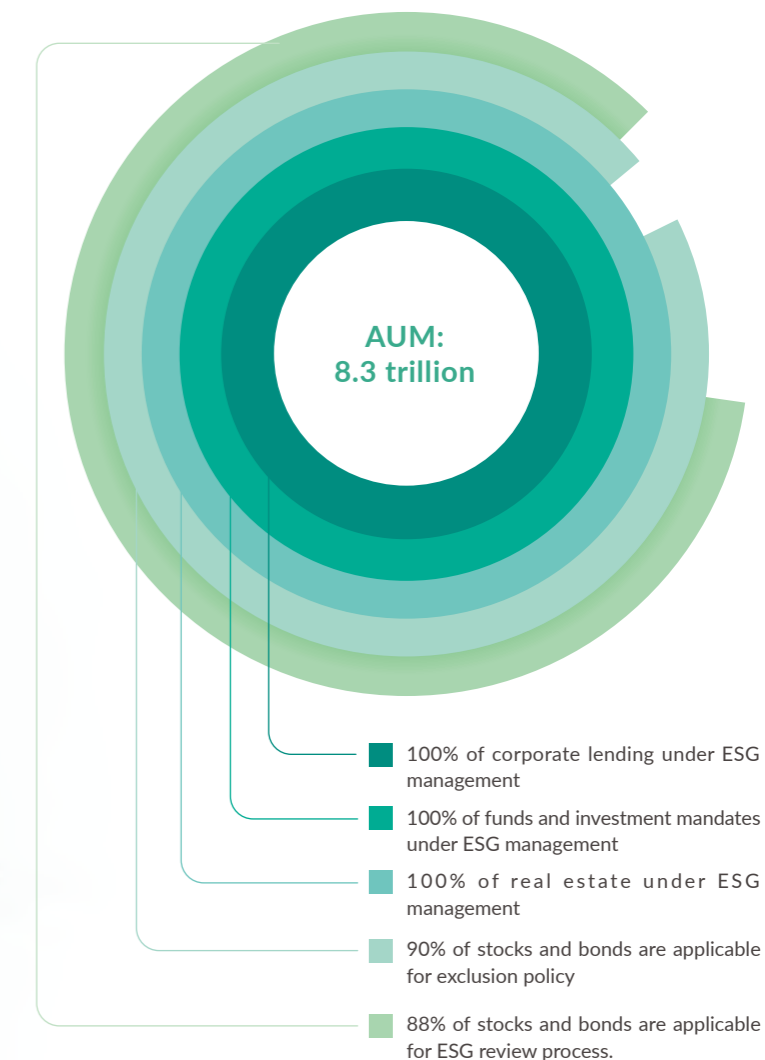
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Responsible Investment/Financing Approaches and Corresponding Asset Classes

Responsible Investment/ Financing Approaches	Corresponding Page Number	Listed Equity	Corporate Bonds	Government Bonds	Real Estate	Lending	Others
Exclusion		●	●	●		●	
ESG Review Process		●	●	●		●	
Sensitive Industries Management		●	●			●	
Annual ESG Review		●	●	●		●	
Responsible Property Investment and Management Policy					●		
Sustainability Themed investing and lending		●	●	●	●	●	
Impact investing			●	●			● (Funds)
Engagement		●				●	
Voting		●					
ESG management of funds							● (Funds)
Asset Manager Mandating and Monitoring							● (Mandated assets)

Responsible Investment and Lending Scope Includes Diversified Asset Class









The scope of Cathay's responsible investment/lending approach excludes assets that cannot be considered as a part of our responsible investment/lending approach (e.g. cash). In addition, Cathay adopts different management approaches such as exclusion, ESG integration, and Sustainability Themed investment after taking into consideration the characteristics of various asset classes to achieve a comprehensive level of responsible investment management.



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5.1.3 Sustainability Themed Investment and Lending

Cathay is committed to promoting positive environmental and social development. To achieve this, we have defined our investment and lending scope across five thematic sectors, namely low carbon, infrastructure, water resources, aging society & health, and community & inclusive finance. Our mission is to create a win-win situation that benefits both social and economic sustainability. Climate change is a global challenge that requires urgent action. To limit global warming to within 2° C, as outlined in the Paris Agreement, we believe in leveraging the capital markets to facilitate the low-carbon transition, drive technological development, and achieve breakthroughs. In the meantime, water resources and infrastructure development are critical aspects that affect society's lifestyle, and it is crucial to optimize their management and efficient usage. Additionally, we recognize that promoting healthy living is essential for social harmony. As modern society faces challenges related to aging society and health, we are committed to supporting the healthy development of society and enhancing the quality of life for older adults. On the other hand, community and inclusive finance in particular fall under the corporate social responsibility for the financial sector. A positive development in this aspect can ensure equality and equity in our society. Please refer to [Table 1](#) in the Appendix for Sustainability Themed investment and lending AUM.

Sustainability Themed Investment/Lending and the Corresponding SDGs		
Theme	Actions	Corresponding SDGs
Low Carbon	Based on our participation in the Low Carbon Registry (LCI) of the Global Investor Coalition on Climate Change (GIC), Cathay has established a definition for the low-carbon sector, including alternative energy (excluding nuclear energy and fossil fuels), architecture, waste recycling, transportation, energy saving industries, green bonds, and carbon sinks.	 
Infrastructure	Referring to the relevant regulations set by the government, Cathay has defined an infrastructure-related investment scope, including transportation facilities, facilities of public utilities, social housing and elderly residence projects, environmental remediation facilities, low carbon transition infrastructure, infrastructure construction and software.	
Water Resources	Climate change has made water access a critical issue, which is now posing a threat to both human health and the ecosystem. In response, Cathay has taken steps to address this issue by establishing a water resource-related investment scope, including water treatment, water supply and wastewater treatment.	 
Aging Society and Health	Referring to the definition of the related industry as outlined by the National Development Council and UN's Principles for Responsible Investment (PRI), Cathay has defined an aging society and health investment scope to include related services, products, and facilities.	
Community and Inclusive Finance	Referring to the definition of the related industry as outlined by PRI, Cathay has defined a community and inclusive finance-related investment scope to include education, financial inclusion and other relevant industries.	 

5.2 Responsible Investment

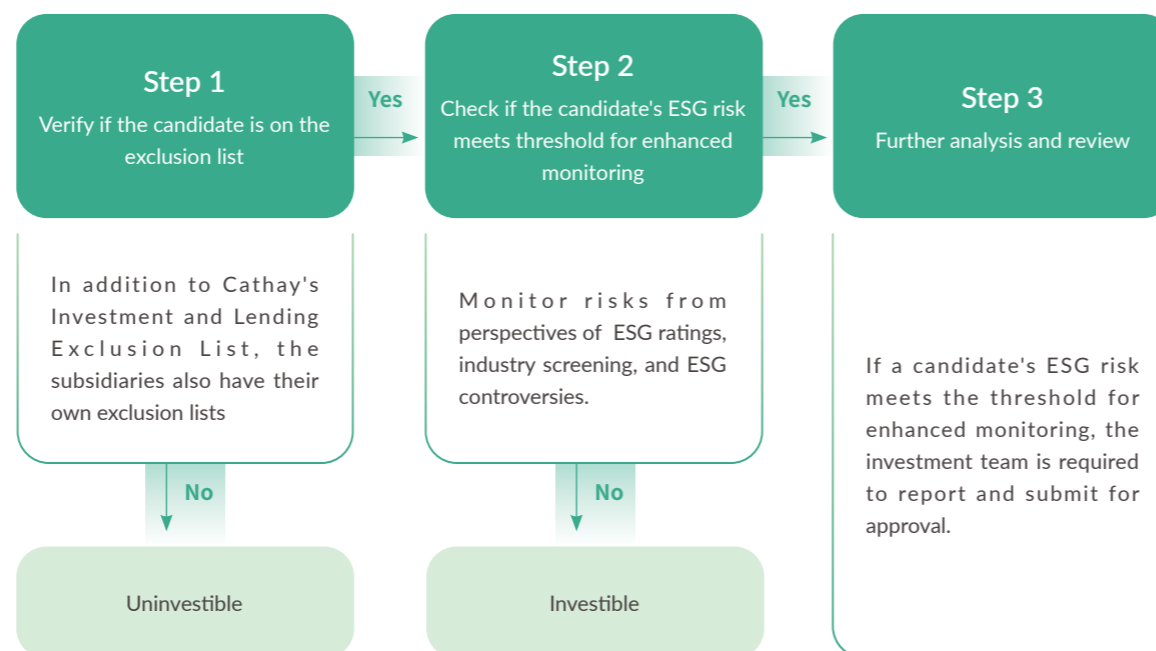
Responsible investment is a stabilizing force that brings positive influence to our society. It is a core competency that enhances the long-term value of assets. At Cathay, we adhere to the United Nations Principles for Responsible Investment (PRI) to establish a comprehensive responsible investment mechanism. For corresponding actions, please refer to [Appendix 7.3](#).

5.2.1 Integrating ESG into Investment Process

At Cathay, we believe that environmental, social and governance (ESG) are key factors that can impact a company's long-term operations. Integrating ESG factors into the investment process provides a more comprehensive valuation of an investment target, offering a wider range of perspectives on decision-making. This mutually beneficial approach helps Cathay achieve stable long-term returns and encourages investee companies to further improve their ESG management. For this reason, Cathay integrates ESG factors into the investment process to provide a more complete and broader view to support investment decisions.

■ ESG Review Process for Investments in Listed Equities and Bonds

Cathay and its subsidiaries' ESG review process for investments in listed equities and bonds: Firstly, we check if the investment candidate is on the exclusion list. If it is on the list, it is uninvestible. Next, we assess the candidate's ESG risk exposures. If it's ESG risk meets threshold for enhanced monitoring, further analysis is required before submitting for approval.



■ Constructing an Exclusion List

• Cathay's Investment and Lending Exclusion List

To prevent operational risks associated with investing in and lending to candidates with high ESG controversy profiles, and ensure that Cathay continues to pursue the values of corporate sustainability, Cathay FHC has established the "Cathay Financial Holdings Investment and Lending Exclusion Policy." The policy clearly outlines the focus areas, including controversial sectors and countries. Cathay's Responsible Investment Working Group screens companies and countries by focus area based on specific screening guidelines and updates the "Exclusion List of Investments and Lending." Cathay's subsidiaries must update their exclusion lists based on the List.

Focus areas		Screening standards
Controversial industries	Controversial weapons, such as cluster bombs, nuclear weapons, depleted uranium weapons, biochemical weapons, etc	There is sufficient evidence that the investment candidate is involved in the manufacturing of controversial weapons.
	Adult entertainment industry	Underlying revenue meets specified criteria.
Controversial countries	Countries which systematically violate the international consensus on human rights or involve in material controversies on human rights issues.	Based on the international sanctions lists established by the UN Security Council and other international organizations.

Stocks and corporate bonds of controversial industries, as well as sovereign bonds of controversial countries, are subject to monitoring and exclusion from investment and lending activities. If investments or loans have already been made, Cathay's policy is to not increase exposure. Cathay may engage with the investee company, or take measures such as liquidating shares or recalling loans.

In 2022, four companies were determined to no longer be involved in the production of controversial weapons, and one company exited the adult entertainment industry, and have thus been removed from the Exclusion List. One company was added to the list due to its involvement in the production of controversial weapons.

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• Exclusion list of coal, unconventional oil and natural gas industries

Cathay FHC has developed a coal divestment strategy that excludes the "coal mining" "coal railroad transportation," "coal ancillary services," and "coal-fired power generation" that have not transitioned to cleaner energy sources. Cathay will also gradually lower the revenue share threshold for coal companies to be included in the exclusion list. Cathay Life has also implemented a management approach for unconventional oil and natural gas, which excludes companies whose revenue from unconventional oil and natural gas exceeds a certain standard and are not undergoing an energy transition. For more information, please refer to [2.1 Low-Carbon Economy](#).

• Exclusion list expanded by Cathay subsidiaries

Cathay's subsidiaries may expand the exclusion list based on their investment management approach and internal ESG analysis results. CUB's exclusion list, Cathay Century's sensitive industry list and Cathay SITE's domestic stock exclusion list are all examples of the subsidiaries' expanded exclusion list. Cathay Life also creates a list of sensitive industries, taking into account the level of climate impact on companies within the sensitive industries. Those considered high-risk are then added to the exclusion list.

■ ESG risk review for enhanced monitoring

If the risk exposure of an investee company meets the "enhanced monitoring" threshold after reviewing its ESG risks, the investment manager should explain the reasons for the investment recommendation and submit it for approval. Cathay subsidiaries may establish their own ESG risk indicators, which may include, but are not limited to, the following:

- Review the ESG rating of an investee company, e.g., whether the ESG rating falls below a certain threshold
- Review if an investee company is involved in any controversies, e.g. ESG controversies score
- Assess whether an investee is exposed to other risk indicators. For example, Cathay Life maintains two categories within its sensitive industry list: the exclusion list and the watchlist. Investee companies operating in the steel industry that meet a certain threshold of climate value-at-risk (CVaR) on the watchlist are subject to further deliberation and discussion.



Industry Lists for Enhanced Management

Cathay Life Sensitive industries	CUB Exclusion list	Cathay Century Sensitive industries	Cathay Securities Sensitive industries	Cathay SITE Domestic stock exclusion list
<ul style="list-style-type: none"> ● Controversial weapons ● Adult entertainment ● Coal-related industries (coal-fired power generation, coal mining, coal railway transportation, and coal ancillary services) ● Gambling industry ● Palm oil and lumbering industry ● Oil and natural gas (includes integrated oil and natural gas, oil & gas exploration & production and industrial gases, unconventional oil and natural gas industry, etc.) ● Construction materials industry ● Aluminum industry ● Steel industry ● Aviation industry 	<ul style="list-style-type: none"> ● Controversial weapons ● Human rights violations ● Adult entertainment ● Mining ● Coal-fired/nuclear power generation ● Coal-related industries ● Upstream mining of oil and natural gas ● Tobacco industry ● Gambling and gaming ● Logging in tropical rainforests ● Gillnet production and gillnetting 	<ul style="list-style-type: none"> ● Tobacco manufacturing industry ● Gaming industry ● Adult entertainment industry ● Nuclear proliferation ● Biochemical weapons ● Ammunition and land mine manufacturing ● Logging in tropical rainforests ● Coal mining industry 	<ul style="list-style-type: none"> ● Steel ● Petroleum ● Aluminum production ● Cement ● Coal-fired power generation ● Tobacco manufacturing ● Gaming 	<ul style="list-style-type: none"> ● Gambling and gaming ● Arms trade ● Tobacco, alcohol, and drugs ● Human rights violations ● Violation of labor regulations ● Child labor ● Adult entertainment industry

■ ESG Factors Considered in the ESG Review Process

Cathay considers 35 ESG factors for comprehensive integration of ESG factors into the investment process:

ESG	Themes	ESG factors
 Environmental	Climate Change	Carbon Emissions
		Product Carbon Footprint
		Financing Environmental Impact
		Climate Change Vulnerability
	Natural Capital	Water Stress
		Biodiversity And Land Use
		Raw Material Sourcing
	Pollution And Waste	Toxic Emission And Waste
		Packaging Material And Waste
		Electronic Waste
	Environmental Opportunities	Opportunities In Clean Tech
		Opportunities In Green Building
		Opportunities In Renewable Energy
 Social	Human Capital	Labor Management
		Health And Safety
		Human Capital Development
		Supply Chain Labor Standards

 Social	Responsible Product	Product Safety And Quality
		Chemical Safety
		Consumer Financial Protection
		Privacy And Data Security
		Responsible Investment
		Health And Demographic Risk
	Stakeholders Opposition	Controversial Sourcing
		Community Relations
	Social Opportunities	Access To Communications
		Access To Finance
		Access To Health Care
		Opportunities In Nutrition And Health
 Corporate governance	Corporate Governance	Ownership And Control
		Board
		Pay
	Corporate Behavior	Accounting
		Business Ethics
		Tax Transparency

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■ Post-investment evaluation

Cathay continuously monitor the ESG risk profile of existing positions, such as regularly reviewing the position's ESG score; in addition, if ESG performance deteriorates sufficiently to meet the enhanced monitoring standard, further evaluation will be initiated.

■ Annual Review Results

In 2022, Cathay Life has reviewed all listed equity and fixed income (non-corporate bonds & corporate bonds) and 264 cases with potential risks have been reviewed through the ESG review procedure. 3 investment targets were excluded from investment buylist after considering their fundamentals and ESG performance.

Cathay United Bank, Cathay Century, Cathay Securities and Cathay SITE conduct ESG review process as well, a total of 150 cases with potential risks have been reviewed through the ESG review procedure, and 4 investment targets were excluded from investment buylist after considering their fundamentals and ESG performance.

■ Real Estate

Cathay Life has established the "Responsible Property Investment and Management Policy" ", which aims to make appropriate use of the earth's resources when investing in real estate while enhancing the company's returns from real estate investments. The policy helps monitor investment and operational risks and fulfills Cathay's responsibility to our ecosystem and environment. Beginning in 2016, for our new-build real estate investment, we require architects to design our real estate developments and buildings to meet the green architectural design standards. All our properties meet the designated green standards for energy consumption, greenery coverage and waste management. Beginning in 2023, our new buildings will earn green building certifications or be LEED certified by the U.S. Green Building Council.

■ Funds and ETFs

To ensure that the funds and ETFs invested by Cathay Life are issued by counterparties or asset management firms that align with our responsible investment approach, we take the following steps to understand their ESG policies and practices:

- Verify if the counterparty is a signatory of PRI or the stewardship code in their home country, or review their ESG implementation status
- Evaluate the ESG performance of the funds and investment managers using a professional ESG rating agency's database.

■ Investment Mandates

Cathay Life and Cathay Century have established relevant investment mandates that clearly outline management guidelines to ensure that the managers implement responsible investment during the mandate period. All positions of the mandated assets from Cathay Life and Cathay Century are fully entrusted to managers who are PRI signatories or signatories to the home country's stewardship code. Please refer to [Table 5](#) in the Appendix for an overview of the profile of responsible investment and stewardship principles for Cathay FHC's mandated assets over the years.

Management Guidelines for Investment Managers	
Cathay Life	Cathay Century
<ul style="list-style-type: none"> ● The contract clearly outlines that ESG and climate factors should be integrated into the investment process ● Review whether the investment manager is a PRI signatory/ signatory to their home country's stewardship code ● The investment manager must adhere to Cathay Life's exclusion list and sensitive industry guidelines ● Review the manager's ESG implementation status ● The investment manager must provide an annual report detailing ESG integration actions 	<ul style="list-style-type: none"> ● Integrate responsible investment considerations into the mandate contract ● Cathay Century conducts regular audits of the investment mandate at least once a year and submits the audited content as a report ● The manager must regularly evaluate the performance of the mandate and report to Cathay Century for internal review

5.2.2 Strengthening Investment Impact

Cathay regularly conducts reviews of the ESG scores of its existing positions, checking against the sensitive industry list and assessing their controversy ratings. If an investment target's ESG performance requires enhanced monitoring, Cathay conducts a further evaluation to determine whether or not to continue the investment. Through impact investing, corporate engagement, and enhancing investors' adherence to stewardship principles, Cathay FHC continues to review and monitor its investments to fulfill our responsible investment obligations. In addition, Cathay started working with National Taipei University in 2020 to establish the first ESG rating mechanism that is in line with the international methodology. In 2022, Cathay was the first to launch its "sustainable investment" services, expanding Cathay's domestic influence in the sustainable investment sector.

■ Impact investing

Impact investing is an investment approach that focuses on creating positive social and environmental outcomes to achieve measurable social and environmental impact while seeking financial returns. It differs from charitable donations in that impact investors seek to solve environmental and social problems while seeking a financial return, rather than simply providing financial support through donations. Impact investing encourages companies to adopt more sustainable business models by integrating social and environmental goals into their business strategies to increase efficiency and competitiveness. The target companies or projects in impact investing are typically involved in improving social and environmental problems, such as providing educational opportunities/vocational training, access to clean water, improving public health, mitigating and combating climate change, or protecting the ecosystem. With the acceleration of global net-zero and ESG development trends, companies are seeking financing for the development of green sustainable projects and positive social projects. Cathay Life also implements impact investing through investments across asset classes and products, with a total impact investment amount of NT\$54.9 billion by the end of 2022.

Unit : TWD



- **Green bonds:** Our existing investment in green bonds includes the development of renewable energy, energy efficiency, clean transportation, green architecture and wastewater management to support enterprises' full implementation of environmental protection projects. In response to the first round of green bond issuance in Taiwan, Cathay Life purchased US\$30 million worth of green bonds, accounting for 17% of the total issuance in the first round. The cumulative investment amount in domestic and overseas green bonds amounted to NT\$32.9 billion by the end of 2022.
- **Social bonds:** Investing in social bonds, which include the development of basic services and affordable housing, can help companies make a real, practical, positive impact on society.
- **Sustainability bonds:** In addition to purchasing green bonds and social bonds, Cathay Life also invests in sustainability bonds that promote both green investment projects and positive social projects. Through this approach, Cathay hopes to facilitate companies' efforts to improve social and environmental issues.
- **Impact funds:** Make a positive impact by investing in a companies whose products and projects have a positive impact on society and the environment.

■ Active Ownership

Cathay believes that in addition to integrating ESG factors into the investment process, it is critical to implement active ownership, including engagement, voting, and maintaining an active and open channel of communication with investee companies. Financial institutions can incentivize companies to increase their awareness and transparency of ESG issues by engaging in active dialogues. In addition, financial institutions can help companies improve their ESG management, leading to improved long-term competitiveness. These collaborative efforts not only help financial institutions manage and mitigate risks, but also strengthen the resilience of their portfolios. In addition, active ownership brings a positive impact to the portfolio to generate sound environmental and social benefits. Therefore, Cathay is committed to active ownership measures such as engagement and voting to become a leader in responsible investment in Taiwan.

■ Taiwan Stewardship Principles for Institutional Investors

Cathay FHC and its subsidiaries, including Cathay Life, Cathay SITE, Cathay Century, CUB and Cathay Securities, are all signatories to the Taiwan Stewardship Principles for Institutional Investors. Cathay Life, CUB and Cathay SITE received the "List of companies with better institutional investor stewardship disclosure 2022" from the Taiwan Stock Exchange (TWSE). Cathay's adherence to stewardship principles has also been recognized internationally. In 2022, BENCHMARK awarded Cathay SITE with the "Stewardship Award - Outstanding Performance," while Cathay SITE's Cathay Taiwan Select ESG Sustainability High Yield ETF Fund received the "Stewardship Award - Best in Grade."

In addition, Cathay also engages and communicates with the senior management of investee companies by participating in conference calls, seminars, investor conferences and shareholders' meetings. In 2022, a total of 8,411 representatives from Cathay Life, CUB, Cathay Century and Cathay SITE engaged with 2,051 companies. Cathay's subsidiaries publish annual stewardship reports to disclose the status of the implementation of responsible investment and stewardship principles. For more information, please refer to the websites of [Cathay Life](#), [CUB](#), [Cathay Century](#), [Cathay Securities](#) and [Cathay SITE](#). (Some subsidiaries also disclose case-by-case voting disclosure)

Corporate Engagement

Cathay FHC has established the "Cathay Financial Holdings Engagement Policy" and the "Cathay Financial Holdings Engagement Regulations". Meanwhile, climate change and ESG are the two major engagement focuses. The engagement themes include, but are not limited to:

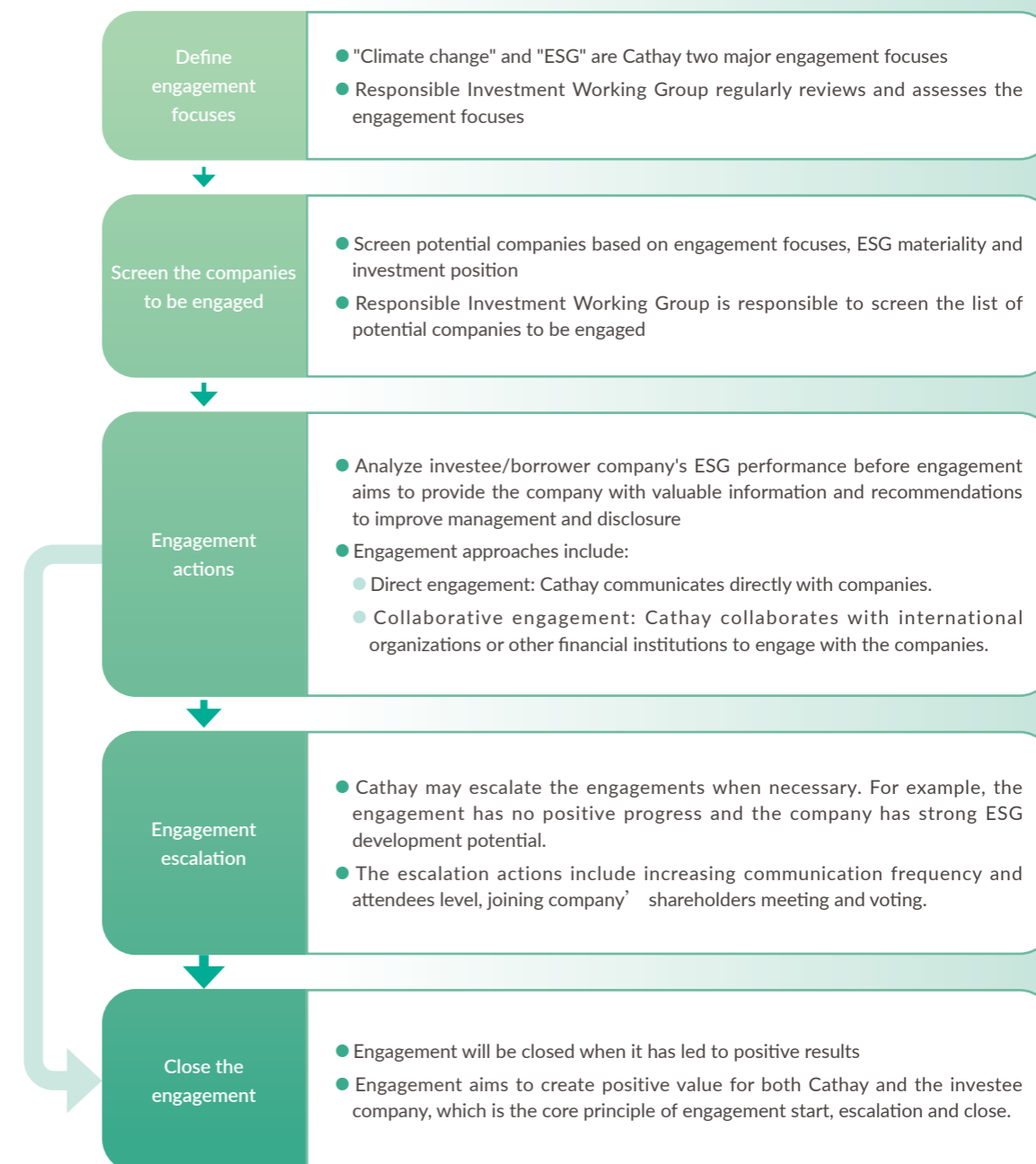
- Climate change: carbon emissions, climate vulnerability, etc.
- Natural capital: water stress, biodiversity and land use, etc.
- Social: labor management, product safety and quality, and management of hazardous chemicals, etc.
- Governance: board of directors, accounting, etc.
- Overall ESG: Management mechanism and disclosure for ESG issues, ESG rating performance, etc.

Cathay conducts individual assessments of investee companies that have exposure to the aforementioned topics. These evaluations consider our shareholdings in the company and the materiality of relevant ESG issues. Based on this analysis, we determine the necessity of engaging with the investee company. Cathay Life, CUB, Cathay Century, Cathay Securities and Cathay SITE all conduct engagement activities with their investees.

Engagement Overview		
Engagement Themes	Climate Change	ESG
Engagement results in 2022	20 engagements	48 engagements
Objective	Urge the focus companies to transit toward low-carbon and take specific climate actions.	Urge the focus companies to improve relevant management and information disclosure on ESG issues
Goal	Engage with key companies that account for 55% of total carbon emissions in our domestic investment and lending portfolios by 2030	Undertake 45 engagements each year aiming to urge companies to improve ESG-related management mechanisms and disclosure.
SDGs	13	6, 7, 12

Note: Cathay adheres to the engagement approaches defined by international organizations such as PRI (Principles for Responsible Investment). We engage with companies on various ESG (Environmental, Social, and Governance) issues with approaches such as phone calls, emails, meetings, and making a statement at AGM. Our goal is to have in-depth dialogues that influence the target companies to enhance their ESG actions. Approaches such as solely requesting ESG data, sending out ESG questionnaires, or attending AGM or analyst meetings without further interaction are not considered as part of the aforementioned engagement activities.

Please refer to Cathay FHC's engagement process below. For detailed information on Cathay FHC's 2022 climate engagement actions, please refer to [2.1.2 Leader in Climate Engagement Actions](#).



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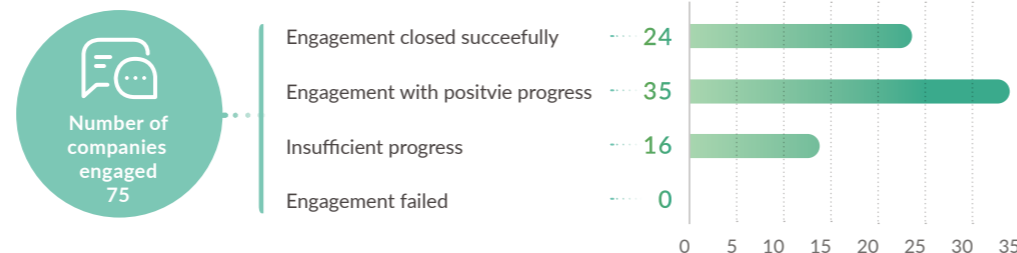
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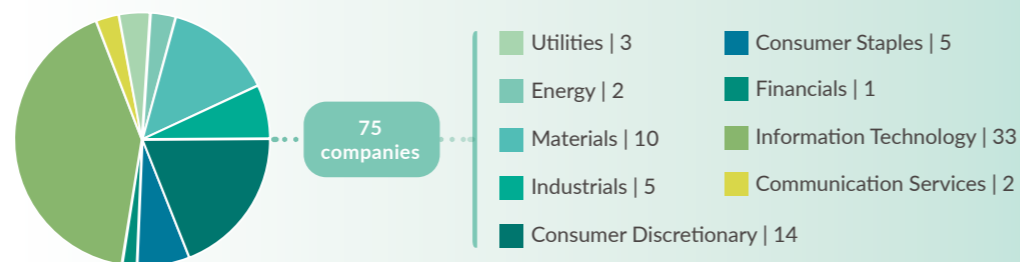
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In 2022, Cathay engaged 120 times with 75 companies on 16 material ESG issues. The engaged investee companies were mainly in the information technology, consumer discretionary, and raw materials industries. The main engagement topics were "climate change vulnerability" and "carbon emissions". Overall, the engagements led to positive developments.

2022 Engagement Outcome



Breakdown of engagements by sector



Breakdown of engagement approaches



Note: Cathay adheres to the engagement approaches defined by international organizations such as PRI (Principles for Responsible Investment). We engage with companies on various ESG (Environmental, Social, and Governance) issues with approaches such as phone calls, emails, meetings, and making a statement at AGM. Our goal is to have in-depth dialogues that influence the target companies to enhance their ESG actions. Approaches such as solely requesting ESG data, sending out ESG questionnaires, or attending AGM or analyst meetings without further interaction are not considered as part of the aforementioned engagement activities.

Breakdown of engagement themes



Engagement Escalation

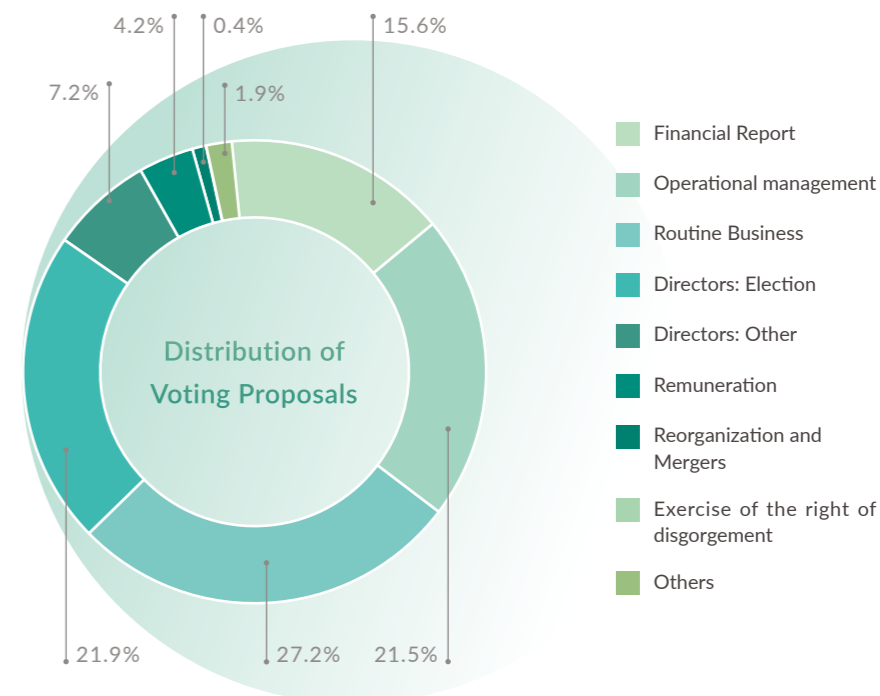
The Responsible Investment Working Group, operating under the Corporate Sustainability Committee, regularly evaluates the engagement outcomes of the group's focal investees. In cases where the outcome significantly deviates from expectations, the engagement will be escalated based on management needs. This can involve measures such as increasing communication frequency, top management conversation from both parties, inviting the investee's key stakeholders to join the engagement, making ESG statements in the investee's Annual General Meeting (AGM) or investors conference, and exercising voting rights or filing ESG proposals during the investee's AGM. Subsidiaries may also share their views on relevant ESG shareholder proposals with the investee before the investee's AGM.

Case Study - Cathay Century's Engagement Escalation	
 <p>Background</p>	<p>In 2022, Cathay Century observed that the investee company had an overall rating of B in MSCI's ESG rating system, lagging behind its industry peers. After a thorough review, it was determined that the rating was due to poorer performance in clean technology opportunities.</p>
 <p>Actions</p>	<p>Cathay Century's investment team raised the issue during the extempore motion session of the investee company's AGM. The team made relevant recommendations to the investee company, pointing out that the rating could be improved by strengthening the disclosure of the company's sustainability efforts. This would allow THE external parties and rating agencies to have better understanding about the company's ESG performance.</p>
 <p>The Engagement Impact</p>	<p>The chairman of the investee company responded directly to the motion during the shareholders' meeting. In addition to committing to continued social and environmental contributions and strengthening the implementation of corporate governance, the company will strive to improve the disclosure of ESG-related information:</p> <ul style="list-style-type: none"> ● Environmental: In response to the challenges of climate change, the company will actively review energy conservation and carbon reduction measures in the manufacturing process and at its facilities. ● Social: Foster a welcoming and supportive workplace environment, enhance employee well-being, and safeguard human rights in the workplace. ● Governance: Continue the enhancement of ethical corporate management and risk management. <p>Cathay will continue to monitor the improvement status of the investee company as a reference for future investment position adjustment.</p>
 <p>Others</p>	<p>This engagement marks the first time a financial institution in Taiwan raised an ESG issue at a shareholders' meeting of an investee company, which is a demonstration of Cathay's commitment to sustainability.</p>

Voting

Cathay believes that financial institutions should not only carefully assess the ESG risk exposure of their portfolios, but also exercise their voting rights as a critical obligation in the process of implementing responsible investment. By doing so can help Cathay to ensure that investee companies take responsible actions, which in turn ensures the interests of the financial institution's clients and shareholders. The actions and decisions of an investee company not only affect investment returns, but also have social and environmental impacts. As responsible investors, financial institutions should assess the impacts of AGM proposal and support companies that prioritize economic, social, and environmental actions. This will strengthen the company's transparency and sense of responsibility and drive more active ESG implementations, which will enhance the company's long-term value and investment returns.

In the best interest of our clients, beneficiaries and shareholders, Cathay FHC's subsidiaries have established a clear voting policy and proxy voting policy, actively participate in AGM and exercise our voting rights prudently and responsibly. We do not unreservedly support the proposals proposed by the management of an investee company. In addition, the subsidiaries have established their respective voting policies that apply to their invested listed companies. For detailed policy information and voting results over the years, please refer to the official websites of our subsidiaries: [Cathay Life](#), [CUB](#), [Cathay Century](#), [Cathay Securities](#) and [Cathay SITE](#).



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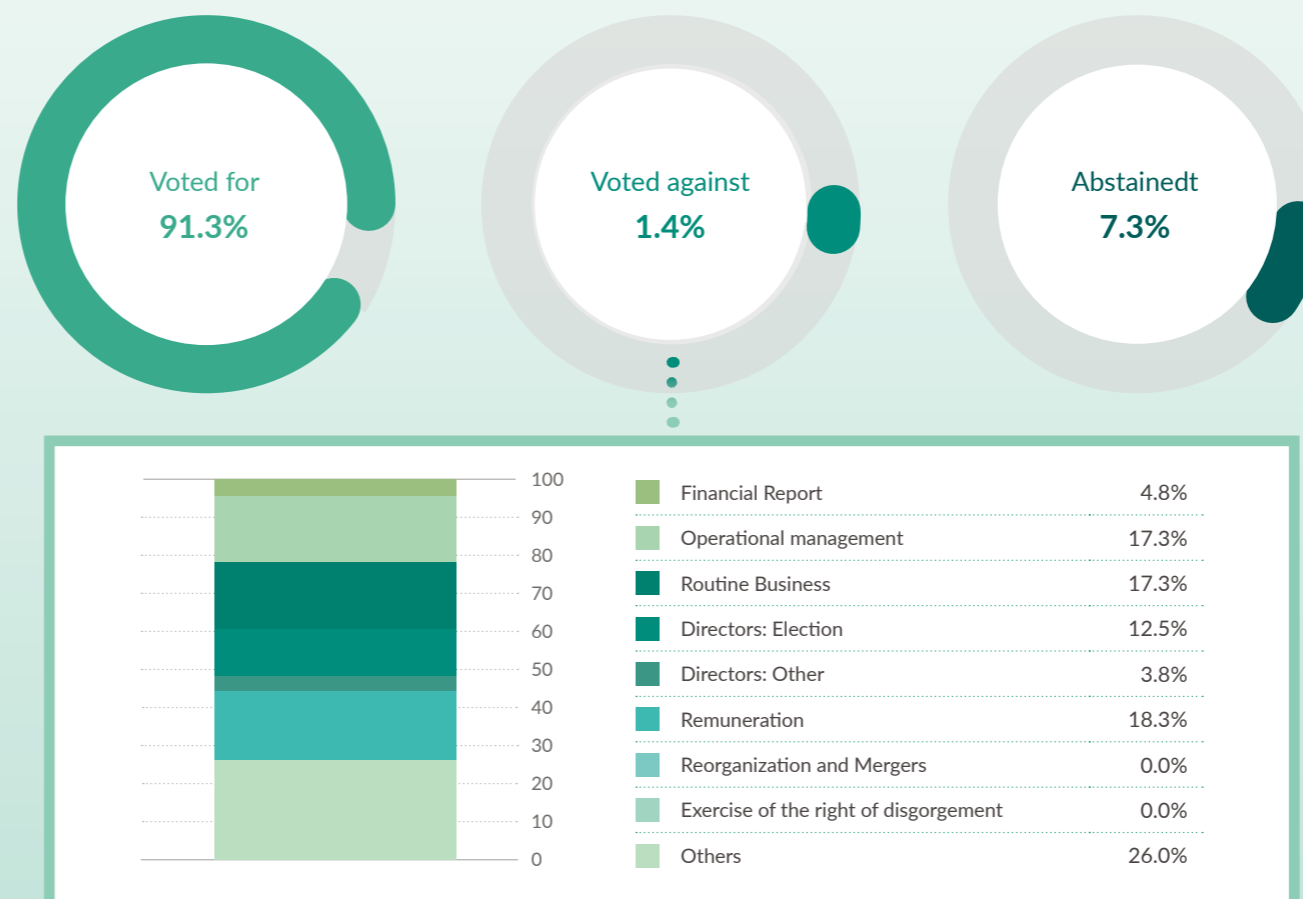
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Cathay and its subsidiaries determine the threshold for exercising voting rights by analyzing the impact on our investee companies' overall operations, such as shareholding proportion, and their adoptability. In principal, we support proposals made by the investee company's senior management. However, we don't support any proposal that hinders a company's sustainable development or good corporate governance practices (e.g., misreporting, lack of board independence, inappropriate remuneration) or has negative environmental or social impacts (e.g., environmental pollution, human rights violations, labor rights violations). The subsidiaries specify the considerations for the types of proposals voting against or abstaining in their voting policy and also carefully conduct an internal evaluation and analysis of each proposal before voting. Cathay's goal is to enhance the long-term value of an investee company and create a positive environmental and social impact. Our subsidiaries are also required to communicate with the investee company before voting after careful evaluation to fully exercise their active ownership.

In 2022, Cathay attended a total of 963 shareholder meetings and voted on 7,196 proposals.

In principle, Cathay Life supports the sustainability-related shareholder proposals that can create long-term value for the investee company. Meanwhile, to encourage investee companies to take more specific climate action, Cathay Life will also support climate-related proposals that are aligned with the carbon reduction targets in line with the Paris Agreement. Exercising voting rights in accordance with the investee companies' climate plan and targets is to showcase Cathay Life's actions to stewardship principles. In 2022, we supported the proposals from investee companies, such as publishing reports on GHG reduction targets, disclosing approaches to manage climate-related risks and transit toward low-carbon economy, and publishing inclusion and diversity reports. Overall, Cathay Life has supported 100% of climate proposals which facilitating the sustainable development of investee companies.



Note: According to Article 146-1 of the Insurance Act, insurance companies are not allowed to vote in director and supervisor elections of domestic companies they have invested in, hence the abstention votes for proposals related to the appointment of directors and supervisors.

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Climate-Related Proposals - Case Study



Company C:

A company in oil and gas industry and one of the focus companies under the CA100+ initiative.

The proposal made during Company C's 2022 AGM: The proposal asked that the company provide a report on its greenhouse gas (GHG) emissions target.

Overview:

The Company C has committed to reduce its Scope 1 and 2 GHG emissions by 2025 and 2030, respectively. It has established a low-carbon technology department in response to its commitment to eliminate routine flaring by 2025, however, the company has not yet set its carbon reduction target specifically for Scope 3 emissions (the proposed goal of achieving net zero emissions by 2050 includes only Scopes 1 and 2).

Compared to other oil and gas industry peers, Company C's GHG reduction targets appear less ambitious and inconsistent with a net-zero emissions scenario. Many peers in oil and gas industry have committed to more aggressive GHG reduction targets, such as achieving net-zero emissions across the value chain by 2050. In addition, other companies are reducing their investment in oil and gas development while committing to work with customers to reduce their demand for oil and gas. They are also increasing their investment in alternative fuels and technology research and development as part of their commitment to reducing Scope 3 emissions. In contrast, Company C's targets do not reflect similar efforts to reduce its carbon footprint. If the global marketplace takes more ambitious action to limit global warming to 2° C, we anticipate Company C to face significant regulatory, competitive, legal, and financial risks.

As a result, Cathay expects to Company C's disclosure of its plans to reduce its carbon footprint and align its operations with the Paris Agreement targets. We would like to learn more about the company's short, medium, and long-term emissions reduction targets across its value chain. Such disclosure will provide investors with a clearer understanding of how Company C is managing climate-related risks and opportunities, and how will it transition to a low-carbon economy, which is in line with Cathay's expectations of the investee company. Therefore, we support the proposal to require Company C to request on its GHG emission reduction targets.

Sustainable Investment Products and Services

Sustainability Stock filter and monitoring service in Cathay Securities APP

In 2020, Cathay Securities, Cathay Futures and National Taipei University (NTPU) join forces to provide ESG research services to institutional investors. Cathay uses the SEED (social, environmental, economic, disclosure) rating methodology developed by the Corporate Sustainability Research Team of National Taipei University to create the first ESG rating system in line with international methodology. The rating system covered 658 companies in 2022. In addition to providing the latest ESG research reports, this industry-academic cooperation also began providing investors with a customized "ESG Engagement Report" in 2022. We believe that engagement with rated companies can facilitate the promotion of sustainable operations by Taiwanese companies. In addition, in response to the increasing demand for ESG investment, Cathay Securities leveraged the information provided in the "Taiwan Sustainability Review" published by NTPU in collaboration with Cathay, and launched the innovative, industry-first "Sustainability Investment" services in 2022. We aim to provide a clear overview of the impact of sustainability and help investors generate returns while understanding the power of ESG stocks.



Note: SEED indicates S(Social) \ E(Economics) \ E(Environmental) \ D(Disclosure)

Sustainability Funds

Cathay SITE - Cathay Taiwan Select ESG Sustainability High Yield ETF Fund

Largest AUM ESG-themed ETF in Taiwan

- Fund AUM reached NT\$137.6 billion as of the end of 2022
- The COVID-19 crisis in 2020 has underscored the importance of corporate responsibility towards employees and supply chain management. To address this, Cathay SITE has partnered with MSCI to offer investors the opportunity to invest sustainably on an international scale. Our investment approach uses a dividend yield-weighted stock selection methodology designed to deliver consistent returns in line with investor expectations. The fund's performance has broken several records on the Taiwan Stock Exchange since its IPO

Cathay US ESG Fund

Focusing on elite US ESG stocks

- Fund AUM reached NT\$4.15 billion as of the end of 2022
- The fund uses ESG ratings from MSCI, a globally recognized rating agency. At least 70% of the portfolio is invested in companies with an ESG rating of A or higher. In addition, the fund excludes companies involved in controversial industries such as arms, tobacco, marijuana and adult entertainment. Our strategy aims to increase portfolio stability and promote socially responsible companies by investing in companies with strong ESG characteristics.

5.3 Responsible Lending

CUB is dedicated to managing ESG and climate risks and has adopted the "Guidelines Governing ESG and Climate Risk Management." Our commitment to addressing climate change and mitigating environmental, social and governance risks is evident in the integration of responsible lending into our core competencies and operations. As a strong supporter of the Paris Climate Agreement and TCFD framework, we have established a clear definition of climate risks (including transition and physical risks) and integrated them into our lending procedures and ESG management mechanisms. We are committed to continuously improving responsible lending risk management and building our capacity to respond to ESG and climate-related risks. In addition, CUB voluntarily committed to complying with the UN Principles for Responsible Banking (PRB) in 2018 to promote responsible banking and exert our financial influence. In February 2021, we became the first bank in Taiwan to have our UN PRB efforts successfully assured by accounting firms. As part of our efforts, we continue to invite our value chain partners to work together to promote sustainable environmental and social development to fulfill our corporate social responsibility. For details on the implementation of the ESG review for Cathay United Bank's corporate lending status, please refer to [Table 2](#) in the Appendix.



Exclusion

CUB operates in accordance with Cathay FHC's exclusion list and has developed an exclusion list from lending, including controversial weapons, human rights violations, adult entertainment, mining, coal-fired/nuclear power generation, coal-related industries, upstream mining of oil and natural gas, the tobacco industry, gambling, gaming, logging in tropical rainforests, and gillnet production and gillnetting



Credit Facility Application

ESG Risk Rating Mechanism: CUB places stringent control over ESG-related risks arising from loans. We continue to refine our ESG risk management mechanism by integrating climate change, environmental impact, and human rights issues into consideration. An internal ESG risk rating management mechanism has also been established

Sensitive Industry: CUB classifies industries that are highly exposed to climate risks, such as carbon emissions, water use, electricity use and waste, as sensitive industries. We have also developed a risk management mechanism for these industries to better understand and assess environmental and climate-related risks



Credit Review Assessment

Risk Assessment and Mitigation: CUB follows the "Environmental, Social, and Governance (ESG) Rules for Corporate Loans," which require Know Your Customer (KYC) and ESG risk assessments when processing corporate loans. We integrate ESG considerations into our credit underwriting and management processes through risk ratings. In addition, we require post-incident remediation and risk mitigation measures based on the level of risk identified

Equator Principles (EPs): CUB follows the "Rules Governing Project Finance of the Equator Principles" in managing environmental and social risks during transaction review and processing, including environmental and social risk classification, assessment, review and post-lending management. CUB assesses environmental and social performance against standards set by the International Finance Corporation, as well as third-party advisory reports. The results of the review are incorporated into the credit risk assessment and loan terms to ensure better management of environmental and social risks for Equator Principles-related financing projects. In 2022, two cases reached financial close in accordance with EP regulatory disclosures. For an overview of past Equator Principles-related transactions, please refer to [Table 3](#) in the Appendix.



Post-Loan Management

Annual Review and Early Warning: CUB performs an annual ESG risk assessment on all corporate borrowers to evaluate the loan's ESG lending status, compliance, and ESG rating changes; Continuously monitoring changes in a client's ESG risk profile is crucial to provide early warning and respond effectively to potential ESG risks. Furthermore, we develop financial asset transformation strategies and enhance customer engagement. For detailed implementation information, please refer to [2.1 Low Carbon Economy](#).

■ Principles for Responsible Banking (PRB)

As the largest privately owned bank in Taiwan with the largest number of branches, CUB has always been committed to the growth and development of businesses and individuals. To this end, we offer a wide range of products and services to meet the financial needs of both institutional and individual investors. CUB is an industry leader in both credit card and wealth management services. CUB translates Cathay's corporate social responsibility into real actions. We work with all stakeholders to leverage our positive financial impact and continue to monitor the negative social, economic and personal impacts caused by environmental changes and the pandemic. For the PRB implementation summary, please refer to [Appendix 7.3](#). For detailed information, please refer to CUB's 2022 Report on the Implementation of the Principles for Responsible Banking (PRB).

■ Implementation of Principles for Responsible Banking (PRB): Creating effective organizations with a responsible banking culture

CUB has established a Corporate Sustainability Working Group as a continuation of Cathay FHC's Corporate Sustainability Committee governance framework. It is the core unit for promoting corporate sustainability and is chaired by the President of CUB. Within the CS Team, there are six task forces, all led by senior CUB executives. The CS Team meets quarterly and takes forward Cathay's three focus areas in its sustainability strategy - climate, health and empowerment. The team has developed short-, medium- and long-term action plans that integrate our core competencies. The implementation of these actions is aimed at embedding the core philosophy of sustainable development in our daily work. The team presents major sustainability tasks to the board of directors at least once a year. In 2022, the team presented to the board twice.

Progress Toward Material Impact Objectives

Goal		Monitor & Tracking	Progress
Renewable energy loans	Increase the share of renewable energy to 85% of total electricity supply lending" by 2025.	Quarterly tracking	<ul style="list-style-type: none"> As of the end of 2022, the share of renewable energy supply accounted for 87.56%, which is an early target achievement. With CUB's early achievement of the renewable energy lending target, the Bank continues to leverage its core competency in supporting the energy and low-carbon transition. As a result, "Green Deposit/Loan Products or Services" has been set as a new target. We are committed to providing more financing to become the strongest supporter of our customers' low-carbon transition efforts, working together to enhance their sustainable competitiveness.
High emissions industry loan	"Zero Coal Financing" : Achieve zero coal lending by the end of Q1 2027. (note)	Quarterly tracking	<ul style="list-style-type: none"> The revolving credit line for zero coal generation loans would reset to zero at the end of 2022 and would not be renewed after the buffer period. Medium to long-term quota will be phased out and no new loans will be approved.
Green Deposit/Loan Products or Services	Based on 2022, the scale of green deposit products or services will grow by 100% by 2030.	Annual tracking	<ul style="list-style-type: none"> New goal in 2022.

Note: upstream/midstream/downstream coal industry chain includes coal-related mining, manufacturing, wholesale and retail, all are listed on the bank's exclusion list.

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5.4 Sustainable Insurance

At Cathay, we recognize sustainability as our responsibility. As a part of our commitment to sustainability, Cathay Life is the first financial institution in Asia to voluntarily adopt the Principles for Sustainable Insurance (PSI). Commitment, accountability, richness and ecoliving (CARE) are the focus areas of our strategy; Cathay Century has also voluntarily adopted and integrated PSI into the organization's systems and operations as a part of our commitment to aligning with international standards and leading the industry in sustainable development. For Cathay's implementation of Principles for Sustainable Insurance (PSI), please refer to [Appendix 7.3](#).

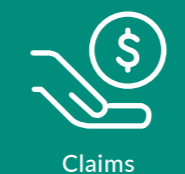
Insurance ESG Integration Management Process



- Integrate ESG risks into product design considerations; use insurance to provide a basic safety net for different groups, extending coverage from reimbursement to promoting the importance of prevention
- Cathay Life has established an external advisory team to gain insight into ESG trends, while the internal data collection team provides feedback to the product design team
- Cathay Century has established an ESG review process for insurance product development, and new products are reviewed against the ESG Issue CHECKLIST



- Integrate ESG considerations into the underwriting process, such as environmental, construction approach, risk planning and customer protection issues, etc
- Cathay Life has developed models and systems that evaluate ESG-related risks. These models and systems assign a risk score to each policy, and if the score exceeds a certain threshold, automated warnings are sent out to underwriters to review the policy
- Cathay Century has implemented a risk assessment mechanism to identify and assess potential ESG-related risks in eight sensitive industries. The underwriting process considers the insured's level of ESG participation. Depending on the level of participation, some insurance products may be offered at an increased or decreased premium



- Cathay Life implements comprehensive fraud risk management to ensure the company is effectively diversifying risks
- At Cathay Century, our claims personnel are responsible for managing moral hazard and fraud risks during the claims handling process. To address these risks, they conduct real-time monitoring for anti-money laundering and information security-related activities and have established relevant internal control mechanisms
- Initiate an expedited claims process for environmental and social catastrophes, and actively condolence, provide counseling services, premium reductions, and financial assistance
- Enhance digital services to help customers keep track of claims progress and other insurance-related tasks

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CHAPTER

Sustainable Governance

- ▶ 6.1 Corporate Governance ▶ 6.2 Risk Management
- ▶ 6.3 Ethical Corporate Management
- ▶ 6.4 Information Security ▶ 6.5 Service Quality & Customer Rights



Enhanced the independence and diversity of the board of directors; one female independent director was added to the eighth board of directors election



Full implementation of Cathay's risk management measures
Execute due diligence on human rights; six human rights risk issues were identified



Strengthen Cathay's climate-related financial disclosures

- Releases Cathay's first TCFD Report
- Taiwan's first financial institution, selected as the risk management disclosure case of TCFD Status Report

In today's rapidly changing financial landscape, businesses must confront numerous risks and emerging issues. Therefore, sound corporate governance is crucial for success. At Cathay FHC, we prioritize the core values of "integrity, accountability and innovation," requiring all employees to comply with professional ethical standards and government regulations. Moreover, we uphold customer-centric operational principles, striving to provide accessible products and services that meet our customers' needs while safeguarding their rights.

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Material Sustainability Goals

Material Issues	Short-term Goals (2023)	Mid-term Goals (2025)	Long-term Goals (2030)
Digital Transition and Innovation	Achieve 80% or higher in customer satisfaction with digital services	Achieve 80% or higher in customer satisfaction with digital services	Achieve 80% or higher in customer satisfaction with digital services
Business Continuity	Continue to improve Cathay's business continuity management; enhance exercise scenarios to increase the company's operational resilience.	<ul style="list-style-type: none"> ● Enhance the execution of operational impact analysis, compliance risk assessment and review the comprehensiveness of the Business Continuity Plan. ● Perform regular on-site exercise scenarios to test the effectiveness of the Business Continuity Plan. 	
Information Security	<ul style="list-style-type: none"> ● Adopt information security management mechanism: <ol style="list-style-type: none"> 1.Implementing the ISO 27001 information security management systems and obtaining the certification 2.Establish a mechanism for information category classification ● Establish the Information Sharing and Analysis Center (ISAC), Security Operation Center (SOC), and Computer Emergency Response Team (CERT) and strengthen their operations 	<ul style="list-style-type: none"> ● Implement a risk management mechanism for the information supply chain ● Improve cloud information security framework and management protocol ● Implement information security maturity evaluation model 	<ul style="list-style-type: none"> ● Implement zero trust architecture and establish a complete identity authentication and device authentication mechanism
Ethics and Compliance	Improve Cathay's front-line compliance results; enhance the compliance digital management system.	Strengthen our compliance culture by promoting the core values of integrity, accountability, and innovation. This involves developing a compliance governance structure that addresses behavioral risks and establishing a platform to share best practices for managing digital internal controls.	
	Strengthen the application of digital technologies in Cathay's AML/CFT management and a joint risk defense mechanism; the number of subsidiaries that exceed Cathay's ML/FT risk appetite: 0.	Improve a risk-based Cathay AML/CFT risk management and improve its effectiveness. The actions include developing an AML/CFT joint risk defense mechanism using digital technology enhancement, and ensuring that no subsidiaries exceed Cathay's ML/FT risk appetite.	
	Professional talent development to cultivate compliance (including AML/CFT) professionals	Expand Cathay FHC's compliance (including AML/CFT) talent pool	
Privacy and Information Security	<ul style="list-style-type: none"> ● Continue to improve the management framework for personal information management; conduct regular exercises of personal information breach scenarios to facilitate prompt response and mitigate losses resulting from the breach ● Strengthen training to facilitate personal information protection awareness 	<ul style="list-style-type: none"> ● Continue to conduct scenario-based breach exercises and promote the importance of personal information protection to ensure the effectiveness of our management measures ● Consolidate and standardize the personal information access and retrieval control mechanism within the data platforms to ensure the adequacy of the overall personal information control measures ● Work with all personal information management departments across Cathay to raise the level of management to meet international standards of personal information protection 	

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Material Issues

Short-term Goals (2023)

Mid-term Goals (2025)

Long-term Goals (2030)

Customer Relationship Management

【Cathay Life】
R-NPS ≥20

【CUB】

- Customer Service Center : tNPS maintained at 60 points., or ratio of 0-6 detractors decreased.
- Digital Platform : rNPS improved compared with the previous period, or ratio of 0-6 detractors decreased

【Cathay Century】

NPS improved compared with the previous period, or ratio of 0-6 detractors decreased

【Cathay Securities】

NPS improved compared with the previous period, or ratio of 0-6 detractors decreased

【Cathay SITE】

R-NPS maintain at 40 points, and Improve online question and answer service performance.

【Cathay Life】
R-NPS ≥20

【CUB】

- Customer Service Center : tNPS maintained at 60 points., or ratio of 0-6 detractors decreased.
- Digital Platform : rNPS ranking first compared with other domestic competitors.

【Cathay Century】

NPS improved compared with the previous period, or ratio of 0-6 detractors decreased

【Cathay Securities】

NPS at Taiwan stock business node reaches 60 points or above.

【Cathay SITE】

R-NPS maintain at 40 points, and Improve online question and answer service performance.

【Cathay Life】
R-NPS ≥20

【CUB】

- Customer Service Center : tNPS maintained at 60 points., or ratio of 0-6 detractors decreased.
- Digital Platform : rNPS ranking first compared with other domestic competitors.

【Cathay Century】

NPS improved compared with the previous period, or ratio of 0-6 detractors decreased

【Cathay Securities】

NPS at each business node reaches 60 points or above.

【Cathay SITE】

R-NPS maintain at 40 points, and Improve online question and answer service performance.

Risk Management

- The Risk Management Committee becomes one of the functional committees under the board of directors.
- Hold a quarterly climate governance meeting to strengthen cross-business collaboration and communication on climate issues.
- Stay current on environmental and biodiversity trends in the international community to identify environmental risks and opportunities.

- Consolidate group risk information to enhance management transparency.
- Research and develop scenario analysis approaches based on the developing trends in environmental and biodiversity issues in the international community.

- Continue to enhance Cathay's risk control framework and ensure strategy consistency across Cathay and its subsidiaries.
- Continue to refine the group's management mechanism for environmental issues to enhance our operational resilience.

Corporate Governance

- Establish the "Risk Management Committee" under the board of directors.
- Participation in external corporate governance and sustainability ratings (e.g., Corporate Governance Evaluation and DJSI Questionnaire).
- Stay current with international corporate governance trends and continuously enhance our corporate governance system, including the operations of our board of directors.

- Hold the ninth board of directors election; continue to strengthen the diversity of the board.
- Continue to participate in external corporate governance and sustainability ratings; complete the third external evaluation of the board's performance and optimize the mechanisms for board operations.
- Stay current with international corporate governance trends and continuously enhance our corporate governance system, including the operations of our board of directors.

- Stay current with international corporate governance trends and continuously enhance our corporate governance system, including the operations of our board of directors.
- Actively participating in corporate governance evaluations conducted by both domestic and international professional organizations to foster a strong corporate governance culture.

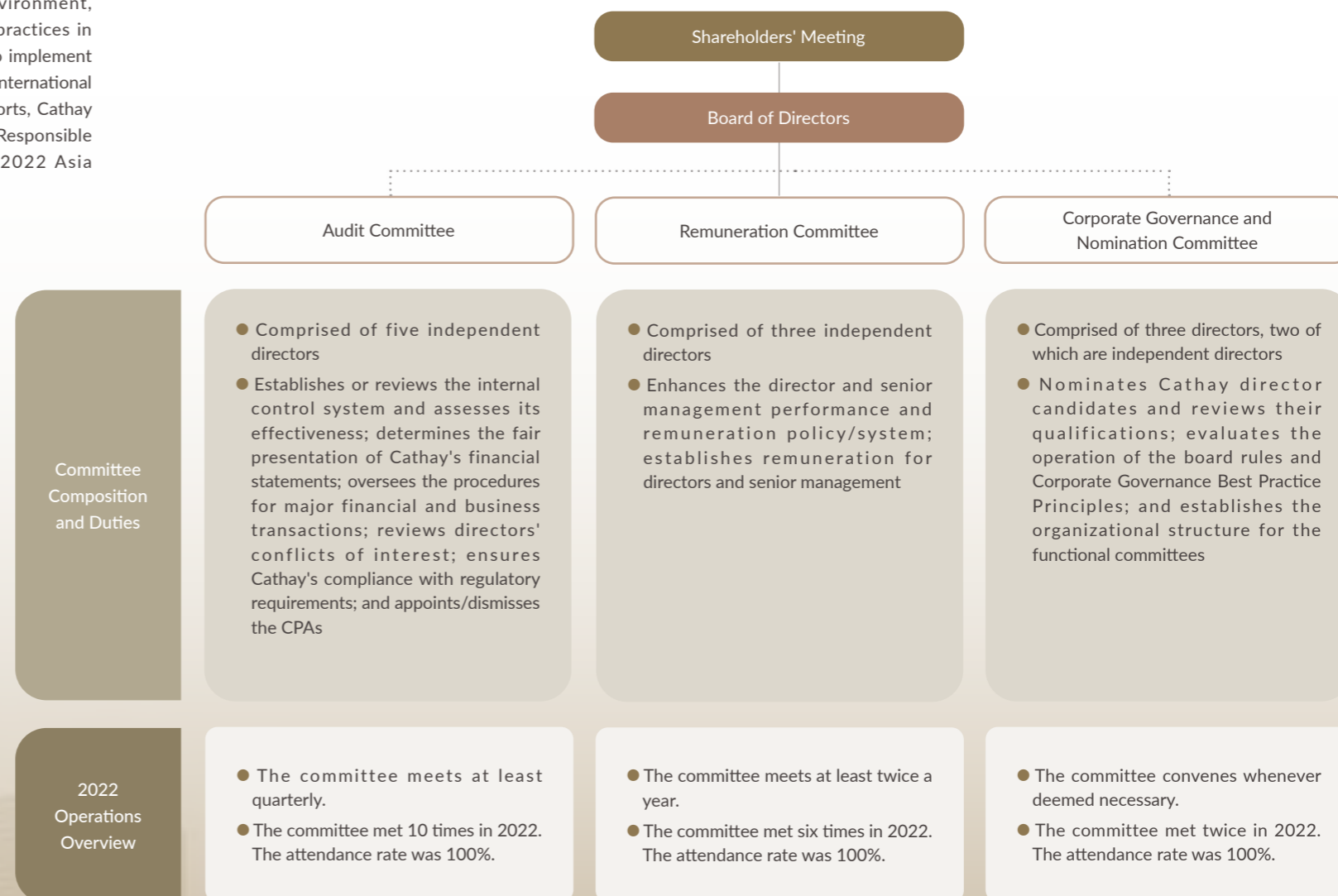
6.1 Corporate Governance

GRI: 2-9、2-10、2-11、2-15、2-17、2-18、2-19、2-20、2-21

Cathay FHC is committed to fostering a corporate culture of integrity and transparency. To this end, we work closely with external professional institutions to continuously improve our corporate governance system. In today's rapidly changing business environment, we strive to adhere to international best practices in corporate governance, which we continue to implement to enhance its effectiveness. As a part of the international recognition of our corporate governance efforts, Cathay FHC Chairman Hong-Tu Tsai received the "Responsible Business Leadership Award" from the 2022 Asia Responsible Enterprise Awards.

6.1.1 Board of Directors - Structure and Operation

At Cathay FHC, the board of directors serves as the highest decision-making body, with the chairman acting as its head. The chairman's role is to oversee the company's overall management operation and does not hold any senior leadership management positions. In 2022, the board of directors held 12 meetings with a board attendance rate of 92%. On average, board members have served for 10.8 years (five independent directors serve an average of 3.9 years). At Cathay FHC, the board of directors has established three functional committees: the audit committee, remuneration committee, and corporate governance and nomination committee. These committees are responsible for reviewing important proposals. To effectively implement independent supervision and checks and balances, all proposals at Cathay FHC are reported and discussed by the board of directors. If there is a conflict of interest with the director or the institution he/she represents, the director shall recuse him/herself from the proposal discussion to maximize the benefit of all stakeholders.



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Board of Directors Recusals

At Cathay FHC, "Regulations on Board Meeting Procedures" clearly state that any conflicts of interest with a director or the institution he/she represents must be disclosed during board meetings. If deemed harmful to Cathay's interests, the director must rescue him/herself from the discussion and abstain from voting. Furthermore, the director is prohibited from conducting proxy voting on behalf of other directors. If a director's spouse, second-degree relative, or a company that maintains a managerial or direct reporting relationship with the director has a conflict of interest concerning the proposal before the board, the conflict of interest will also be deemed to exist for the director. Furthermore, Cathay follows the guidelines set out in the "Corporate Governance Best Practice Principles" and "Code of Conduct for Responsible Person Assuming Part-Time Roles" to manage part-time roles and jobs undertaken by directors. The guidelines stipulate that when Cathay directors assume part-time roles, they should ensure the effective performance of their duties for both full-time and part-time roles. There should be no conflict of interest or violation of the internal control and checks and balances mechanism of Cathay FHC, its investee companies and subsidiaries to ensure the rights and interests of our shareholders. For an overview of the implementation of proposal recusals due to conflict of interest, positions held on other boards of directors and their shareholdings, please refer to [2022 Cathay FHC Annual Report](#) P. 13-19 & 52-54.

6.1.2 Board of Directors - Professionalism, Independence and Diversity

For the continuous improvement of corporate governance practices, Cathay FHC attaches great importance to the professionalism, independence and diversity of the board of directors. Cathay FHC has established the "Corporate Governance and Nomination Committee" to oversee the nomination of directors. This is conducted in accordance with regulations, taking into consideration the composition of the board and the qualifications of the candidates.

For information on the implementation of Cathay FHC's Board Diversity Policy, please refer to the [2022 Cathay FHC Annual Report](#) P. 30-32.



Professionalism

- Article 30 of Cathay FHC's "Corporate Governance Best Practice Principles" clearly sets out the requirements for board composition and qualifications of directors. Directors actively participate in continuing education courses on risk management, corporate governance, corporate sustainability, Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT), and information security. In 2022, the directors completed an average of 14 hours of continuing education.



Independence

- Cathay FHC has established a "Code of Conduct for Independent Directors" that stipulates the following - "If an independent director has any objection or reservation, it should be recorded in the minutes of the board meeting." "Cathay FHC cannot hinder, refuse or prevent an independent director from performing his/her duties" and "In performing his/her duties, if an independent director deems it necessary, he/she may request the board to assign relevant personnel or directly engage experts to assist; Cathay FHC will be responsible for all costs incurred." The above measures are in place to ensure that independent directors perform their duties while effectively enhancing the board's operation and the company's business performance.
- At Cathay FHC, the board is comprised of 13 members, five of which are independent directors, which exceeds 1/3 of the total seats.

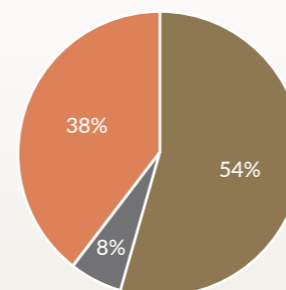


Diversity

- The board of directors at Cathay FHC includes members from diverse backgrounds, spanning various industries and academic disciplines, each bringing a unique set of skills and expertise. In 2022, the board held a re-election process to add another seat for a female independent director.

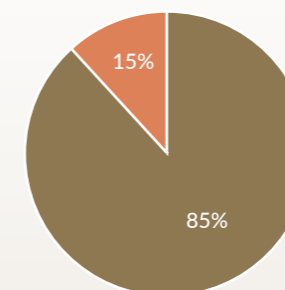
Composition of the Board of Directors

- Non-Executive Director 7
- Executive Director 1
- Independent Directors 5



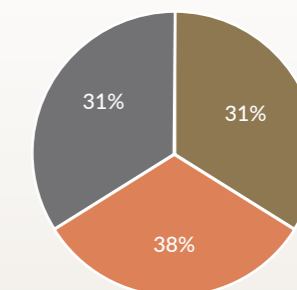
Gender Ratio of the Board of Directors

- Male
- Female



Age Distribution of the Board of Directors

- 51-60
- 61-70
- 71-79



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6.1.3 Board Performance Evaluation

Cathay FHC has established several guidelines and regulations to improve the effectiveness of its board of directors. These include the "Guidelines for Evaluation of Directors' Performance" and "Guidelines for Directors' Remuneration," as well as the "Regulations Governing the Evaluation of the Board and Functional Committee's Performance." These guidelines incorporate indicators such as compliance, corporate governance, risk control, corporate sustainability and corporate social responsibility. At Cathay, we are committed to ensuring that the board and the functional committees fulfill their duties and responsibilities in governance, operations, and corporate sustainability. To this end, we conduct an annual performance evaluation of the board and functional committees. Members of the board and the functional committees, along with the agenda working group, are evaluated for their performances based on established indicators. The agenda working group then organizes the evaluation results, which are filed into three categories - "exceeding expectations," "meeting expectations," and "room for improvement," and presents them to the board of directors.

■ Aspects of Performance Evaluation

 <p>Board of Directors and Functional Committees</p>	<ul style="list-style-type: none"> ● Level of participation in the company's operations (also evaluated on the level of understanding of the duties and responsibilities of the functional committees) ● Strengthen the board's (functional committees') ability to make effective decisions ● Board of directors (functional committees') composition and structure ● Election of directors (functional committee members) and continuing education ● Internal control
 <p>Board Member</p>	<ul style="list-style-type: none"> ● A clear understanding of the organization's mission and goals ● A clear understanding of the role and responsibilities of a director ● Level of participation in the company's operations ● Internal management and communication ● Director's knowledge, expertise and continuing education ● Oversight of the company's financial operations status ● Oversight of the company's internal audit and control, risk management, and compliance functions ● Company credit rating ● Fulfill corporate sustainability

■ Results of Performance Evaluation

Internal Evaluation	External Evaluation
<p>In 2022, the results of the internal performance evaluation of Cathay FHC's board and functional committee showed that the performance "exceeded expectations."</p>	<p>In 2019 and 2022, Cathay FHC engaged the Taiwan Institute of Ethical Business and Forensics to evaluate the performance of its board of directors for the years 2018 and 2021. Following the institute's recommendations for improvement, Cathay implemented measures to enhance the performance of its board.</p>



Note: For detailed results of the board of directors and functional committee performance evaluations, please click on the [link](#).

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6.1.4 Remuneration Structure for Directors and Senior Management

■ Remuneration for Directors

To improve corporate governance and enhance long-term operating performance, Cathay has established the "Guidelines for Directors' Remuneration," which sets out remuneration standards such as a director's variable and fixed compensation, as well as cost of transportation. According to Cathay FHC guidelines, the directors receive variable compensation based on outlined standards. However, independent and external directors only receive fixed compensation without variable compensation. To improve operational risk management, Cathay FHC has established "Guidelines for Evaluation of Directors' Performance," which includes various indicators for evaluating the performance of the board of directors, such as their level of participation in the company's operations, oversight of financial operations, internal audit and control, risk management, and compliance. Those who do not meet the annual evaluation standards will not receive any variable compensation as directors. The fixed compensation for directors is determined based on their level of participation in the company's operations and contribution value and is benchmarked against industry peers. The remuneration committee and the board of directors approve the fixed compensation. In addition, to ensure fair and reasonable compensation for the directors, the remuneration committee and the board evaluate the feasibility of "Guidelines for Directors' Remuneration" once every three years.

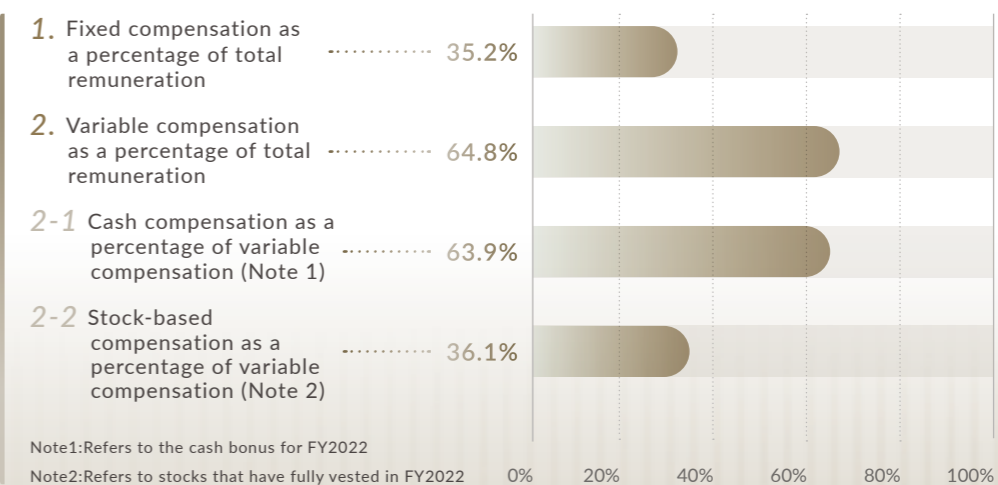
 <p>Remuneration for Directors</p>	<ul style="list-style-type: none"> Established based on the "Guidelines for Directors" Remuneration." The remuneration committee takes into account the level of the director's participation in the company's operation and their contribution value, and benchmarks their remuneration against industry peers. The fairness of the "Guidelines for Directors' Remuneration" is evaluated once every three years, and is submitted to the remuneration committee and the board for approval. In the director performance management development (PMD) process, directors are evaluated based on indicators such as internal audit and control, risk management, and compliance. Those who do not pass are ineligible to receive any variable compensation as directors
 <p>Remuneration for Senior Management</p>	<ul style="list-style-type: none"> Remuneration is established based on the "Guidelines for Remuneration of Senior Management", taking into consideration of roles and responsibilities, performance, and expertise, and is benchmarked against market value. As an example, the variable compensation of the Cathay FHC President is tied to a range of important performance indicators. These include financial indicators, operational indicators, risk control, internal control and compliance, and corporate sustainability indicators. There is a three-year spread-out period for long-term incentives instead of paid out in full in the year of earnings. Cathay conducts an annual remuneration competitiveness analysis and evaluates each senior manager's fixed compensation individually. Additionally, we review the "Guidelines for Remuneration of Senior Management" every three years and submit them to the remuneration committee and board for approval.

■ Remuneration for Senior Management

At Cathay, we have established the "Guidelines for Remuneration of Senior Management." The purpose of these guidelines is to create long-term shareholder value, implement a role-based remuneration mechanism, and provide incentives to attract talented individuals. The guidelines set out standards for compensation and bonuses. The fixed compensation for senior managers is determined based on their roles, responsibilities, performance, and expertise. It is benchmarked against market standards. The variable element of senior management compensation is tied to the company's annual performance and the manager's achievement of personal targets. Both the fixed and variable parts of the compensation are established according to the "Guidelines for Remuneration of Senior Management." They are approved by the remuneration committee and the board of directors. As an example, the variable compensation of the Cathay FHC President is tied to a range of important performance indicators. These include financial indicators, operational indicators, risk control, internal control and compliance, and corporate sustainability indicators. Cathay's operations are primarily based in Taiwan. The compensation of the highest-paid individual within the organization is 41.7 times the median compensation of the organization's employees (excluding the highest-paid individual). In addition, the annual compensation growth rate of the highest-paid individual is 2.8 times the annual median compensation growth rate of the remaining employees.

To further strengthen the company's long-term performance, a portion of the variable compensation for the Cathay FHC President is deferred. The long-term incentives structure involves the payout of the variable compensation over three years rather than in full in the year of earnings. If there are occurrences of aggravated circumstances, such as intentional or material faults, professional activity leading to material risks for the company, or unethical actions during the deferred period, the remuneration committee and the board of directors have the authority to cancel the long-term incentives. To ensure fair and reasonable compensation for senior managers, Cathay conducts an annual remuneration competitiveness analysis and evaluates each senior manager's fixed compensation individually. Additionally, we review the "Guidelines for Remuneration of Senior Management" every three years and submit them to the remuneration committee and board for approval.

■ Cathay FHC President Remuneration Structure in 2022



6.2 Risk Management

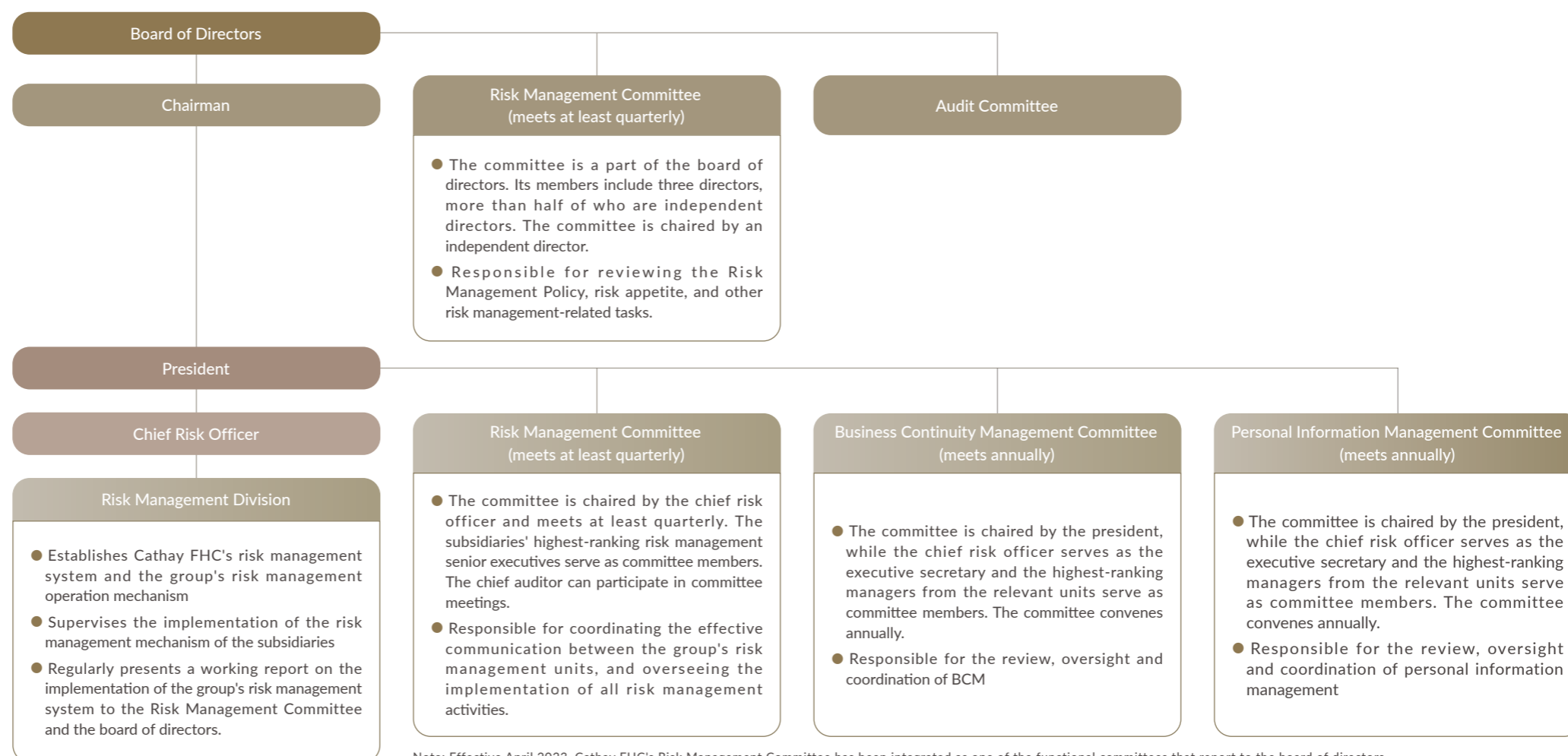
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6.2.1 Risk Management

■ Risk Management Framework

At Cathay FHC, the board of directors serves as the ultimate governing body for our risk management framework, responsible for overseeing and approving the Risk Management Policy and the risk management system. Meanwhile, Cathay's Risk Management Committee is responsible for reviewing the Risk Management Policy for each business.

Risk Management Committee Organizational Chart



Note: Effective April 2023, Cathay FHC's Risk Management Committee has been integrated as one of the functional committees that report to the board of directors.

Enterprise Risk Management (ERM) Measures

Cathay FHC's Risk Management Policy has established rules and standards to manage major risks. We regularly report the results of risk management implementation to the Risk Management Committee and the board to comprehensively monitor and manage Cathay's risk exposure. We develop risk assessment indicators for major risk categories and obtain approval from the board. These indicators are regularly assessed and monitored. In addition, we conduct stress tests to evaluate our capital adequacy and respond to changes in the business environment. To enhance the effectiveness of our risk management process, Cathay has established "Regulations for Reporting Operational Risk Events," "Regulations for Reporting Emergency Credit Risk Events," and "Regulations Governing the Handling of Major Incidents." The corresponding reporting systems are also in place. When a risk event occurs, it is mandatory for all units or subsidiaries to promptly notify the Risk Management Division to initiate a management case. Regular progress reports are required from each unit or subsidiary to review the status of risk events and the implementation of improvement plans. These progress reports are then submitted to the Risk Management Division.

Risk Category	Management Measures
Market Risk	Assess and monitor Value at Risk (VaR) and perform sensitivity analysis on positions to fully implement market risk management in response to price fluctuations in the financial market.
Credit Risk	Regularly monitor risk exposure by reviewing the risk concentration limit for Cathay, different sectors, specific high-risk sectors and countries to effectively diversify credit risk.
Operation Risk	Cathay monitors the frequency of operational risk incidents and the resulting losses by utilizing the internal control system, internal audits, external inspections and compliance mechanisms. We work with subsidiaries to establish business continuity management mechanisms that are certified by international bodies. These measures are designed to strengthen our risk response capability and operational resilience.
Liquidity Risk	Effectively manage capital allocation and reduce liquidity risk by using liquidity gap analysis and cash flow analysis Cathay's subsidiaries have also established a contingency capital response mechanism in the event of significant emergency events that may result in liquidity problems.
Capital Adequacy Management	Cathay reviews our capital adequacy level as a reference for future capital planning through regular/ad hoc calculations of the capital adequacy ratio.
Insurance Risk	Before launching an insurance product, evaluate all risks for the new product and the effectiveness of credit risk mitigation measures. After the product is launched, regularly track the post-sale customer experience to reduce losses that may result from unexpected insurance risk.
ESG and Climate Risks	Cathay is committed to implementing corporate sustainability principles and preparing for the potentially significant impacts of climate change. We utilize internal and external data to manage the ESG risks associated with investment/lending transactions. Cathay has an Investment and Lending Exclusion Policy in place and utilizes the TCFD framework to assess the financial impact of climate change.
Emerging Risks	The global financial business environment is becoming increasingly complex. Critical issues such as technological advancement and the aging population are rising in number and frequency. As a result, Cathay regularly identifies and assesses the material risks we face over the next five years to plan the risk response and control measures.
Reputation Risk	In the event of significant incidents, Cathay should follow the appropriate internal response measures to mitigate negative perceptions from stakeholders, including customers, counterparties, shareholders, investors and regulators.



Sound Risk Management Culture

Cathay uses a multi-pronged approach to foster risk awareness and create a risk culture among our employees to implement in our daily operations. Below is an overview of our implementation measures:

Mechanism	Implementation									
Three lines of defense in risk management	<p>The units are responsible for each line of defense, as well as overseeing subsidiaries' implementation to ensure the proper risk management and internal controls. The measures are continuously optimized based on the defined objectives:</p> <table><tr><th>First Line of Defense</th><th>Second Line of Defense</th><th>Third Line of Defense</th></tr><tr><td>Operational and management units</td><td>Risk management, compliance and information security units</td><td>Audit unit</td></tr><tr><td>Identify and manage business risks and ensure effective monitoring and immediate response to operational risks</td><td>Establish a risk system and perform risk assessment, recommendation and management</td><td>Audit compliance performance and execution of departments' internal control workflows; track the status of follow-up improvements</td></tr></table>	First Line of Defense	Second Line of Defense	Third Line of Defense	Operational and management units	Risk management, compliance and information security units	Audit unit	Identify and manage business risks and ensure effective monitoring and immediate response to operational risks	Establish a risk system and perform risk assessment, recommendation and management	Audit compliance performance and execution of departments' internal control workflows; track the status of follow-up improvements
First Line of Defense	Second Line of Defense	Third Line of Defense								
Operational and management units	Risk management, compliance and information security units	Audit unit								
Identify and manage business risks and ensure effective monitoring and immediate response to operational risks	Establish a risk system and perform risk assessment, recommendation and management	Audit compliance performance and execution of departments' internal control workflows; track the status of follow-up improvements								
Internal self-evaluations	Units should conduct regular self-evaluations and self-inspections of compliance and internal control processes. The purpose is to identify potential risks and ensure that all business activities are compliant.									
Training and awareness promotion	<p>Cathay provides diverse training and courses on risk management based on the business activities of each subsidiary. The board of directors and senior management need to participate in relevant courses on corporate governance and risk management. In addition, all Cathay employees must complete the general education courses on risk management. The course completion rate was 100% in 2022.</p> <p>We publish a monthly periodical on regulation, risk and audit, and share resources and industry examples relevant to compliance, risk management, information security and audit issues.</p>									
Integration of performance review and risk management indicators	<p>Cathay integrates the "risk management" indicator into the performance reviews of the board and functional committees to strengthen the board's commitment to its risk management responsibilities.</p> <p>The internal control implementation and compliance implementation results are included in the performance evaluation criteria for managers and employees. This approach is designed to ensure the effective operation of our risk management system.</p>									

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Business Continuity Management

Companies can only increase their operational resilience by strengthening their ability to respond to risks and emergencies in the face of rapid global changes. Cathay FHC and its subsidiaries take the following measures to continuously improve our business continuity management to protect the rights of our customers.

Establishing the Business Continuity Plan (BCP)

- ★ Cathay FHC and its subsidiaries establish scenario-based recovery plans to ensure rapid restoration of services and minimize losses. Scenarios include disasters, global pandemics, disruption of information services, insufficient capital liquidity, etc.

Certified for ISO 22301 - Business Continuity Management Systems (BCMS)

- ★ In 2021, Cathay FHC and Cathay Life became the first financial holding company and insurance company in Taiwan to obtain the ISO 22301 Business Continuity Management Systems certification.
- ★ In 2022, other subsidiaries (CUB, Cathay Century, Cathay Securities and Cathay SITE) have also successfully become certified. The certification photos are shown below.

Strengthening the Company's Response Capabilities to Material Incidents

- ★ Establish the Business Continuity Management Guidelines and the Business Continuity Management Committee; meet regularly to review the status of business continuity management implementation.
- ★ Use exercise scenarios to ensure the accurate and complete implementation of the business continuity plan (BCP).



Cathay SITE is the first among its peers to be certified for ISO 22301 - Business Continuity Management Systems (BCMS). Cathay SITE Chairman Jeff Chang (left) and President Yung-Chuan (Andy) Chang (right) accepted the certification.



Cathay Century is the first among its peers to be certified for ISO 22301 - Business Continuity Management Systems (BCMS). Cathay Century President Wan-Hsiang Chen (left) and former Chief Risk Officer Wen-Der Tuh (right) accepted the certification.



Cathay Securities became certified for ISO 22301 - Business Continuity Management Systems (BCMS). Cathay Securities President Kuang-Cheng Chou (left) accepted the certification.



CUB is continuously certified for BS 10012 - Personal Information Management System and ISO 22301 - Business Continuity Management Systems (BCMS). CUB President Wei-Cheng Lee (left) and Chief Risk Officer Fa-Hsiang Chang (right) accepted the certification.

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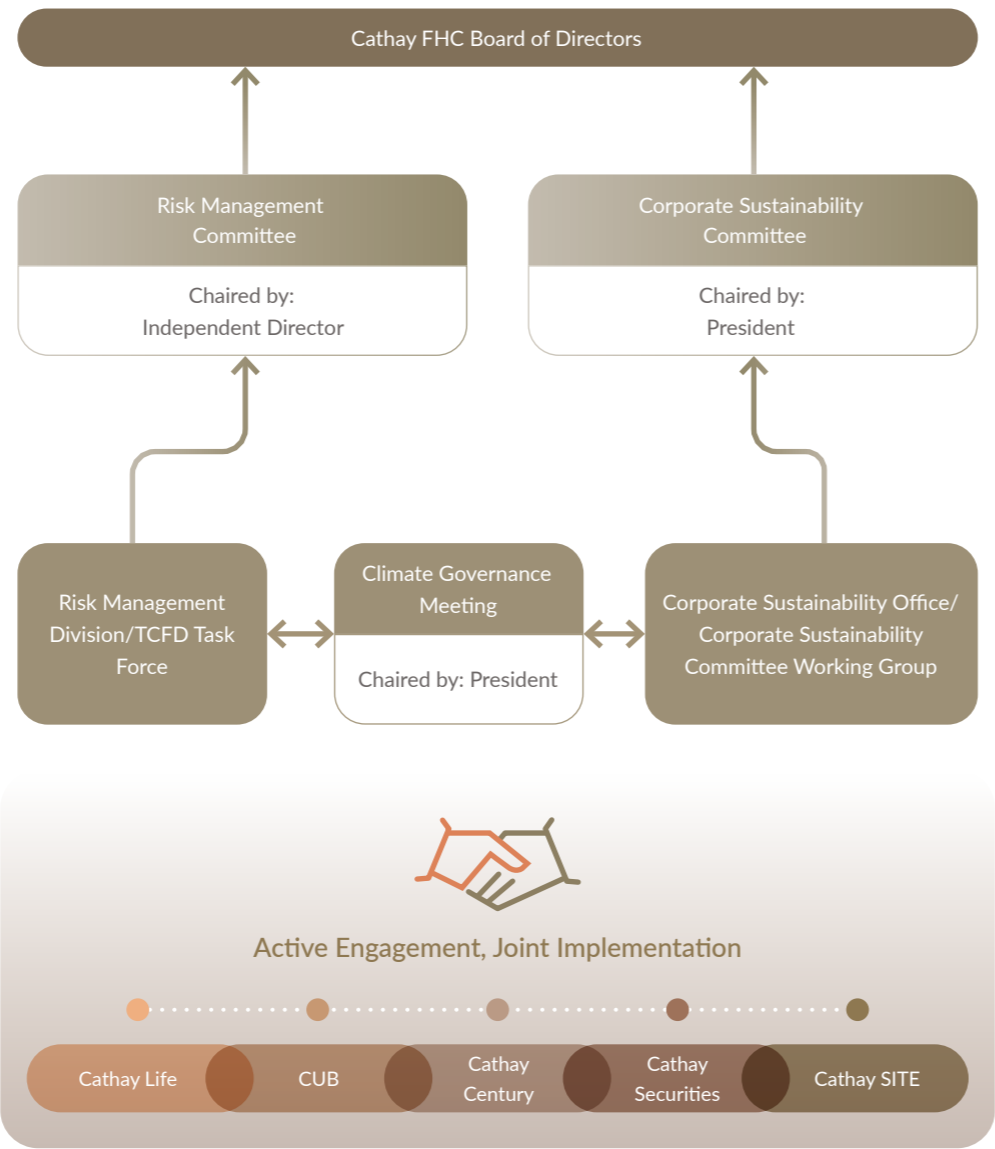
6.2.2 Task Force on Climate-Related Financial Disclosures (TCFD)

To manage climate change's impact on the operational and financial asset risks and opportunities, Cathay has established various working groups under the Corporate Sustainability Committee, as well as the TCFD task force, to identify and evaluate climate-related risks. The board oversees the management status of climate risks and opportunities. In 2022, Cathay was selected as an example of the corporate TCFD Status Report, the first financial institution in Taiwan to be included. For a complete implementation overview of Cathay's TCFD effort, please see Cathay FHC's "[2022 Climate Strategy and Natural Risks Management Report](#)."

Core Category	Implementation Overview	Chapter of Disclosure
 <p>Governance</p>	<ul style="list-style-type: none"> ● Board oversight: Cathay FHC's board of directors is the highest-ranking governance body that oversees and makes decisions on the group's climate issues. The Risk Management Committee and Corporate Sustainability Committee regularly present progress reports on climate risks and opportunity efforts to the board. ● Management actions: The Corporate Sustainability Committee and the Risk Management Committee oversee projects related to climate issues, while the secretariat and the respective working groups support the subsidiaries in promoting climate-related projects/tasks. 	<p>1.1 Sustainable Governance and Management</p> <p>6.1.1 Board of Directors - Structure and Operation</p> <p>Current chapter - Climate Governance Framework</p>
 <p>Strategy</p>	<ul style="list-style-type: none"> ● Identify the potential financial impact from short-, mid- and long-term climate risks and convene relevant units to collectively qualitate six material climate risks and opportunities respectively. This approach allows Cathay FHC to formulate important climate focus areas and mitigating actions into our sustainability roadmap. ● Conduct scenario analysis on physical or transition risks specific to operations, investment and lending, and insurance products. We quantify projected financial impact based on climate data analysis and data application, as well as formulate management actions to enhance the organization's climate resilience. 	<p>1.2 Focus Areas & Blueprint of Sustainable Development</p> <p>Current chapter - Climate Strategy</p>
 <p>Risk Management</p>	<ul style="list-style-type: none"> ● Establish a comprehensive climate risk management procedure, including identification, assessment, response and monitoring. We continue to improve risk management procedures specific to operations, investment & finance, and insurance products. ● Cathay defines ESG and climate risks as a separate category from emerging risks, as well as establishes the ESG and Climate Risk Management Policy & Guideline. We also integrate climate risks into our Enterprise Risk Management Framework (ERMF). Cathay formulates control measures and response strategies through climate-related risk identification and assessment. We aim to integrate climate considerations into our everyday operations and strengthen our risk management capability. ● Developed Business Continuity Management (BCM); the Business Continuity Management Committee reviews the completeness of Cathay's operational procedures, contingency plans, business recovery protocols and remote backup mechanisms to strengthen our emergency response capability in the face of major emergencies. In 2021, Cathay FHC and Cathay Life obtained the ISO 22301 - Business Continuity Management Systems (BCMS) certification. CUB, Cathay Century, Cathay Securities and Cathay SITE also became certified in 2022. 	<p>6.2.1 Risk Management</p> <p>Current chapter - Climate Risk Management</p>
 <p>Metrics and Targets</p>	<ul style="list-style-type: none"> ● We adopted ISO14064-1 - Greenhouse Gases in 2012. We are also externally certified by the BSI for insight into the results of our operational carbon reduction. ● Cathay became the first financial institution from Taiwan to join RE100 in April 2022. We have committed to using 100% renewable energy in all Cathay locations in Taiwan by 2030. Cathay's Science-Based Targets (SBT) were approved in September of 2022. We established our operational, as well as financial assets' carbon reduction targets using the SBT methodology. We conduct our annual verification every five years to reestablish our targets. 	<p>1.2 Focus Areas & Blueprint of Sustainable Development</p> <p>2.1 Low-Carbon Economy</p> <p>2.2 Environmental Sustainability</p> <p>Current chapter - Metrics and Targets</p>

■ Climate Governance Framework

Cathay is committed to establishing a robust climate governance framework for addressing climate change and its impacts. Our board of directors is the highest governing body responsible for oversight and decision-making on climate issues. Meanwhile, relevant committees and working groups, chaired by Cathay's senior executives, are responsible for promoting and implementing climate-related policies and risk management. We continue to expand our climate-related capabilities to strengthen our ability to respond to risks and opportunities, as well as enhance our climate resilience.



Organization	Overview
Board of Directors	The board is the group's highest governance body. It is responsible for the formulation and decision-making on climate-related policies, strategies and targets. Our Corporate Sustainability Committee and Risk Management Committee oversee the implementation status and operational promotion of climate-related risks and opportunities. For details, please refer to 6.1.1 Board of Directors - Structure and Operation .
Corporate Sustainability Committee	The committee reports to the board and is responsible for promoting the sustainable operation of the group. The committee is chaired by the Cathay FHC president, with the subsidiaries' presidents serving on the committee. The committee convenes quarterly and is supervised by independent directors. For details, please refer to 1.1.1 Corporate Sustainability (CS) Committee - Organization & Function .
Risk Management Committee	The committee is responsible for overseeing the group's risk management. It reports to the board of directors and is chaired by an independent director. The committee convenes quarterly and is responsible for reviewing the Risk Management Policy, risk appetite and various risk management operations. For details, please refer to 6.2.1 Risk Management .
Climate Governance Meeting	The quarterly platform for Cathay Group 's senior executives to communicate issues of climate risks and opportunities, supervised by the president of Cathay FHC.
Corporate Sustainability Office/Corporate Sustainability Committee Working Group	As a dedicated unit responsible for promoting the group's sustainability efforts, It reports to the president and is a secretariat unit attached to the Corporate Sustainability Committee and reports twice a year to the board of directors. Each subsidiary has also set up secretarial units and working groups to promote sustainable affairs to strengthen inter-company communication and integration of our sustainable operations. For details, please refer to 1.1.1 Corporate Sustainability (CS) Committee - Organization & Function .
Risk Management Division/TCFD Task Force	The division reviews climate-related risks specific to various operations and reports the results to the CRO while incorporating climate supervisory status into the implementation working reports. The reports are periodically submitted to the Risk Management Committee for review. The division also presents its work report to the board. For details, please refer to 6.2.1 Risk Management .

Note: To strengthen risk management and enhance the effectiveness of the board of directors, effective Apr. 1, 2023, Cathay FHC's Risk Management Committee has been integrated as one of the functional committees reporting to the board of directors.

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■ Climate Strategy

Cathay became a TCFD supporter in June 2018. In 2020, we added "climate" as one of Cathay's three focus areas for sustainable development and set climate goals by incorporating low-carbon economy and environmental sustainability considerations. In 2022, Cathay garnered group-wide consensus and created a sustainability strategy blueprint to enhance the focus areas and establish a direction for sustainable development. For details, please refer to [1.2 Focus Areas & Blueprint of Sustainable Development](#).

• Identification of Material Climate Risks and Opportunities

Based on the ranking results of the climate risk and opportunity matrix, Cathay screened out 6 major climate risks and 6 major climate opportunities and identified the duration of Impact and potential financial impact, as well as correlation with Cathay's existing risks, as relevant risk management responses.

Priority	Risks		Potential Financial Impact	Impact Aspect	Duration of Impact	Corresponding Risks (Existing)
1	Reduce GHG emissions	Transition Risks	Increasing energy prices or GHG emission costs lead to increased routine costs for business locations	Operations	Short- to Mid-term	Operational Risk
2	Increased risks from investment and loan positions in carbon-intensive industries	Transition Risks	Governments around the world will impose carbon taxes or carbon fees on carbon-intensive industries, forcing a change in the expenditure structure of particular companies and resulting in reduced profits from investments and financing or increased risk in lending	Investment and Lending	Short- to Mid-term (Long-term)	Market risk & Credit risk
3	Changing consumer preferences	Transition Risks	Higher demand for companies with better performance in climate change adaptation and rising concerns for companies with poor climate performance makes it difficult to attract new customers and retain old ones	Operations	Mid- to Long-term	Reputation Risk & Credit Risk
4	Increase in typhoon and flood insurance claims	Physical Risks	Extreme weather events are more frequent and severe with climate change, which may incur additional losses to underwriting portfolios with property insurance	Insurance	Short- to Mid-term	Insurance Risk
5	Market uncertainty	Transition Risks	Cathay's future operations and service transition, and subsequent financial health, may be affected by global or regional carbon reduction efforts and uncertainties in energy policies	Operations	Short-term	Reputation Risk & Credit Risk
6	Business operations suspended due to extreme weather events	Physical Risks	Extreme temperature may damage operational equipment, reducing profits or increasing maintenance costs	Operations	Mid- to Long-term	Operational Risk

Priority	Opportunity	Potential Financial Impact	Impact Aspect	Duration of Impact
1	Trends in digital finance	Enhance productivity and reduce costs through digital technology	Operations	Short- to Mid-term (Long-term)
2	Sustainable operations	Enhance Cathay's sustainability and ESG ratings and respond to stakeholder expectations for Cathay to create mutual benefits and promote long-term sustainable value	Operations	Mid to Long-term
3	Investing and financing for transition to a low-carbon economy	Actively search for prospective investment/lending targets during the global transition to a low-carbon economy to increase profits	Investment and Lending	Mid to Long-term
4	Climate resilience	Cultivate the ability to adapt to climate change and identify as well as manage climate change risks beforehand to reduce the financial impact of physical and transition risks on operations	Operations/ Investment and Lending/Insurance	Mid to Long-term
5	Energy-efficient buildings/green offices	Enhance energy efficiency or use low-carbon energy in offices to reduce operational costs. Offer renewable energy services in new business models to meet tenant needs and increase company profits	Operations	Mid to Long-term
6	Develop green products/services and climate adaptive solutions	Invest in innovative research and development to provide more green products & services and climate adaptive solutions to meet customer needs and increase company profits	Investment & Financing/Insurance	Short- to Mid-term (Long-term)

Time scope definition: Short-term is ≤3 years, mid-term is between 3 and 10 years, and long-term is >10 years.

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• Overview of Climate Scenario Analysis

Cathay FHC's value chain assessment scope includes operations, upstream suppliers and downstream customers. For detailed information on climate scenario analysis, please see Cathay FHC's "2022 Climate Strategy and Natural Risks Management Report." This report summarizes the relevant scenario analysis results for investment and lending assets, insurance products, and proprietary real estate assets as described below:

Value Chain		Scenario Overview	Risk Category	Analysis Time Frame ^{Note}	Scope	Climate Scenario
Downstream/ Customers	Investment and Lending	A.Impact on lending positions from increased regulation and natural disasters	Physical risk - acute Transition risk - policy and legal	2030 and 2050	Global	RCPs, NGFS
		B.Impact of global political and economic events and natural disasters on the value of stock/bond positions	Physical risk - acute and chronic Transition risk - policy and legal	2021-2080	Global	RCP8.5, NGFS
	Insurance	C.Climate change impact on typhoon and flood insurance claims	Physical risk - acute	Near future, mid-century, end of the century	Taiwan	RCP2.6, 4.5, 6.0, 8.5
		D.Impact of typhoons and floods under climate change on Cathay-owned real estate repair costs	Physical risk - acute	Near future, mid-century, end of the century	Taiwan	RCP2.6, 4.5, 6.0, 8.5

Note : "Near future" is defined as before 2035; "mid-century" is defined as from 2046 to 2065; "end of the century" is defined as from 2081 to 2100.

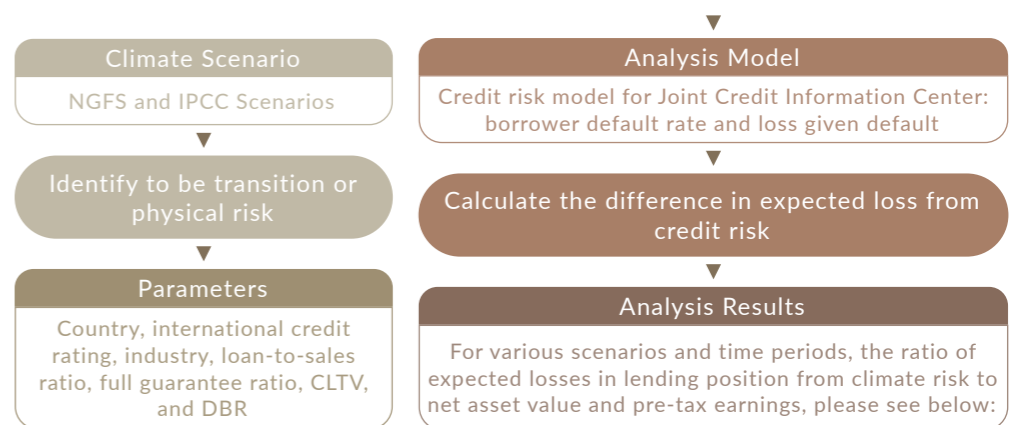
A.impact on Lending Positions from Increased Regulation and Natural Disasters

(1) Background

We conducted a climate risk scenario analysis to meet the requirements of the Joint Credit Information Center. We use NGFS and IPCC scenarios to consider both transition and physical risks. We classify

industries and administrative areas in Taiwan into different risk categories. The analysis evaluates the expected losses of the lending position in 2030 and 2050 under the "orderly," "disorderly," and "no policy/regulation" scenarios to provide information to be used to adjust the formulation of our lending strategy.

(2) Analysis Procedure and Results



Asset Position	Expected losses from climate change	Orderly Scenario		Disorderly Scenario		No Policy/Regulation Scenario	
		2030	2050	2030	2050	2030	2050
Domestic lending (corporate and consumer finance)	As a percentage of the net asset value	1.39%	1.52%	1.68%	1.53%	1.42%	1.59%
	As a percentage of the pre-tax earnings	10.71%	11.77%	13.01%	11.82%	10.98%	12.27%
Overseas lending (corporate finance)	As a percentage of the net asset value	0.10%	0.16%	0.01%	0.28%	Overseas lending not incorporated	
	As a percentage of the pre-tax earnings	0.74%	1.23%	0.07%	2.20%		
Total	As a percentage of the net asset value	1.49%	1.68%	1.69%	1.81%	1.42%	1.59%
	As a percentage of the pre-tax earnings	11.45%	13.00%	13.08%	14.02%	10.98%	12.27%

Note: In 2022, CUB's net asset value was roughly NT\$237.7 billion, with pre-tax earnings of NT\$30.8 billion.

(3) Resilience Evaluation Outcome

This was the first year that we conducted a public version of the climate scenario analysis. We will continue to monitor the magnitude of changes in expected losses due to climate change.

(4) Risk Response Measures

Cathay will continue to monitor industries with high climate risks and gradually reduce the carbon footprint of our loans. We will also monitor the physical risk concentration of corporate/consumer real estate collateral. We have also established the "Coal-Exit Action" to stop issuing new loans to coal-fired power stations, promote financing for decarbonization transformation and renewable energy, and set a "zero coal financing" target to completely phase out coal lending quotas by the end of Q1 2027.

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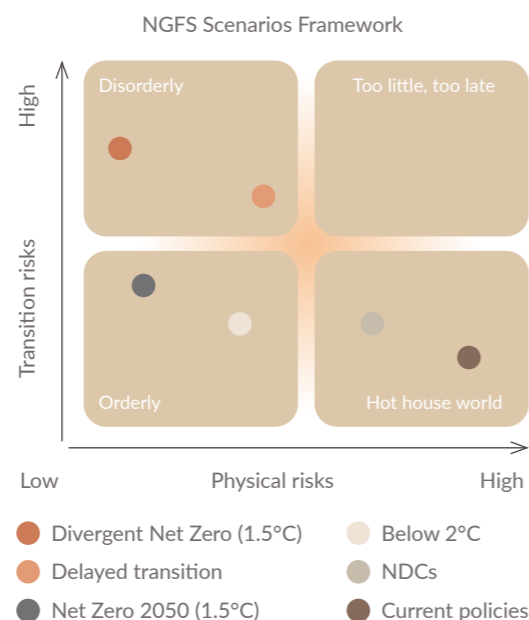
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B.Impact of Global Political and Economic Events and Natural Disasters on the Value of Stock/Bond Positions

(1) Background

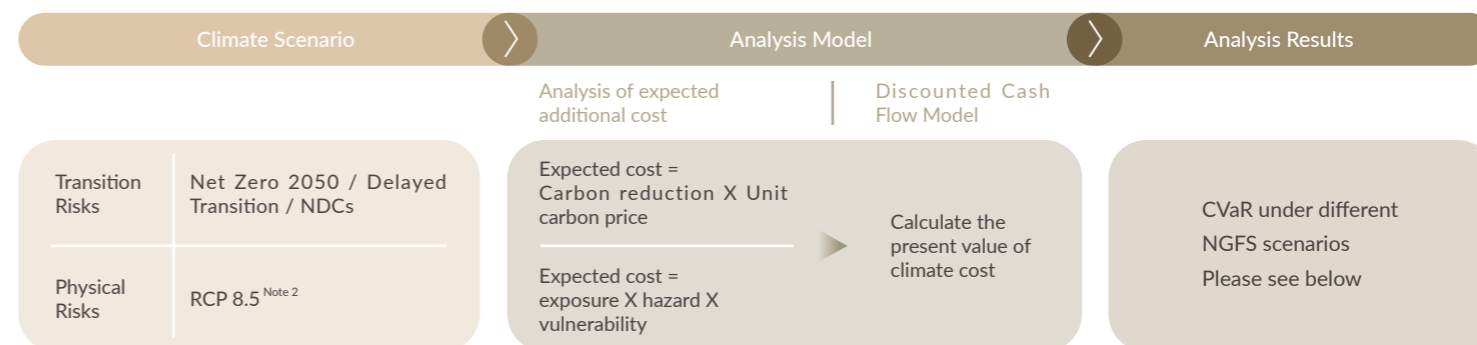
The global shift towards a low-carbon economy and extreme weather events are having a significant impact on businesses. As a result, the prices of marketable securities issued by these companies may fall, resulting in a loss of net asset value for investors who hold these securities. In response, we assess the impact of climate change on the value of our equity and bond investments using a model developed by MSCI. The MSCI model implements NGFS scenarios that include an orderly transition to net zero by 2050, a delayed transition, and Nationally Determined Contributions (NDCs). We use Climate VaR (CVaR) ^{Note 1} to assess the impact and incorporate the results into our future investment strategy considerations. For investments in sovereign bonds, we use the Sovereign CVaR methodology, published by MSCI in 2022, to assess the potential losses on sovereign bond portfolios from rising yields under various NGFS transition scenarios.



Source: NGFS Climate Scenarios for central banks and supervisors, June 2021

(2) Analysis Procedure and Results

Corporate Stock/Bond:



Note 1: Climate Value at Risk (CVaR) refers to the investment portfolio's discounted present value of cumulative climate risk-related cost through 2080. Please refer to MSCI's official website (<https://www.msci.com/our-solutions/esg-investing/climate-solutions/scenario-analysis>) for more information.

Note 2: There is an offset relationship between transition and physical risk. MSCI considers the effectiveness of the remaining emission scenarios in mitigating physical climate risk in the near term, which is not significantly different from the business-as-usual and RCP8.5 scenarios. Therefore, we use the RCP8.5 emissions scenario for all physical risks with only two climate scenarios: average and extreme (95th percentile). When assessing physical risks, "RCP8.5 extreme" is used for the NDC scenario, while "RCP8.5 average" is used for the rest of the scenarios.

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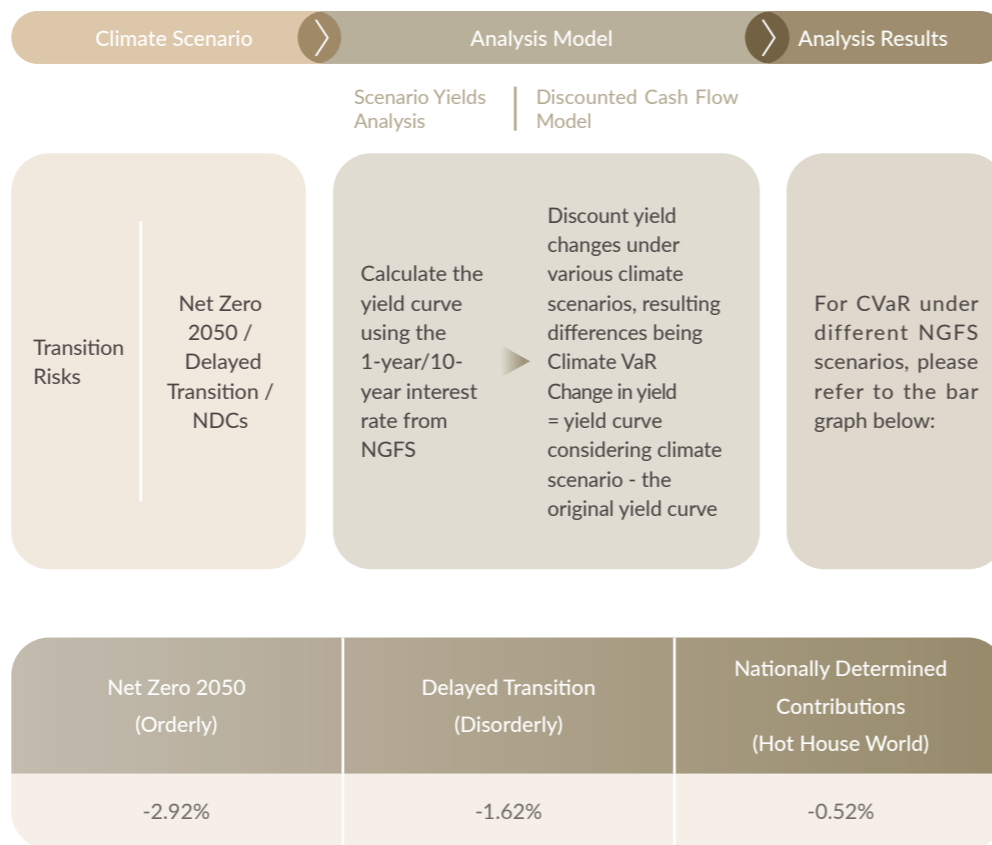
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Sovereign bond portfolio - MSCI Sovereign CVaR Note 3&4



Note 3: MSCI Sovereign CVaR methodology assesses the potential losses on sovereign bond portfolios from rising yields under various NGFS transition scenarios.

Note 4: According to the official MSCI Sovereign CVaR data summary, the most recent data is from 2023.01.31. The MSCI data covers 61% of the total sovereign investment.

(3) Resilience Evaluation Outcome

The assessment reveals that the overall risk for 2022 is lower than that of 2021. In addition, the result of the sovereign bond assessment shows that the related transition loss is manageable.

(4) Risk Response Measures

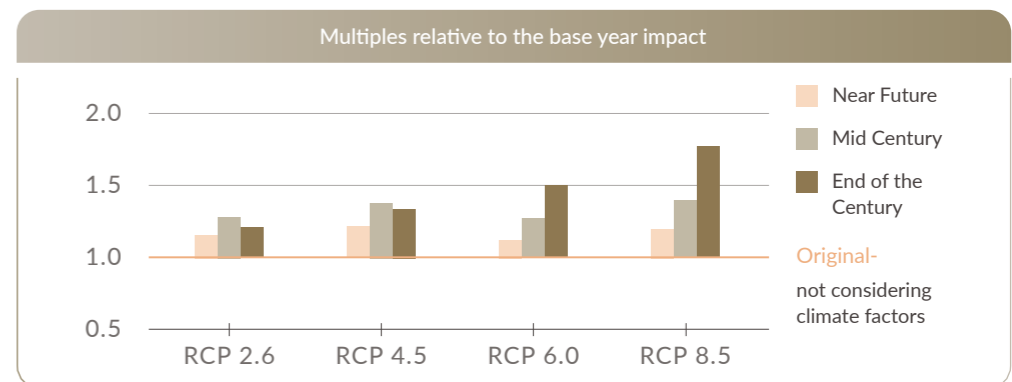
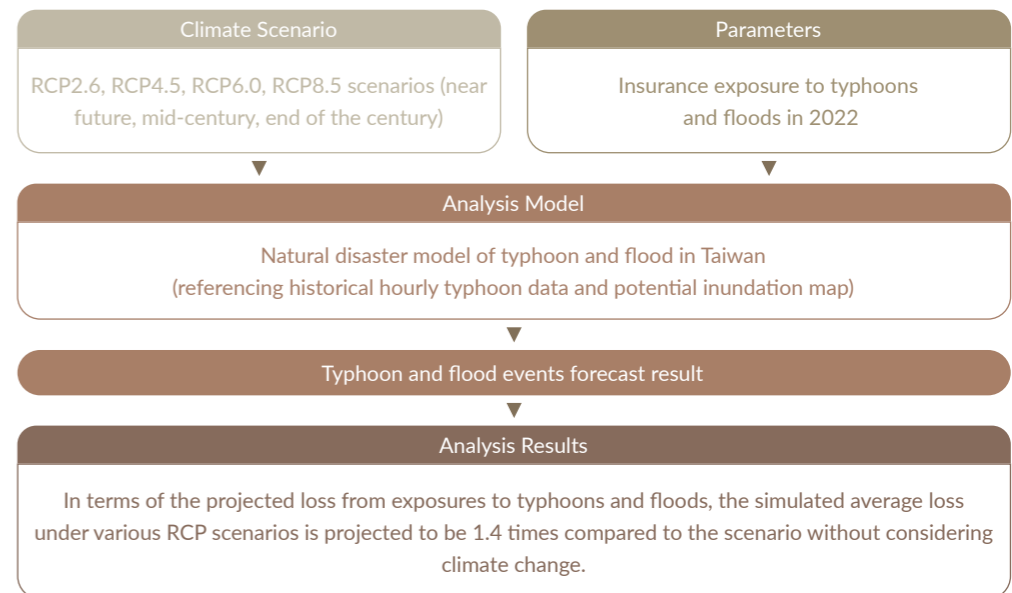
We consider the impact of climate risk as part of our ESG risk assessment when making investment decisions. Climate change is also a key focus of our engagement activities. In addition, we set clear requirements for the consideration of climate change factors in our investment mandates. Third-party managers are required to submit relevant responsible investment policies to help us understand their responsible investment practices and ensure that they meet their investment obligations.

C. Climate Change Impact on Typhoon and Flood Insurance Claims

(1) Background

As the second largest property insurer in Taiwan, Cathay Century expects climate change to increase the incidence of damage to its insured portfolio, resulting in a corresponding increase in claims costs. In response, Cathay uses RCP2.6, RCP4.5, RCP6.0, and the most severe RCP8.5 scenarios proposed in the IPCC AR5 to conduct loss prediction using natural disaster models for typhoons and floods. The analysis aims to find out the potential losses from position risk exposures in the near future (-2035), mid-century (2046-2065), and end of the century (2081-2100). The results should help us to better adjust our solvency level and asset allocation

(2) Analysis Procedure and Results



(3) Resilience Evaluation

The simulated average loss under various scenarios is projected to be 1.4 times compared to the scenario without considering climate change. Based on the stress test results, the impact of climate risk remains manageable.

(4) Risk Response Measures

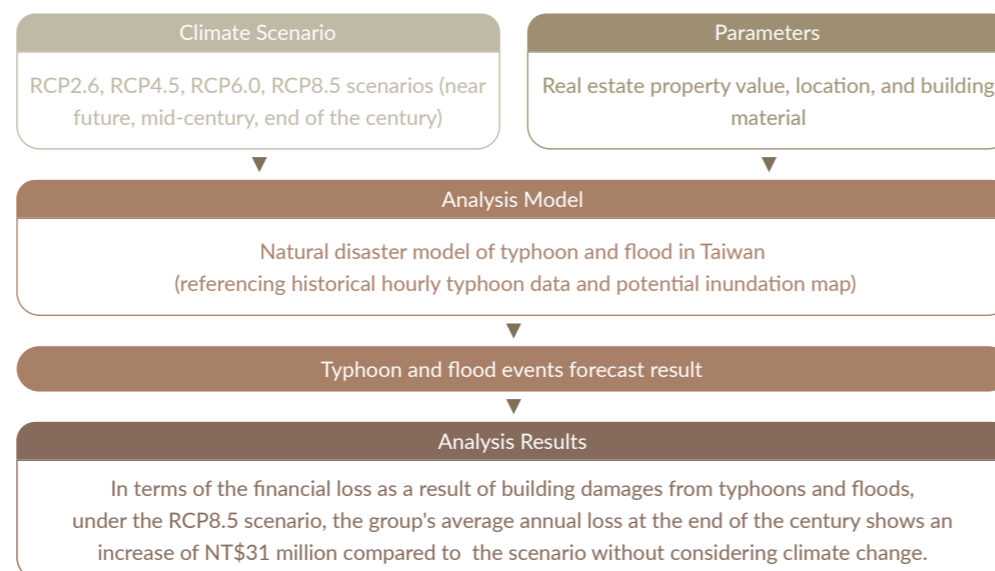
Cathay Century regularly reviews the expected changes in typhoon and flood losses under various climate change scenarios as a reference for long-term planning of future underwriting and reinsurance considerations; at the same time, stress tests are conducted to incorporate climate change factors to examine the impact of typhoon and flood on the company's solvency level under various scenarios to ensure manageable risks.

D. Impact of Typhoons and Floods under Climate Change on Cathay-Owned Real Estate Repair Costs

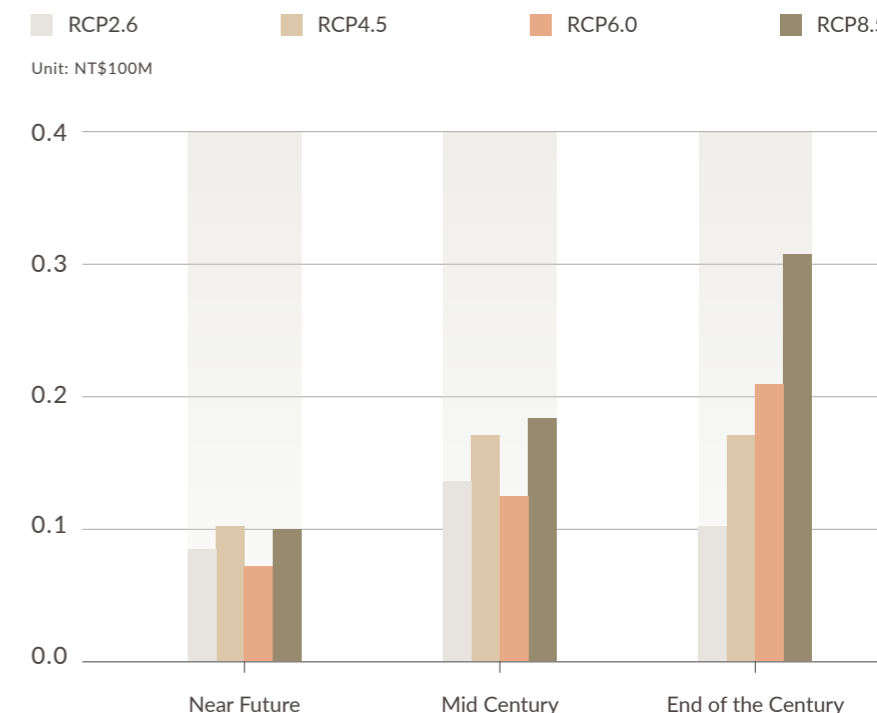
(1) Background

Taiwan is prone to typhoons, which are becoming stronger and with heavier precipitation due to global warming, resulting in increased repair costs for Cathay's properties. To fully understand the impact of climate change, Cathay used scenarios RCP2.6, RCP4.5, RCP6.0, and the most severe RCP8.5 proposed in the IPCC Fifth Assessment Report (AR5) to conduct scenario simulations. We also used natural disaster models developed in collaboration with academic research institutions to simulate typhoon and flood scenarios. We used the model to analyze the risk exposure of Cathay's properties to typhoons and floods, and the potential level of damage during different periods. The results form an important basis for formulating our BCM planning and asset allocation strategies.

(2) Analysis Procedure and Results



Scenario-Based Financial Impact on Cathay-Owned Real Estate Properties



(3) Resilience Evaluation

We predict that the financial losses at the end of the century will increase by NT\$31 million compared to the scenario without considering climate change, accounting for less than 1% of the real estate asset book value, indicating a manageable climate risk impact on Cathay-owned real estate properties.

(4) Risk Response Measures

In addition to transitioning Cathay-owned real estate properties to green real estate, we also increase properties' climate resilience through the following physical risk prevention measures:

- We consider the potential impact of climate risk factors (e.g. floods, mudslides, and earthquakes) on the safety of our assets when selecting business and investment locations. We also regularly inspect our properties and step up safety inspections and repairs.
- Maintain and refine our BCM strategy to include natural disaster scenarios, contingency measures, business continuity plan (BCP), and scheduled drills to increase our resilience to climate change.

■ Climate Risk Management

• Climate Risk Management Framework

In 2019, Cathay FHC established the "Emerging Risk Management Guidelines," which integrates climate risks into the group's risk management scope. In 2020, Cathay defined ESG risks (including climate risks) as a separate category from emerging risks. At the same time, the "ESG Risk Management Guidelines" was created to strengthen the management approach for ESG and climate risks, and was consolidated with the Enterprise Risk Management Framework (ERMF). In 2023, the guideline was renamed "ESG and Climate Risk Management Guidelines" to reflect compliance with climate risk management and enhance ESG and climate risk management mechanisms.

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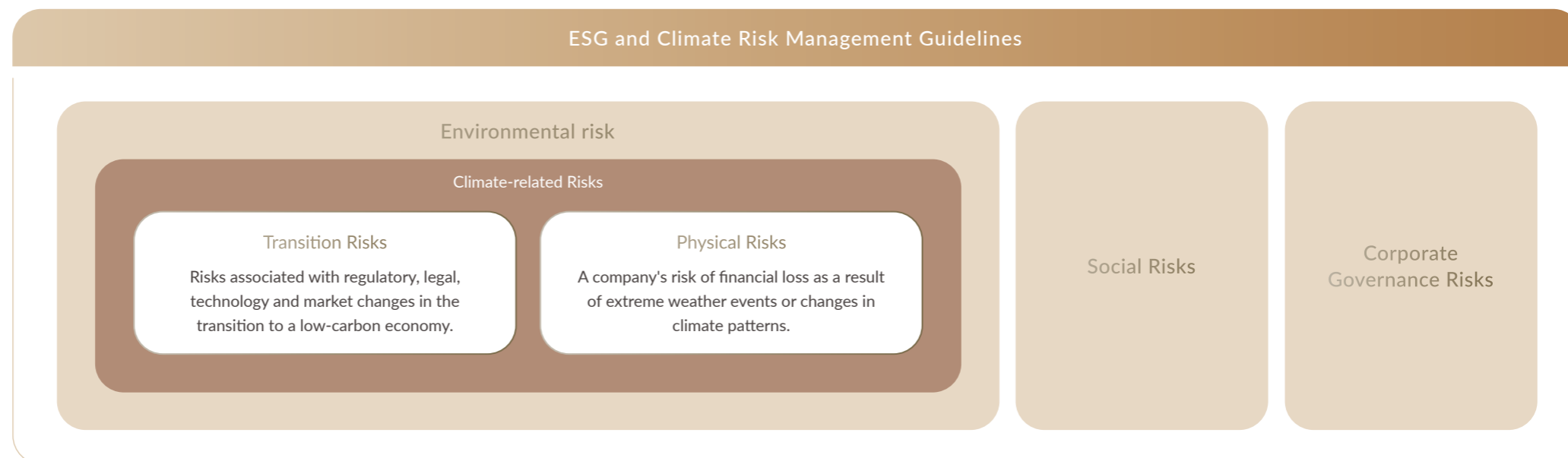
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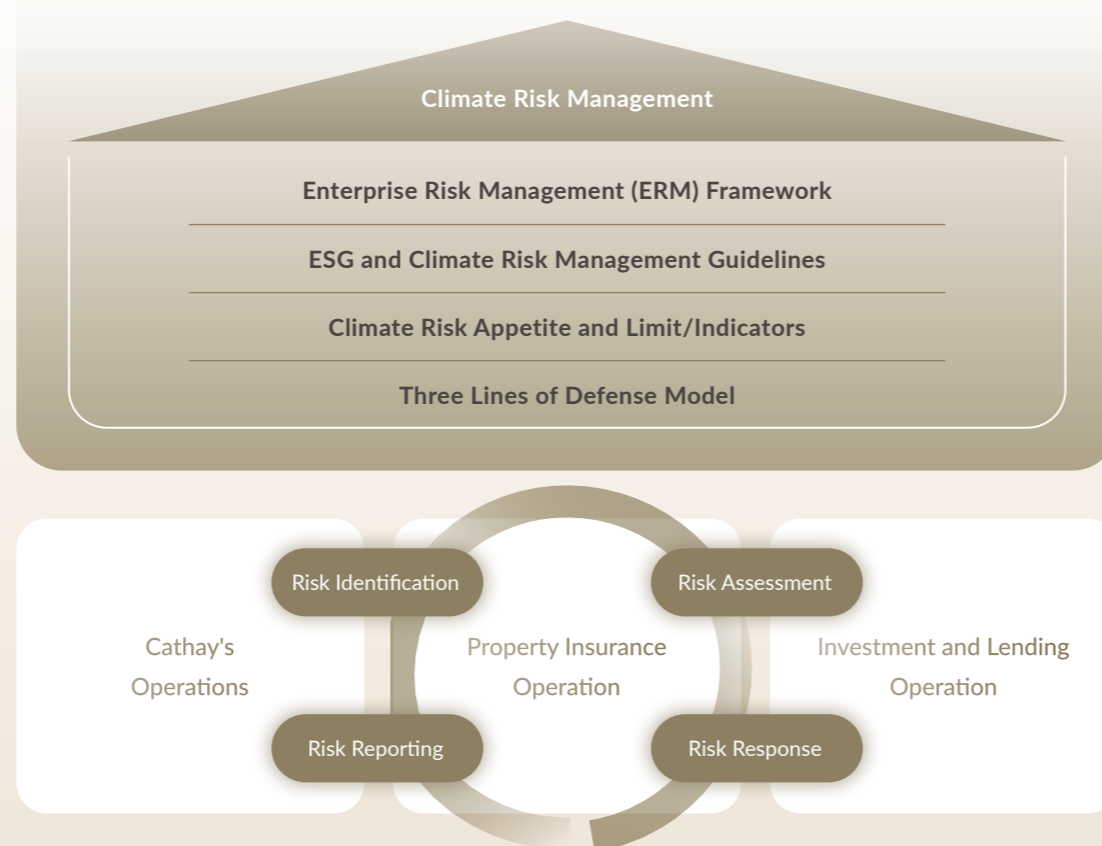
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• The Fundamentals and Actions of Climate Risk Management

Cathay has integrated climate risk management into our existing risk management framework. Our internal risk control management utilizes the three lines of defense framework. Each line of defense analyzes risk association through climate risk identification and assessment. This approach enables us to evaluate the impact of risks on our operations and business, and formulate control measures as well as response strategies. To ensure that we fully reflect our climate risk appetite, Cathay established a Climate Risk Appetite Statement in 2023. We have established a control and monitoring mechanism in line with this statement.

Cathay remains committed to strengthening climate-related risk management for investment & financing and insurance products, as well as developing BCM by adopting ISO 22301 - Business Continuity Management Systems. We continue to enhance our emergency response capabilities in the face of significant events such as natural disasters. For detailed information on BCM, please refer to [6.2.1 Risk Management](#).



■ Climate Metrics and Targets

Cathay refers to international methodologies such as Partnership for Carbon Accounting Financials (PCAF) and Science Based Targets (SBT) for carbon accounting and formulation of relevant metrics and targets. For detailed information, please refer to [1.2 Focus Areas & Blueprint of Sustainable Development](#) and [2.1 Low Carbon Economy](#) and [2.2 Sustainable Environment](#).

6.2.3 Emerging Risks Management

The world is facing an increasingly complex financial environment. Technological advances, extreme weather patterns, and demographic changes are also affecting our lives. In response, Cathay has established a Cathay risk map that takes into account recommendations from external experts and risk research reports published by domestic and international institutions. We first identify risks and then determine mitigating actions. The risk exposure and risk management system are then presented to the Risk Management Committee and the Board of Directors. In 2022, we identified emerging risks in the financial technology, information security, political and economic categories. Cathay FHC evaluates the potential impact the risks may pose on the company's operation and establishes the mitigating actions.

Identification Workflow for Emerging Risks



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Operational Impact from the Top Two Emerging Risk Categories and the Corresponding Mitigating Actions			
Risk/Description	Risk Category	Impact	Mitigating actions
<p>Political and economic risk</p> <p>The potential occurrence of economic risk resulting from political changes in the countries or territories where the assets invested by the Company are situated, e.g. changes in geopolitical conditions and competition and cooperation between great powers that make it difficult to predict the international political development.</p> <p>According to the 2023 World Economic Forum Global Risk Report, geoeconomic confrontation are listed as one of the top ten risks affecting the world in the next decade; focuses are mainly on the energy issues caused by Russia, the U.S. blocking China's access to high-end chips, and the threat of potential cross-strait conflicts.</p>	Society	<p>As Cathay Group is the largest financial institution throughout Taiwan, the Company owns the highest market share in the insurance market in Taiwan, with the investment and financing exposures all over the world. If the international political and economic situations become unstable, the following potential impacts may be posed to the Company:</p> <p>Investment and financing performance tends to be weak and, therefore, erode the Company's earnings:</p> <ul style="list-style-type: none"> ● Short-term impacts: Under the Russia-Ukraine War, inflation increased, and panic spread as the conflict escalated, resulting in slumping prices of financial assets due to selloffs, affecting global capital flows and liquidity in the financial market, and leading to increased risks to which investment and financing in the relevant regions are exposed. ● Medium and long-term impacts: With the escalation of political and economic risks, countries are promoting the localization of key supply chains, changing the division of labor in the global supply chain, pushing up operating costs, compressing profitability, and impacting business returns. In addition, if geopolitical turmoil continues, the impact of economic and financial sanctions will result in a decline in investment and consumer confidence, exchange rate depreciation, and economic recession, which may affect countries with fiscal fragility, and lead to a domino effect such as capital flight, weakening the refinancing and solvency of such countries and related enterprises, and resulting in an increased risk of default; this may affect the Company's profitability. <p>Customers are more reluctant to be insured, affecting the premium revenue:</p> <p>If long-term inflation is still elevated due to political and economic factors, the Central Bank will tighten monetary policy and private consumption will be suppressed. In this case, customers will be less willing to be insured, and thus premium revenue of Cathay will be impacted.</p> <p>The escalation of cross-strait geopolitics impacts the Company's operation:</p> <p>If the situation across the Taiwan Strait escalates, and any military conflict breaks out, the consequences may include that international trading is affected, resources are blocked, or infrastructure required for people's livelihood, such as transportation, electricity and internet, is damaged. Insufficient consumer confidence tends to lead to liquidity risks, such as a run on the bank, which may affect the Company's operation.</p>	<ul style="list-style-type: none"> ● Keep closely watching the changes in the global political and economic situations, conduct risk assessment and adjust positions with respect to the overall risk events and individual abnormal events (subject of negative news) in a timely manner, and enhance the monitoring on countries and territories with higher geopolitical risk. ● The Company continues to monitor political and economic movements, and regularly reviews the appropriateness of country risk levels and limits by referring to the credit ratings and operational risk scores of each country. ● Continue to monitor the credit status of the countries where the Company makes investment/financing, and also strengthen the document management for exposures, avoid excessive concentration of assets, and keep noting the quality of loans and investments. ● Participate external workshops or forums in the political field, and enhance its ability to judge political environment by increasing the chances of interdisciplinary exchanges. ● Continue to monitor the revenue from insurance premium by contract, and develop inflation-protected characteristic insurance products, including the increasing whole life insurance, investment-linked insurance policy, and interest-sensitive annuity, in order to balance the Company's earnings and the public demand for insurance protection. ● The business continuity management (BCM) mechanism for extreme scenarios is established for the Group, and the related BCM strategies and emergency response procedures are established to strengthen the operational resilience of the Company.

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Operational Impact from the Top Two Emerging Risk Categories and the Corresponding Mitigating Actions			
Risk/Description	Risk Category	Impact	Mitigating actions
<p>Information security risk:</p> <p>Emerging technologies, such as Artificial intelligence (AI), cloud computing, and the Internet of Things replace the old technologies; if hackers and cybercriminals use new technologies to attack, information security may be affected.</p> <p>According to the 2023 World Economic Forum Global Risk Report, widespread cybercrime and cyber insecurity are listed as one of the top ten risks affecting the world in the next decade for the first time, indicating an increase in related risks.</p>	Technology	<p>Cathay has over 8 million insurance customers, over 4 million Internet banking app users, and more than 1.4 million digital securities order-placing service users in Taiwan. In case of any information security incident, the impacts on the Group are as below:</p> <p>Short-term impacts:</p> <ul style="list-style-type: none"> ● Network attacks causing operational or service interruptions: A cyber-attack may cause the Company's network-related systems to be paralyzed, resulting in the failure of normal business operations, and the Company's operations and profits are impacted. ● Hacking and cybercrime causing financial losses: Hackers may steal customers' deposits, steal classified and sensitive information of the Company, and extort the Company to pay ransom, which may result in serious financial loss to the Company. <p>Medium and long-term impacts:</p> <p>Leakage of personal information causing damage to the Company's reputation:</p> <p>A compromised internal information system would result in the leakage of customer's personal information, causing damage to customers' rights and interests. If the occurrence is repetitive, or the impact is significant, the customers will not trust the Company and the Company's reputation would be negatively affected.</p>	<ul style="list-style-type: none"> ● Various measures of the Group's information security blueprint are regularly reviewed and implemented, including information security governance, 7x24 information security event monitoring, border protection, intranet and host system penetration testing, and vulnerability scanning mechanisms, to enhance protection against information security threats and to protect the security of customer services. ● We continue to strengthen the information security awareness of employees and customers through information security education, training and promotion. ● The ISO 27001 international information security management framework is introduced to comply with related regulations and align with international standards. ● Cathay Life, Cathay United Bank, Cathay Century Insurance, Cathay Securities, Cathay Futures, Cathay Investment Trust, and Cathay Securities Investment Consulting have all been certified with ISO 27001 and maintain the validity of their certifications on an on-going basis. ● Cathay FHC is introducing the ISO 27001 international information security management framework, and it is expected to obtain external third-party certification in 2023. ● The Company collects and analyzes intelligence and risks regarding external information security threats, and fixes vulnerabilities to improve protection against information security threats; it also cooperates with F-ISAC of FSC, the Bureau of Investigation of the Ministry of Justice, and the International Information Security Agency (RSA) to grasp information security risks in a timely manner. ● Regularly conduct the full participation exercise to strengthen the emergency response capabilities for information security incidents.

6.2.4 Management of Human Rights Risks

To fully implement the protection of human rights, Cathay complies with the relevant human rights regulations of the respective business locations and refers to best practices outlined in various international frameworks. We have established the "[Cathay FHC Human Rights Policy](#)" and a human rights risk assessment workflow. We manage human rights risks by regularly conducting stakeholder impact assessments, and establishing mitigation measures and compensation mechanisms.

■ Human Rights Governance

Following the "Cathay FHC Human Rights Policy" and the principles outlined in the International Bill of Human Rights, Cathay fully respects internationally recognized human rights policies by complying with local labor laws and implementing human rights protection within the company. In addition, we have established the "Cathay FHC Sustainable Procurement Policy" and the "Corporate Social Responsibility Code of Practice for Suppliers" to ensure that suppliers adhere to the same standards. Relevant policies on human rights management are disclosed on Cathay FHC's official website.

• The Corporate Sustainability (CS) Committee Conducts Due Diligence and Management of Human Rights Risks for Stakeholders



■ Human Rights Due Diligence Workflow

Cathay has established a human rights due diligence workflow. We regularly conduct impact assessments and improve the management on specific focus stakeholder/s. When establishing human rights management workflow, Cathay references international human rights frameworks, our development strategy and external trends. We also consult Cathay FHC's Corporate Sustainability Committee, employees and external consultants on the identification of stakeholder risk issues. Finally, we review the risk ratings to identify high-risk groups before implementing management measures.



■ Prevention and Compensation of Human Rights Violation

Risk Issues	At-Risk Groups	Risk Assessment Approach	Risk Mitigation Measures	Compensation Measures for Affected Groups	Mitigation and Compensation Measure Implementation Outcome
Contents Message from the Chairman About Cathay FHC Sustainability Awards and Recognition Sustainability Performance and Breakthroughs 01 Sustainability Strategies & Governance 02 Climate 03 Health 04 Empowerment 05 Sustainable Finance and Its Impact 06 Sustainable Governance 07 Appendix	Working Hours	<ul style="list-style-type: none"> Those whose overtime hours exceed 45 hours per month are considered highly at-risk individuals, and the result was 1.5% in 2022 	<ul style="list-style-type: none"> Promote and implement a daily/monthly overtime limit Establish a system for transformation working hours/flexible working hours Establish a "work-from-home" system Administer mental health evaluation questionnaire 	<ul style="list-style-type: none"> Provide overtime pay or overtime holiday based on employee preference Implementation of the management mechanism for employees at risk of illness due to work overload 	<ul style="list-style-type: none"> In 2022, the mental health evaluation questionnaire has a response rate of 93.3% All employees are eligible to apply for a work-from-home arrangement based on the nature of their responsibilities and personal status Provide a flexible working hour arrangement based on employee needs
	Occupational Safety and Health	<ul style="list-style-type: none"> Cathay FHC offers company-wide free health check-ups every three years Analyze employee health risks based on health check-ups results 	<ul style="list-style-type: none"> Implement occupational safety training Free employee health check-ups Administer musculoskeletal disorders questionnaires Administer occupational safety and health inspection Ensure first-aid equipment and AEDs access Hold health promotion activities 	<ul style="list-style-type: none"> Implement occupational disaster reporting and response mechanism Assist with group and labor insurance enrollment Provide professional consultation 	<ul style="list-style-type: none"> Cathay offers free health check-ups every three years to monitor health conditions such as obesity and the three highs (high blood pressure, high cholesterol and high blood sugar). More than 30,000 employees participated in the health check-up in 2022; the percentage of employees with the three highs and obesity is monitored regularly More than 80,000 employees participated in 2022, with a total of 152,392 kg lost since the program was launched (22,982 kg lost in 2022 alone).
	Diversity, Inclusion and Equal Opportunities	<ul style="list-style-type: none"> Workplace discrimination and harassment: number of employee complaints filed, and number of cases tracked annually (including sexual and non-sexual harassment). In 2022, Cathay handled 7 incidents of sexual harassment or gender equality violation, 2 of which were dismissed due to lack of evidence, and the remainder handled accordingly. Maternity Health and Security: Maternity Healthcare Protection Program at the Workplace Child labor: verify applicant age using CVs and application information. Cathay has never employed child labor. Freedom of association: Guarantee employees the freedom to participate in the clubs and associations of their choice Collective bargaining: Cathay FHC conducts employer-employee communication meetings in compliance with the "Employer-Employee Meeting Implementation Guidelines." Representatives from both sides fully communicate on material issues, including occupational safety and health issues, through reports and proposal discussions. The implementation process is carried out based on meeting consensus. 26 employee-employer communications were conducted in 2022. 	<ul style="list-style-type: none"> Code of Conduct for Employee and Code of Ethics state that discrimination and sexual harassment are human rights violations Promote human rights awareness through newsletters and seminars Ensure access to accessible facilities and assistive devices at the workplace Promote talent incubation project for the Southeast Asian market Establish a target for hiring locally at overseas markets 	<ul style="list-style-type: none"> Establish a reporting and complaint response mechanism After review by the committee, disciplinary action will be taken against the offending employee Ensure access to follow-up consultation services for the victim 	<ul style="list-style-type: none"> The Code of Conduct for Employee training coverage was 100%, with a 100% completion rate In 2022, 329 Cathay employees are the indigenous people of Taiwan. In addition, there are 437 Cathay employees with disability/disabilities, representing 0.94% of the total workforce Cathay employees come from 16 different countries In 2021, 28 students participated in the second annual talent incubation project for Southeast Asia. The students are expected to return to Cathay's business locations in Cambodia, Vietnam and Laos in 2023 to provide their services

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Risk Issues	At-Risk Groups	Risk Assessment Approach	Risk Mitigation Measures	Compensation Measures for Affected Groups	Mitigation and Compensation Measure Implementation Outcome
Customer Rights	Corporate finance and consumer finance clients	<ul style="list-style-type: none"> ● Improve Net Promoter Score (NPS) for customer service ● Treating Customers Fairly 	<ul style="list-style-type: none"> ● Establishment of Service Quality Committee ● Implement employee training ● Incorporate "The Principles of Treating Customers Fairly" into Cathay's corporate culture 	<ul style="list-style-type: none"> ● Establish a range of reporting channels ● Establish dedicated response units ● "Taking the initiative to respond to customer complaints and care for customers" serves as the highest governing principle when establishing guidelines for handling customer complaints. The company strives to contact customers and provide solutions as quickly as possible 	<ul style="list-style-type: none"> ● Cathay Life and Cathay Futures ranked in the top 25% of financial industry peers in the 2022 Treating Customers Fairly Assessment for the Financial Industry ● The completion rate for the three-hour fair customer treatment training is 100% for all Cathay FHC subsidiaries
Personal Information Protection		<ul style="list-style-type: none"> ● Track regulatory enforcement actions for personal information breaches each year 	<ul style="list-style-type: none"> ● Establish the Personal Information Management Committee ● Establish a comprehensive personal information management mechanism ● Obtained the certification for BSI 10012:2017 - Personal Information Management System ● Implement personal information training 	<ul style="list-style-type: none"> ● Establish the "Protocol for Responding to Personal Information Breaches" ● Establish regular contingency plan exercises 	<ul style="list-style-type: none"> ● The 2022 personal information training completion rate for Cathay FHC and its subsidiaries was 100%
Labor Rights	All sectors	<ul style="list-style-type: none"> ● The 2022 personal information training completion rate for Cathay FHC and its subsidiaries was 100% ● High-risk/sensitive industries: controversial sexual weapons, pornography, human rights violations, coal mining, oil and natural gas, upstream coal mining/nuclear power generation, tobacco industry, gambling, tropical rainforest logging, gillnet manufacturing and fishing 	<ul style="list-style-type: none"> ● Identify key ESG factors for corporate lending and assess the human rights risks of lending clients using the ESG scorecard ● Establish ESG risk guidelines for sensitive industries ● Conduct pre-approval reviews in compliance with the Equator Principles (EPs) and continue to track post-lending ESG risks 	<ul style="list-style-type: none"> ● Continue to monitor ESG performance in corporate loans and require ESG remediation from lending clients that exceed a specified risk threshold ● Oversee the developer's engagement with stakeholders in compliance with the Equator Principles (EPs) and manage the progress of the developer's post-loan action plan 	<ul style="list-style-type: none"> ● All corporate loans are reviewed for human rights risks using ESG review standards ● We conduct post-loan management for all corporate lending clients that exceed a specified risk threshold ● Equator Principles-related loans are all evaluated and managed based on the Equator Principles

Risk Issues	At-Risk Groups	Risk Assessment Approach	Risk Mitigation Measures	Compensation Measures for Affected Groups	Mitigation and Compensation Measure Implementation Outcome
Occupational Safety and Health	<ul style="list-style-type: none"> Diversity, Inclusion and Equal Opportunities 	<ul style="list-style-type: none"> News monitoring All of our suppliers have signed the Cathay Financial Holdings Statement of Sustainability Values; Cathay also conducts annual supplier sustainability training (including the human rights pledge) and assessment. 0 suppliers with unqualified evaluation results in 2022 	<ul style="list-style-type: none"> Establish Cathay FHC Sustainable Procurement Policy and implement ISO 20400 - Sustainable Procurement Guidelines Implement the management of sustainability self-evaluation for suppliers Require suppliers to sign the Cathay Financial Holdings Statement of Sustainability Values Conduct sustainability training for suppliers Hold annual supplier conference 	<ul style="list-style-type: none"> The procurement contract requires suppliers to adhere to the principles of corporate social responsibility and to comply with regulations. The supplier is liable for damages if there is a breach of contract Conduct regular supplier evaluations. Those that fall below a rating threshold are removed from the supplier list 	<ul style="list-style-type: none"> All Cathay suppliers have signed the Cathay Financial Holdings Statement of Sustainability Values All Cathay suppliers have completed the sustainability training As of the end of 2022, all of Cathay FHC's 1,227 suppliers have signed the Cathay Financial Holdings Statement of Sustainability Values
Personal Information Protection					
Diversity, Inclusion and Equal Opportunities	<ul style="list-style-type: none"> Joint venture employees 	<ul style="list-style-type: none"> All joint ventures have signed the Cathay Financial Holdings Statement of Sustainability Values (including the human rights pledge) 	<ul style="list-style-type: none"> All joint ventures have signed the Cathay Financial Holdings Statement of Sustainability Values (including the human rights pledge) 	<ul style="list-style-type: none"> Investigate how joint ventures implement human rights by conducting questionnaires 	<ul style="list-style-type: none"> Request improvements based on questionnaire results

Complaint Filing Mechanism and Reporting Channels

To foster an ethical and transparent corporate culture and facilitate a sound management framework, Cathay has established clear complaint and reporting channels. This is to ensure that we fully implement Cathay's Code of Ethics and adhere to our guidelines for ethical corporate management. We also want to ensure the legal rights of those who report incidents and any relevant persons. At Cathay FHC, we believe that the foundation of our competitiveness lies in the dedication and commitment of our employees. As an employer, we recognize our responsibility to provide for our employees' welfare. This is why we ensure that our compensation packages are benchmarked against market value, and we offer a comprehensive set of benefits to ensure that all our employees' needs are taken care of. In addition, Cathay also provides a wide range of channels for learning and career development rotations based on employees' skills and expertise. To ensure that we have a full understanding of our employees' needs, we have implemented a multi-prong dual-channel communication approach. Employees can submit their recommendations and ideas to our human resources department via letters or emails. Additionally, we have established an internal communication network that allows employees to log in and express their ideas.

Complaint/Reporting Procedures



6.3 Ethical Corporate Management

GRI : 2-23、2-24、2-27、2-28、416-1、416-2、418-1；SASB：FN-CB-510A.1、FN-CB-510A.2、FN-AC-510A.1、FN-AC-510A.2

6.3.1 Ethical Corporate Management

At Cathay, we prioritize ethical corporate management and have established several policies and guidelines to promote a culture of integrity within the company. These include the "Policy and Code of Operation Integrity," "Procedures and Guidelines of Integrity Management Operation," and "Code of Conduct for Employee." We require all employees to comply with these internal policies while performing their duties, and unethical behavior is strictly prohibited. Additionally, we ask our employees to participate in public affairs in compliance with the law. Meanwhile, Cathay is an active participating member in associations over the years. Cathay FHC President Chang-Ken Lee is the current chairperson of the Financial Planning Association of Taiwan and the director of the Bankers Association of Taipei. Cathay Life Chairman Tiao-Kuei Huang is also the honorary chairman of the Life Insurance Association R.O.C. Participation in key associations is a part of Cathay's effort to facilitate stronger collaboration between the industry and the government by formulating the relevant policies that will further the development of the financial sector.

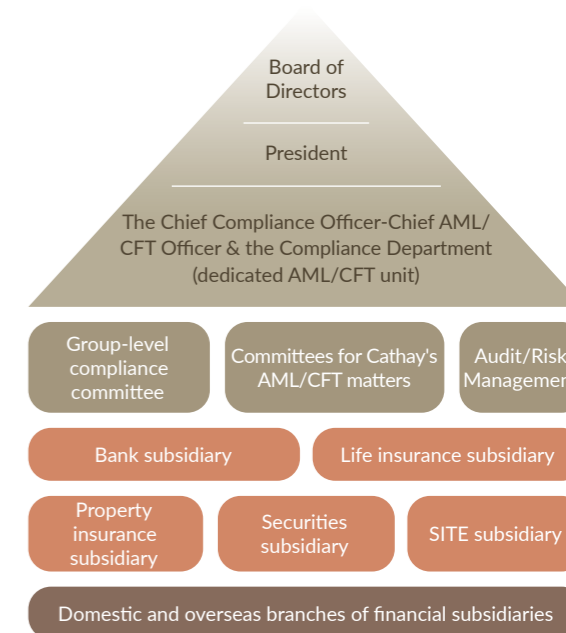
Cathay FHC has adopted an ethical corporate management policy. We implement the following management mechanism to review the implementation status of ethical corporate governance:

Management Mechanism	Results
Conduct regular self-evaluations and review for unethical risk behavior	<ul style="list-style-type: none"> ● We conduct an annual ethical management risk assessment. Items evaluated include offering or accepting improper benefits (offering/accepting bribes), illegal political contributions, unethical charitable contributions, violation of recusals, violation of stakeholder interests, violation of intellectual property rights and information confidentiality, etc. If the review identifies existing or potential unethical behavior, corrective and remedial action must be taken immediately. ● We conducted the unethical conduct risk assessment for 2021 in 2022 and presented the assessment results to the board; the same assessment for 2022 was conducted in Q1 of 2023.
Training	Employee ethics and code of conduct training is a required annual course. The training lasts one hour. The training completion rate for 2022 was 100%.
Whistleblower Mechanism & Reporting Channels	We have established clear reporting channels following our "Code of Conduct for Reporting Unethical or Dishonest Cases" and the group's reporting mechanism. We have also established a response protocol to ensure that all reports are thoroughly investigated, and that the legal rights of whistleblowers and any other relevant personnel are protected throughout the process. We are committed to protecting the identity of whistleblowers and any other individuals involved in the investigation to prevent any potential retaliation or unfair treatment. In 2022, there were no reported cases of insider trading, antitrust, monopoly and market manipulation violations, or unethical or dishonest cases.

6.3.2 Compliance

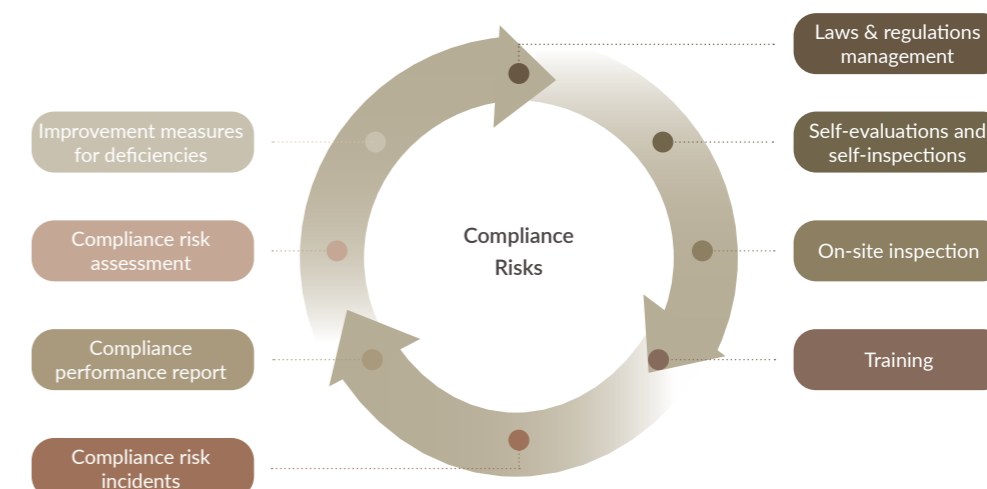
■ Strengthening Corporate Compliance Culture

At Cathay FHC, we prioritize compliance management and strive to deepen our compliance culture across the group. To achieve this, we monitor domestic and overseas financial regulatory changes and take appropriate measures to ensure that all of our businesses are fully compliant with regulatory requirements. Group compliance and AML/CFT are managed as a whole at the group level and implemented by level and region. The board of directors appoints the Chief Compliance Officer / Chief AML Officer to manage the group's compliance matters; the CCO reported on compliance matters to the board of directors and the Audit Committee twice in 2022.



■ Systematic Management of Compliance Risks

At Cathay FHC, compliance is a key aspect of our internal control implementation, with risk management at the core. We adopt a dynamic management model and prioritize prevention over response to maintain a proactive approach to compliance. In addition to promoting compliance with international regulations, we supervise our key subsidiaries to implement compliance risk management measures. We also leverage a compliance digital management platform and new technologies to strengthen the Group's internal control management.



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Strategy	Execution
Group Compliance Management Mechanism and Performance Enhancement	<ul style="list-style-type: none"> ● Cathay regularly conducts compliance performance reports, compliance self-evaluations and self-inspections, the results of which are included in the performance evaluation of senior management. We also convene a group compliance officer committee twice a year to strengthen the group's internal control and inter-company communication. At Cathay, we have established a reporting and management channel for major external compliance events. The events include significant regulatory violations and risk warning indicators for potential compliance rating downgrade by the financial regulator. The reporting mechanism helps the board and senior management to gain timely insight into relevant risk warnings for evaluation and formulate response improvement measures for implementation. ● We have established the mechanisms for reviewing penalties imposed on our competitors and the group, and the review standards for compliance performance across the group and at the subsidiary level to ensure proper regulatory performance supervision. The major penalties imposed on subsidiaries and improvement measures in 2022 are as follows. For full details, please refer to Cathay FHC's 2022 Annual Report P.151-160. ● Due to the pandemic, the group conducted 29 remote compliance inspections for overseas operations in 2022. The remote inspections allowed us to track compliance performance. The remote engagement strengthened compliance governance for both our domestic and overseas operations.
Group Mid- to Long-Term Compliance Focus	<ul style="list-style-type: none"> ● We oversee the implementation of compliance risk management by subsidiaries based on the risk characteristics of the industry. We also actively promote the group's compliance alignment with international standards, while keeping abreast of international regulatory trends. ● At Cathay, we have implemented a phased approach to the use of new technology, including the group's compliance digital management platform. We have also partnered with a Taiwan-based startup called RegTech to develop a compliance AI model. This model creates a robust database infrastructure that complements the group's compliance digital management system. The system is designed to manage compliance based on different risk levels and proactively implement the corresponding measures to mitigate those risks.
Cathay Financial Group Whistle-blowing Program	<ul style="list-style-type: none"> ● We have established a Group Whistle-blowing Program to strengthen our internal control. The reporting channels are published on our official website and provide details on the reporting method, requirements, channels, response measures, documentation, principle of protection for Whistleblower, and enforcement actions. ● In 2022, Cathay FHC concluded investigations on all five reported incidents, of which two occurred at Cathay FHC and one occurred at a domestic subsidiary - no evidence of illegal activity was found. Two incidents occurred at overseas branches and investigations revealed the allegations to be true - both incidents have been handled according to internal regulations.

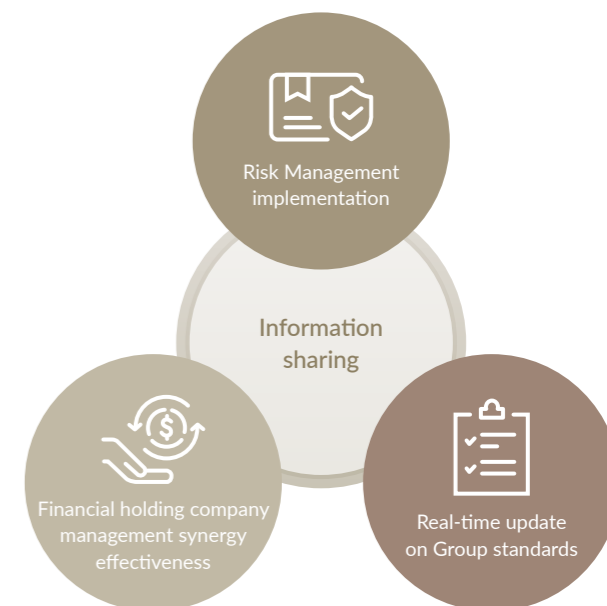
Material Penalties and Improvement Measures in 2022

Subsidiaries	Cathay United Bank	Cathay United Bank	CUB Hong Kong Branch
Reason	NT\$2 million fine and other necessary penalties Abnormal functioning of the financial integration front-end management system was identified as the primary compliance issue	NT\$12 million fine; corrective action and reduction of the president's monthly salary by 30% for three months. Deficiencies in information system maintenance regulatory compliance, management rules for the middle office, and contingency plans for emergency events were identified as the primary compliance issues	HK\$11 million fine. Deficiencies in customer audit policies and procedures, customer risk assessment framework, and high-risk customer review were identified as key compliance issues
Improvement Measures	We made several improvements, including optimizing the syntax performance, adjusting temporary system parameters, migrating server processing cores, configuring a dedicated disk array for the system, revising dispatching operations for ATM context interpretation, and strengthening internal management regulations. System module removal operations are expected to be completed by 2023/4/30.	We made several improvements, including system health check testing, compensation measures for customer protection, and the optimization of real-time monitoring and warning mechanism for system resources. Additionally, we have optimized the existing customer login. We are also considering other enhancement measures and a comprehensive schedule for overall improvement.	We completed several improvements, including adjustments and enhanced supervision from senior management, improved compliance and AML actions from the head office, enhancement actions from the audit unit, and continual updates to our internal regulations.

• Strengthening AML/CFT/PF System

AML/CFL are top priorities on an international level. We adopt a "risk-based" approach to establish a group-wide management mechanism for AML/CFL. We also have an information-sharing system in place with Cathay FHC's operations as its core. We aim to remain compliant with financial regulations while continuing to grow our business. To achieve this, we regularly update and refine our risk assessment methodologies, leveraging technology and data analytic tools to enhance the effectiveness of our AML/CFL management actions.

Strategy	Execution
<p>Management Mechanism and Effectiveness Improvement</p>	<ul style="list-style-type: none"> ● We established the "AML/CFT Management Guidelines," group-level risk methodologies, risk factors, and risk alert mechanisms and monitoring indicators. ● Strengthen customer due diligence and keep up with monitoring measures of high-risk scenarios; self-inspection and internal audit items have been implemented into relevant SOPs. ● Hold semi-annual group-level AML/CFT meetings; assist key subsidiaries in implementing AML/CFT management by assigning dedicated staff to various projects. ● "National Money Laundering, Terrorist Financing and Proliferation Financing Risk Assessment Report" project: <ol style="list-style-type: none"> 1.A Cathay project team was established in 2022 in response to the "National Money Laundering, Terrorist Financing and Proliferation Financing Risk Assessment Report" issued by the Executive Yuan. 2.Conducted an emerging risk assessment on the newly added categories of proliferation financing risk and virtual asset service providers (VASPs) in the report; we also engaged external advisors to help improve the solution to facilitate the group's policy adjustment. ● Group AML/CFT information sharing: <ol style="list-style-type: none"> 1.Establish group-level information sharing regulations and platform based on best practices recommended by the Financial Action Task Force (FATF) and the Bankers Association. 2.Emphasize an inter-subsidiary risk management approach and share a variety of information among subsidiaries to create a group-wide defense mechanism. The information includes a group-level list, suspicious transaction categories, suspicious customer/transaction information, inter-subsidiary risk data exchange, etc.
<p>Group Mid- to Long-Term Development Focus</p>	<p>"Cathay AML Joint Risk Defense" project:</p> <ol style="list-style-type: none"> 1.Cathay's business operations have been gradually transitioning from traditional to digital-based services by utilizing digital technology tools. The transition takes into account the development of fintech and the group-wide goal of digital transformation. Our various service channels have been consolidated into a more centralized platform. In addition, we launched the Cathay AML Joint Risk Defense project in 2022 to strengthen the group's risk control and defense. 2.In addition to conducting data analysis with digital tools, Cathay has also incorporated recognition/identification technology into our digital services. We are committed to further enhancing our digital services in response to external regulatory changes and new technological trends. We aim to optimize our common risk defense mechanism to achieve effective supervision and management through an integrated group-wide effort.



• Promoting Diverse Compliance Training and Cultivating Technology Compliance/AML Talent

To promote compliance awareness among employees and cultivate technology compliance/AML talent, Cathay FHC offers a wide range of compliance/AML training in line with the latest technological developments. Topics range from compliance fundamentals, emerging developments in financial crimes, new ESG values and the impact on directors' responsibilities and corporate governance, stakeholder transaction case study analysis, metaverse industry risks, financial information security trends, and insider trading / anti-bribery/corruption prevention regulations and case studies. Furthermore, Cathay actively nurtures technology compliance/AML professionals through project implementation that combines digital technology with professional experiences. These projects provide talent development opportunities to expand the talent pool in this area.

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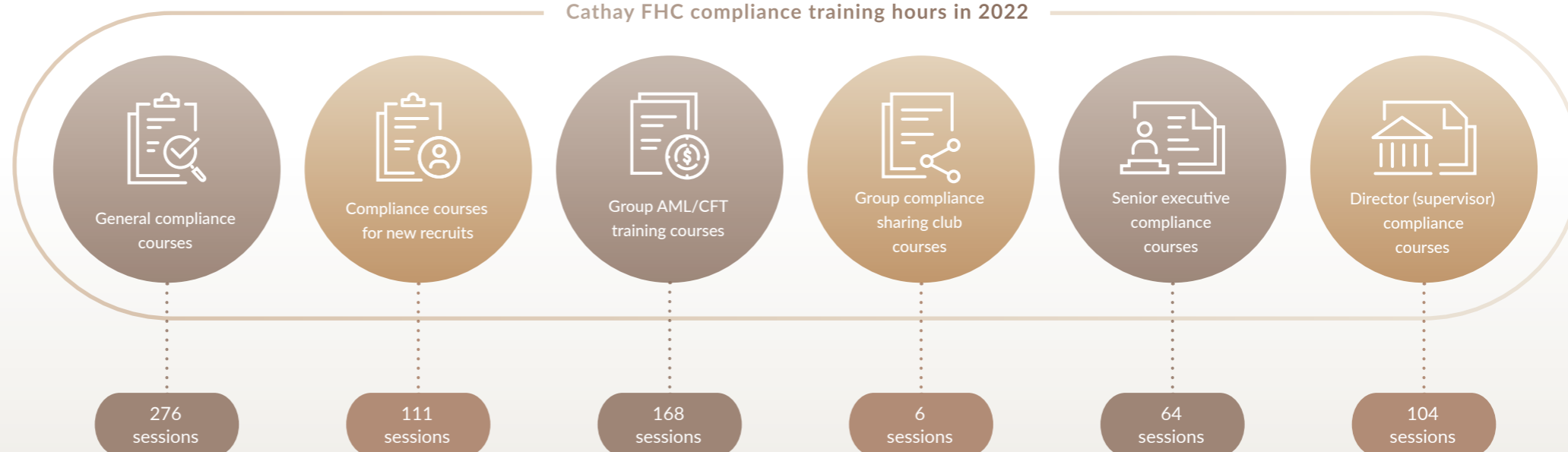
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Cathay FHC compliance training hours in 2022



6.4 Information Security

6.4.1 Information Security Governance

Cathay continues to follow Financial Supervisory Commission's "Financial Information Security Action Plan" and take continuous steps to strengthen its defense against cybersecurity threats, thereby ensuring the security, convenience, and continuity of financial services rendered. Cathay FHC and its subsidiaries each have an independent information security unit and supervising officer responsible for planning, monitoring, and implementing information security management. The implementation status of information security in the previous year is reported to the Board of Directors annually. The Information Security Committee, a cross-functional committee, is responsible for formulating information security policies and promoting management systems at the group level. To further facilitate effective cross-functional communication and consistent information security management across Cathay FHC and its subsidiaries, the cross-functional Information Security Communication Committee was established to carry out information security controls and quality enhancement.

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Strengthening Cyber Resilience																								
Measures	Action Plans																							
Formulated Information Security Policies	<ul style="list-style-type: none"> Cathay FHC and its subsidiaries have established information security policies separately, which are subject to approval by their respective board of directors, and also examine the confidentiality, integrity, availability, and compliance of information assets through annual inspections. 																							
Established a 24/7 Security Operation Center	<ul style="list-style-type: none"> To stay on top of cybersecurity risks, Cathay FHC established the Security Operation Center (SOC) in 2020. The SOC monitors cybersecurity status, enables immediate action against emerging cybersecurity threats, and conducts associative analysis of cyber-security equipment, network equipment, and operating system logs to alert and identify cybersecurity incidences, abnormal connections, etc. It also enables tracking and response mechanisms to enforce measures to control and manage cybersecurity risks. 																							
Information Security Incident Response (IR)	<ul style="list-style-type: none"> Integrated resources of Cathay Financial Group and assembled cross-functional "Cybersecurity Emergency Response Team" to assist with IR(Incident Response) and monitor cybersecurity incidences in Cathay FHC and its subsidiaries through incident reporting and emergency response procedures. Conducted tabletop exercises to familiarize employees with IR processes regarding different scenarios and ensure immediate response in the event of cybersecurity incidences. Leveraged IR experiences from third-party experts, advisors, and IR teams to provide applicable, suggestions and IR support. 																							
Introduced ISO 27001: 2013 Information Security Management (ISM) System	<ul style="list-style-type: none"> As of the end of 2022, coverage of ISO 27001:2013 reached 99.5% of the group. This will complete the information security governance framework and management system, and reinforce cybersecurity incident warning, reporting, and response procedures to provide customers with safe financial services. In 2022, Cathay FHC introduced the ISO 27001: 2013 framework and will seek to verify the framework in 2023 Major subsidiaries of Cathay FHC have all received ISO 27001: 2003 certification and continue to hold valid certificates. Expiration dates for the subsidiaries' certificates are as follow: <table> <tr> <th>Cathay United Bank (CUB)</th><th colspan="2">Cathay Life</th><th colspan="2">Cathay Century Insurance</th></tr> <tr> <td>2020/11/26 ~ 2023/11/25</td><td colspan="2">2019/02/27 ~ 2022/02/26 ; 2022/02/27 ~ 2025/02/26</td><td colspan="2">2020/01/16 ~ 2023/01/15 ; 2023/01/16-2025/10/31</td></tr> <tr> <th>Cathay Securities</th><th>Cathay Futures</th><th>Cathay Securities Investment Trust</th><th colspan="2">Cathay SITE</th></tr> <tr> <td>2022/04/11 ~ 2025/04/10</td><td>2022/04/01 ~ 2025/03/31</td><td>2022/03/28 ~ 2025/03/27</td><td colspan="2">2022/07/19 ~ 2025/07/18</td></tr> </table>				Cathay United Bank (CUB)	Cathay Life		Cathay Century Insurance		2020/11/26 ~ 2023/11/25	2019/02/27 ~ 2022/02/26 ; 2022/02/27 ~ 2025/02/26		2020/01/16 ~ 2023/01/15 ; 2023/01/16-2025/10/31		Cathay Securities	Cathay Futures	Cathay Securities Investment Trust	Cathay SITE		2022/04/11 ~ 2025/04/10	2022/04/01 ~ 2025/03/31	2022/03/28 ~ 2025/03/27	2022/07/19 ~ 2025/07/18	
Cathay United Bank (CUB)	Cathay Life		Cathay Century Insurance																					
2020/11/26 ~ 2023/11/25	2019/02/27 ~ 2022/02/26 ; 2022/02/27 ~ 2025/02/26		2020/01/16 ~ 2023/01/15 ; 2023/01/16-2025/10/31																					
Cathay Securities	Cathay Futures	Cathay Securities Investment Trust	Cathay SITE																					
2022/04/11 ~ 2025/04/10	2022/04/01 ~ 2025/03/31	2022/03/28 ~ 2025/03/27	2022/07/19 ~ 2025/07/18																					

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6.4.2 Information Security Management & Training

Cultivate employee' s information security awareness to enforce information security management and control under trends of digital transformation. For a complete overview of information security training in previous years, please refer to [Table 31](#) in the Appendix.



"Security by Design"
Strategy

- Information security, from a business perspective, is taken into account as a factor of consideration during the early stages of service or business model designs
- Information security personnel become involved when projects are still in the nascent stages to provide safety designs from a business perspective and enable project members to learn and understand topics of concern in information security



Information Security
Training

- All employees are required to complete at least 3 hours of Information Security Training. In 2022, 100% of employees at all subsidiaries fulfilled the 3-hour training requirement
- Employees in information security units are required to complete at least 15 hours of professional information security training

6.4.3 Verification of Information Security Mechanisms & Cyber-attack Management

When Cathay FHC and its subsidiaries discover a cyber attack or malware, the cybersecurity incident reporting and response mechanism is initiated. The highest level responder to an emergency cybersecurity incident is the president in all companies, and the incident is handled in accordance with the Cybersecurity Incident Reporting and Emergency Response Management Guidelines. Cathay FHC summarizes severe cybersecurity incidents of all subsidiaries and presents it to the Information Security Committee. In 2022, there were no major cybersecurity incident. For information leaks, please refer to [6.5.4 Personal Information Protection](#).

Measures	Action Plans
Cyber-attack Drills	<ul style="list-style-type: none"> ● Cathay Life, CUB, Cathay Century Insurance, and Cathay Securities commission experts as white hat hackers to conduct annual cyber-attack drills. In 2022, Cathay SITE also conducted cyber-attack drills for the first time ● White hat hackers expose loopholes and scenarios, including connection status management, access control testing, and authorization escalation & bypass where IT systems are vulnerable to cyber-attacks by attempting to hack into the system
Information Security Assessments for Computer Systems	<ul style="list-style-type: none"> ● Cathay FHC and its subsidiaries all had an external vendor conduct computer system safety evaluations every year, which examined information structure, inspected network activity, conducted vulnerability scanning and penetration testing, examined security settings, and examined compliance. We carried out follow-up and improvement measures based on the system security status, and improvements for severe risk and high risk items were all 100% completed.
Threat Intelligence Sharing & Analysis Mechanism	<ul style="list-style-type: none"> ● Established "Group Information & Threat Intelligence Sharing Mechanism" to report and share major cyber threat intelligence in order to implement enhancement and prevention measures. ● Signed the "Memorandum of Understanding on National Cyber-security Protection & Intelligence Sharing" with MJIB (Ministry of Justice Investigation Bureau) to strengthen the scope and depth of information security protection at Cathay Financial Group and establish a public-private information security cooperation framework to develop an allied cyber defense mechanism.

6.5 Service Quality & Customer Rights

6.5.1 Treating Customers Fairly

Cathay FHC has long believed in "putting customers first" and strives to provide friendlier products and services that better meet customer demands and integrate company services into the daily lives of every consumer. Cathay FHC values customers' suggestions and has established a range of robust reporting channels and units to handle customer complaints and formulate response measures for different cases. "Taking the initiative to respond to customer complaints and care for customers" serves as the highest governing principle and the company strives to contact customers and provide solutions as soon as possible.

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Subsidiaries	Customer Support Channels & Units	Organizations/Operations	Key Actions in 2022
Cathay Life	The Customer Relationship Enhancement Department is responsible for handling complaints from customers and has formulated the "Cathay Life Insurance Consumer Dispute Resolution Procedures" and "Cathay Life Insurance Guidelines for Handling Customer Complaints" to protect consumer rights. Additionally, the company has introduced a customer support hotline at (02)2162-6205 to optimize the handling of customer complaints.	<ul style="list-style-type: none"> ● Governance: Established the Fair Customer Treatment Committee in compliance with the "Articles of Association for the Fair Customer Treatment Committee." The president and senior executive VP of the Customer Relationship Enhancement Department serve as the chairperson and vice chairperson, respectively. ● Board of Directors (BOD) Participation: To enforce corporate governance and enhance BOD efficacy, directors and supervisors have completed requisite training in compliance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies." All directors, supervisors, and branch heads have also completed the annual internal training required by the company. ● To effectively strengthen BOD functions and enforce corporate governance, the company has exhibited its resolve to promote fair customer treatment with a top-down approach and shaped the DNA of Cathay Life. Additionally, the company has strengthened various fair customer treatment practices and established related systems in three areas: "Policy Formulation," "Execution & Oversight," and "Engagement." 	<ul style="list-style-type: none"> ● Independent directors serve on the Fair Customer Treatment Committee and related seminars to instruct on the following areas: 1. Strengthen remote services. 2. Protect the rights of senior citizens and disabled persons to enforce protection measures for disadvantaged communities. 3. Showcase outcomes from different channels, operations, and service systems at the Fair Customer Treatment Conference. ● The president continues to actively strengthen a culture of fair customer treatment and enforce compliance by: 1. Integrating the principle of fair customer treatment into daily operations. 2. Enforcing compliance and seeking progress. 3. Performing internal control and oversight to take the initiative and actively prevent risks from materializing. ● Provide customers with accessible and consistent service quality. Cathay Life launched the "Omni-channel Strategy & Operations Plan" to integrate internal systems and provide a service platform delivering consistent information in a way that is easy to understand, giving customers access to consistent information and service quality through customer service or any other channels and providing experiences exceeding customer expectations. ● Offer diverse added-value services through online sections available on the company's official website and offline channels to deliver comprehensive and diverse service channels. Provide convenient and accessible services to senior citizens.
CUB	The Financial Service Department is responsible for handling customer complaints and has established a 24H customer service hotline at (02)2383-1000 and a toll-free hotline at 0800-818-001. Customers can also file complaints on CUB's official website.	<ul style="list-style-type: none"> ● Company-wide Enforcement of Fair Customer Treatment: The BOD seeks to cultivate a culture of ethical corporate management with an emphasis on financial consumer protection. Every six months, the BOD receives reports on the enforcement of fair customer treatment. Every quarter, the BOD receives reports on customer complaints and related progress on mitigating complaints. ● Senior executives comprise the "Consumer Dispute Review Committee" to effectively handle cases of customer disputes. ● "Service Quality Teams" Spearheaded by Directors & Senior Executives: Enforce a customer-centric culture at the FHC level and adopt digital technologies to enhance customer service quality. ● Continue to provide training to raise compliance awareness in employees and enforce fair customer treatment. 	<ul style="list-style-type: none"> ● In addition to actively handling customer complaints, the company put itself in the customer's shoes to consider their rights, systematically managing customer feedback and suggestions from complaints and disputes to optimize service processes and provide customers with a great experience. ● Utilize the "Alpha" chatbot and map out smart speech services to offer customized services and, thus, enhance the efficiency of customer service. ● Continue to develop digital finance and map out digital over-the-counter services at branches to facilitate branch transformations such as assisting customers to utilize digital services for filling out forms and completing transactions, expanding the scope of video services, optimizing device binding function for the CUBE App, and promoting one-stop CUBE App services to meet customers' demands for financial services remotely and deliver secure, high-quality financial services. ● Assemble cross-unit teams to actively map out and roll out accessible financial services to provide a more robust experience to senior citizens and disadvantaged customers.

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Subsidiaries	Customer Support Channels & Units	Organizations/Operations	Key Actions in 2022
Cathay Century Insurance	<p>The Contact Center is responsible for handling customer inquiries and consumer disputes and has formulated the "Cathay Century Insurance Consumer Dispute Settlement Procedures" to protect consumer rights.</p> <p>Customers can provide detailed accounts to Cathay Century Insurance through the customer service hotline at 0800-212-880.</p>	<ul style="list-style-type: none"> Fair customer treatment is assessed during the compliance self-assessment conducted every six months to ensure that all principles are enforced. The "Treating Customer Fairly Working Group Meetings" are convened quarterly and attended by independent directors, presidents, and Executive VPs from different units to discuss policy enforcement and complaint mitigation for subsequent reporting to the BOD. The "Customer Experience Management (CEM) Meetings" are convened monthly to promptly react to and resolve customer pain points. Meetings are chaired by the Executive VP responsible for the Contact Center and attended by senior VPs and managers from related departments to confirm practices and timelines for improving customer experiences. 	<ul style="list-style-type: none"> Progress in Quarterly Treating Customer Fairly Working Group Meetings: In Q1, completed roll-out plans and formulated KPIs for all principles, which were later tracked at meetings in Q2, Q3, and Q4 and then reported to the BOD for review and oversight. In 2022 meetings, Cathay Century Insurance will continue to track the enforcement of practices to support disabled customers and senior citizens listed in 2021 to ensure the delivery of accessible services. Continued to comply with the four major stages - Uncover, Optimize, Track, and Confirm - to explore, classify, and analyze root causes of common complaints each quarter for reporting at the Treating Customer Fairly Working Group Meetings to track progress in mitigating root causes. Progress is then reported to the BOD every six months. Introduced CEM Meetings in 2022 to highlight customers' voices from daily operations, identify service gaps/breakpoints and provide suggestions every month, and work with related units to formulate and roll out mitigation measures, thereby enhancing customer experiences. To foster a deeply rooted service culture of treating customers fairly, Cathay Century Insurance organized the internal "iCARE Service Award" to encourage employees to ideate from customers' perspectives. In 2022, Cathay Century Insurance evaluated the feasibility of the winning proposal in 2021 - "Accessible Product & Service Designs for Disabled Customers" - and implemented the proposal by launching a new program - "Empowering Disabled Customers: Accessible Products & Services," which Cathay Century continues to track during CEM Meetings.
Cathay Securities	<p>In compliance with the "Guidelines for Handling Customer Complaints" and "Procedures for Handling Financial Consumer Disputes," the Digital Operations Center is the dedicated unit for handling customer complaints and organizing closed complaints.</p> <p>Customers can make inquiries through the customer service hotline at (02) 7732-6888 or on the company's official website.</p>	<ul style="list-style-type: none"> Governance: Established the "Fair Customer Treatment Committee" in compliance with the "Scope of Responsibilities & Articles of Association for the Fair Customer Treatment Committee." The president and a division-level executive serve as the chairperson and vice chairperson, respectively. Operations: In compliance with previously listed guidelines and related regulations outlined in the "Principles & Strategies for Treating Customers Fairly," the Fair Customer Treatment Committee regularly gathers information on related programs and their outcomes, convenes quarterly and annual meetings, and compiles reports to the BOD on the enforcement of the "Principles & Strategies for Treating Customers Fairly." 	<ul style="list-style-type: none"> In 2022, established the "Fair Customer Treatment Committee" to replace the existing "Fair Customer Treatment & Service Quality Team" and formulated the "Scope of Responsibilities & Articles of Association for the Fair Customer Treatment Committee" to define the decision-making hierarchy. The Fair Customer Treatment Committee is comprised of three units - Financial Products & Services, Consumer Disputes, and Training - to enhance service quality in multiple areas. The Fair Customer Treatment Committee reports their work and progress to the BOD each quarter and moves forward with subsequent plans according to instructions from the BOD.

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Subsidiaries	Customer Support Channels & Units	Organizations/Operations	Key Actions in 2022
Cathay SITE	The Customer Service Department is responsible for handling customer complaints. Customers can provide detailed accounts to Cathay SITE through the customer service hotline at (02)7713-3000, email, fax, or by visiting Cathay SITE.	<ul style="list-style-type: none"> ● Enforce requirements on annual training hours and regularly report training status and progress to the BOD. ● The head of Cathay SITE's Business Division is responsible for overseeing and promoting the "principles of treating customers fairly." In addition to developing robust service processes, Cathay SITE also aims to integrate fair customer treatment into its corporate culture and regularly reports related progress to the BOD. ● Cathay SITE's human resources unit organizes three or more hours of related awareness programs and training on "fair customer treatment policies" and strategies, internal compliance guidelines, and codes of conduct to strengthen fair customer treatment practices among employees. 	<ul style="list-style-type: none"> ● Reported to the BOD in 2023 Q1 on progress with implementing the "principles of treating customers fairly" and updating guidelines in compliance with regulations and actual progress for sound financial consumer protection. ● All training and customer complaints in 2022 were handled in compliance with related programs.

6.5.2 Service Quality & Customer Satisfaction

Cathay FHC upholds "Integrity, Accountability, and Innovation" as core values, seeks to enter customer's daily lives through diverse channels and sound services, and fosters the company's service culture in all employees through robust training, investing in customer relations and protecting their interest to continue enhancing service quality. The Service Quality Committee at Cathay FHC formulates the group's service guidelines to uphold and protect customer rights and the principles of treating customers fairly. The committee regularly reviews service strategies and programs with subsidiaries and works with subsidiaries' Service Quality Teams to plan, promote, and track service improvement programs, exhibiting Cathay FHC's commitment to hearing customers' voices and providing them with outstanding service qualities. Subsidiaries have, based on the nature of their business, commissioned large, credible market research companies to conduct satisfaction surveys on topics including sales agents, telephone customer service, claims services, over-the-counter services, and online services to provide a basis for improving the service quality. For Cathay FHC customer satisfaction, please refer to [Table 33](#) in the Appendix.

Subsidiaries	Satisfaction Levels
Cathay Life	Will continue to monitor and optimize customer experiences to maintain high levels of satisfaction.
CUB	The Customer Service Center meets satisfaction requirements and continues to maintain high levels of customer satisfaction. The company will focus on spotlighting every customer touchpoint and journey, identifying critical factors most important to customers and of significant impact on customer satisfaction, and spotlighting their improvement.
Cathay Century Insurance	Continue to review all customer service processes, strengthening and improving service quality and customer experiences to increase customer satisfaction.
Cathay Securities	Monitor all online/offline service points and optimize services upon understanding customer feedback and expectations to continue increasing customer satisfaction.
Cathay SITE	Collect customer feedback with surveys conducted by third-party agencies and continue to advance digital service functions to support customers' mobile device usage and deliver online/offline service experiences.

6.5.3 Optimize Service Experiences

In 2016, Cathay FHC introduced the Net Promoter Score (NPS) to assess customer service journeys, obtain real-time customer feedback at important touchpoints, and conduct qualitative analysis and cross-department communication/collaboration to continue improving customer service experiences.

Subsidiaries	NPS Framework Deployment	Major Breakthroughs in 2022
Cathay Life	Deployed 18 service points for online/offline customer journeys and used automatic monitoring dashboard and customer response management backends to assess NPS changes and regularly devise customer experience optimization strategies. Results produced by cross-unit collaboration are tracked at quarterly service quality meetings to enhance service quality.	<ul style="list-style-type: none"> In addition to continuing to develop the "customer experience management mechanism" to perfect and optimize customer experiences, the company continued to invest in the company's advantages (e.g., digitalization levels and strengthening interactions/relationships between customers and sales agents) in 2022 and bolstered critical journeys that impact customer satisfaction levels and NPS. NPS was 29.2 in 2022, which increased from 21.1 in 2021.
CUB	<ul style="list-style-type: none"> The Customer Service Center issues tNPS surveys to incoming callers every day and conducts correlation analysis on survey feedback, reasons for calling, and related products to explore gaps in customer experiences for monthly reporting to related units to actively develop service strategies that better meet customers' demands. The "digital platform NPS mechanism" uses NPS, customer interviews, and usability tests to help design platform experiences that better meet users' demands and expectations. 	<ul style="list-style-type: none"> The Customer Service Center increased its tNPS by 0.4 points, from 62.4 in 2021 to 62.8 in 2022. Customers have consistently supported and recommended the center's services. In 2022, the CUBE APP increased its rNPS by 2 points from 2021 to 42 points. The percentage of critics dropped from 14.7% in 2021 to 12.3% in 2022, indicating that customers recognize and recommend optimizations deployed to the company's digital platform services. Cathay FHC customers also strongly recommend the CUBE APP, ranking it first over competing products in Taiwan.
Cathay Century Insurance	Deployed 30 online/offline service points to gain daily insight into customer voices through the NPS feedback management backend and visual reports and recreate customer experiences at every service point in regular meetings and cross-unit collaboration to uncover core problems and viable solutions to continue optimizing customer experiences.	<ul style="list-style-type: none"> In 2022, maintained consistent tNPS both online and offline and continued to optimize administrative and service processes at each service point based on customer feedback to strengthen customer support for Cathay Century Insurance 's services.
Cathay Securities	Deployed 12 online/offline tNPS service points for testing by taking stock of customer service journeys and sending NPS surveys to customers the day after they received services from Cathay Securities. Customer service then calls customers to learn more about their experiences at every service point based on NPS survey feedback. Cathay Securities also communicates and collaborates across units to continue optimizing customer experiences.	<ul style="list-style-type: none"> In 2022, scores for online/offline tNPS service points increased from the previous year. Scores from offline tNPS service points increased significantly after training and mystery shopping (trading counter for accepting orders increased from 38.8 to 68.1 points, Customer Service Center increased from 65.5 to 78.7 points, and over-the-counter services increased from 61.7 to 73.2 points), indicating that Cathay Securities has been able to improve the quality of in-person services while developing digital services.
Cathay SITE	Cathay SITE integrates NPS survey activities with satisfaction to review various services such as brands and products to focus on key points and improve customer experience and satisfaction.	In 2022, Cathay SITE commissioned a third-party agency to survey customer satisfaction and confirmed it was still among the best, indicating that customers continue to be happy with Cathay SITE services. Cathay SITE will also continue to maintain great interactions and relationships to fulfill potential customer demands.

6.5.4 Personal Information Protection

■ Customer Privacy Policy

To thoroughly enforce personal information management, Cathay FHC has established the "Personal Information Management Committee." The president serves as the chairperson, while the Risk Management Division serves as the personal information management responsible for planning, overseeing, and enforcing committee decisions and reviewing and improving the group's personal information management. To actively safeguard customer rights in the face of rapidly evolving technologies and attacks, Cathay FHC's main subsidiaries - Cathay Life, CUB, and Cathay Century - have obtained accreditation from international standards, "BSI10012:2017 Personal Information Management." In addition to obtaining international accreditation to observe international privacy rights and protection trends, Cathay FHC also conducts third-party audits annually and utilizes the P-D-C-A method to strengthen personal information management and ensure effective protection thereof.

Cathay FHC and subsidiaries also publish "privacy policies" on official websites to explain how the companies collect, apply, and protect the personal information provided by customers. Personal information is only provided to third-party products and service partners to provide related services with customer consent. To protect users' personal information and maintain online privacy, privacy policies are subject to changes to comply with regulatory changes and new technologies to ensure customer rights. Customers with questions about the company's privacy policies or how their personal information is being used can contact customer service through channels provided on the company's official websites.

■ Customer Personal Information Management Process

Cathay FHC and its subsidiaries comply with the "Personal Data Protection Act" and related regulations when collecting, processing, or using personal information. Before collecting personal information, Cathay FHC and its subsidiaries will expressly inform the purpose of collection, and with whom the information will be shared. The personal information will not be used in any way exceeding the necessary scope of specific purposes. The company requires third parties to comply with internal policies on personal information protection and has also defined user's rights to make an inquiry of and review; request a copy of; supplement or correct; demand the cessation of the collection, processing, or use of; and erase his/her personal data. In response to the EU's "General Data Protection Regulation" (GDPR), Cathay FHC has aligned personal information management processes with international standards. The company seeks to continue optimizing and enforcing management, control, and protection and introducing multiple layers of protection such as emergency response processes and drills to safeguard customer information and customer rights. In terms of retention periods for personal information, unless otherwise required by law or contractual obligations, Cathay FHC will erase or cease processing or using any retained personal information when the specific purpose of data collection no longer exists, or upon expiration of the relevant time period and retain related trails or evidence for at least five years.

To reduce risks of data leaks from employees storing material personal information on their personal computers, CUB deployed a Personal Information Protection and Administration System (PIPAS) and, in 2020, Cathay Life created a "Personal File Administration Classified Section" by restricting authorized personnel and access time to strengthen protection against data leaks.

In the event of violations against personal information protection, Cathay FHC complies with punishments outlined in the "Personal Data Protection Act" and has also defined disciplinary action in the "Personal Information Processing & Security Management Regulations." Cathay FHC employees in violation of personal information protection regulations impacting the rights and interests of the company and its customers will be handed over to human resource organizations for disciplinary action.

■ Robust Training on Personal Information Protection

To ensure employees have a clear understanding of personal information laws and regulations, their scope of responsibilities, and mechanisms, processes, and measures related to personal information protection, Cathay FHC and its subsidiaries organize annual, company-wide awareness programs and training on personal information protection. In 2022, 100% of the group's employees have received training on personal information protection.

Note: The 100% training rate excludes employees unavailable due to their responsibilities or leave statuses (employees on last-minute business trips, parental leave, maternity leave, etc.).

■ Violations & Response to Customer Privacy

Cathay FHC and its subsidiaries have established "Emergency Response Procedures for Personal Data Breaches," processes for regular drills, interdepartmental "Emergency Response Teams," and reporting and handling processes. Regular simulated training can strengthen the ability of employees to respond to personal data breaches, prevent impacts to the company, and reduce, as much as possible, damages to the affected individual. Cathay FHC also verifies the effectiveness of internal processes to identify deficiencies and perfect personal information protection measures.

In 2022, the Financial Supervisory Commission (FSC) announced two sanctions uncovered from customer complaints to the FSC. We had 10 data breaches events in 2022, in which 100% of data breaches events was involved with personally identifiable information. 120 customers were affected by such violation. Upon further investigation, Cathay FHC identified the source as sales agents neglecting to inform customers of a third person and one case in which the logistics company lost but later recovered an insurance receipt (containing only the subject's name and insurance premium). None of the cases were material data breaches or infringed on customer privacy. Cathay FHC has been able to settle the cases with customers and has handled the situation accordingly. The company will continue to organize employee training and strengthen awareness programs to ensure related employees fully recognize the importance of personal information protection. In addition, the group will continue to strengthen and monitor the use of customers' personal information and improve related protection measures to reduce future data breaches. For exact figures on Cathay FHC and its subsidiaries' personal information breaches in 2022, please refer to [Table 32](#) in the Appendix.

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7.1 About this Report

GRI: 2-2, 2-3, AND 2-4

Cathay FHC maintains principles of prudent operations, delivering consistent growth with the three major operation branches of insurance, banking, and asset management as it strives to become a leading financial institution in the Asia-Pacific region.

■ Reporting Period

Cathay FHC has published non-financial reports annually since 2011. The 2022 Corporate Sustainability Report published in July 2023 discloses Cathay FHC's economic, environmental (E), social (S), and governance performance in 2022 (January 1 ~ December 31) as part of Cathay FHC's efforts to help stakeholders and the public understand the group's efforts in various issues. The Chinese and English versions of Cathay FHC's historical Corporate Sustainability Reports are available for download on the company's official website in the corporate sustainability section. The latest report was published in July 2022. The next report is slated to be published in July 2024.

■ Reporting Principles

his report has been produced with reference to the Global Reporting Initiative (GRI) Consolidated Set of Standards 2021 and also aligns with the UN SDGs. Cathay FHC also applied the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," ISO 260000 - Guidance on Social Responsibility, "United Nations Global Compact," Sustainability Accounting Standards Board (SASB) Standards, and the TCFD framework. Changes to the report will be detailed in related chapters. Data on financial performances in this report have been audited and assured by Deloitte & Touche Taiwan and made public in the shareholders' meeting annual report. Non-financial data disclosed in this report are information reported to associations and competent authorities or data verified by third-party management system accreditation authorities.

■ Audit and Assurance

Cathay FHC engaged BSI Taiwan to verify its report based on the GRI Consolidated Set of Standards 2021 and AA1000 AS v3 - Type 2 high-level assurance. BSI Taiwan's independent assurance statement is published as an appendix to this report.

Cathay FHC also engaged PwC Taiwan to conduct limited assurance procedures on sustainability performances and corresponding SDG outcomes selected for the report compiled in compliance with GRI Standards. The assurance was conducted in compliance with the standards published by the Accounting Research and Development Foundation in Statement of Assurance Principles No. 3000, “Audit and Review of Non-financial Information” and International Standard on Assurance Engagements ISAE 3410. PwC Taiwan's limited assurance report is provided as an appendix to this report.

Basis		Verification/ Assurance Agency
Sustainability Data	AA1000 AS v3 - Type 2 high-level assurance	BSI Taiwan
	Statement of Assurance Principles No. 3000, “Audit and Review of Non-financial Information” , and International Standard on Assurance Engagements ISAE 3410	PwC Taiwan
Financial Data	Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants & Generally Accepted Auditing Standards	Deloitte & Touche Taiwan
Environmental Data	ISO 14064-1:2018 - Greenhouse Gases ISO 20400:2017 - Sustainable Procurement	BSI Taiwan
	ISO 14001:2015 - Environmental Management Systems ISO 50001:2018 - Energy Management Systems	

Company	Cathay Financial Holdings Co., Ltd.
Date of Incorporation	December 31, 2001
Brand Motto	Rediscovering Happiness
Core Values	Integrity, Accountability, and Innovation
HQ Address	No. 296, Sec. 4, Ren'ai Rd., Da' an Dist., Taipei City
Responsible Unit	Corporate Sustainability Office
Mailbox	cscathay@cathayholdings.com.tw
Telephone	+886-2-27087698
Full-time Employees	46,091
Total Assets	NTD\$ 12.07 trillion
Capital	NTD\$ 162.03 billion
Corporate Sustainability Webpage	https://www.cathayholdings.com/holdings/esg

Statement on MSCI Climate VaR (CVaR) data usage: MSCI CVaR data used herein include but are not limited to information (hereinafter referred to as related information) obtained by MSCI ESG Research LLC. and affiliated companies (hereinafter referred jointly as related parties) from sources deemed by related parties as reliable, yet related parties do not guarantee or assure the originality, accuracy and/ or integrity of any data herein and expressly denies any explicit or implicit guarantees, including applicability or applicability for specific purposes. Related information herein is for internal purposes only and shall not be replicated or re-disclosed in any form or be used as the basis of, or for the composition of any financial instruments, products, or indices. Furthermore, any information herein shall not serve as the basis for any decisions to buy or sell any marketable securities. No related parties shall be liable for any data-related errors or omissions herein or any direct, indirect, special, punitive, consequential, or other damages (including loss of profits) even when informed by the user of potential losses.

7.2 ESG Performance Data

■ Sustainable Finance Performance Data

Table 1 Themed Investing/Lending

Unit: NT\$ 100M	2020		2021		2022	
	Investment	Lending	Investment	Lending	Investment	Lending
Low Carbon	1,748	252	2,076	314	2,679	379
Alternative Energy	119	114	235	172	409	205
Architecture	746	32	767	44	694	71
Waste Recycling	42	35	50	48	42	36
Transportation	547	70	707	40	835	57
Energy Saving Industry	151	2	121	9	178	10
Green Bond	143	0	196	0	520	0
Carbon sink	-	-	-	-	0	0
Infrastructure	6,623	669	7,377	711	8,329	781
Transportation Facilities	523	53	605	67	751	68
Facilities of Public Utilities	5,264	434	5,863	447	6,493	441
Social Housing and Elderly Residence Projects	0	152	0	149	0	237
Environmental Remediation Facilities	34	31	48	48	39	33
Low Carbon Transition Infrastructure	-	-	-	-	15	2
Infrastructure Construction and Software	802	0	861	0	1,032	0
Aging Society and Health	4,014	326	4,119	352	4,644	448
Health Service	1,153	26	1,123	30	1,257	25
Life Supporting Service	0	2	0	2	0	2
Financial Management	1,135	1	1,234	1	1,236	4
Sports Service	8	18	0	29	0	35
Pharmaceuticals, Biotechnology and Health Product	1,194	27	1,292	37	1,501	39
Medical and Rehabilitation Equipment	326	34	2,677	19	356	25
Sales of Pharmaceutical and Medical Goods	97	27	86	33	103	37
Sporting Goods	101	39	117	52	191	52
Facilities Supply	0	153	0	149	0	230
Community and Inclusive Finance	78	39	37	45	31	52
Financial Inclusion	45	0	34	11	28	33
Education	33	39	3	33	3	20
Water Resources	72	9	78	9	61	12

Table 2 Corporate Loan ESG Review Status

Unit: Cases	2020	2021	2022
Rejected by or receiving opinions from the Credit Review Committee	35	8	12
Rejected loan application due to ESG incidents	4	0	0

Table 3 Equator Principles Projects

Unit: Cases	2020	2021	2022
No. of cases that meet the disclosure standards set out in EPs (Financial Close - Loans can be issued)	2	2	2
Category A cases	0	1	0
Category B cases	0	0	2
Category C cases	2	1	0

Table 4 Results of Cathay Life ESG Risk Review for Investee Companies

Unit: Cases	2020	2021	2022
Cases with potential risks reviewed in escalation process	240	288	264
Excluded from the investment buylist after reviewing fundamentals and ESG performance	-	11	3

Note: "-" indicates that no data is available

Table 5 Overview of the Profile of Responsible Investment and Stewardship Principles for Cathay FHC's Mandated Assets

Unit: %	2020	2021	2022
Investments managed by asset management firms that are PRI signatories or signatories to regional/domestic stewardship codes	99	100	100

Note: including Cathay Life and Cathay Century

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Table 6 Investment and Lending Portfolio Carbon Footprint

	Absolute Emissions			Carbon Intensity			Weighted Average Carbon Intensity (WACI)		
	Unit : tCO ₂ e			Unit : tCO ₂ e/NT\$million			Unit : tCO ₂ e/US\$million		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Proprietary Investments									
Total	12,708,091	11,267,423	9,759,033	3.34	2.71	2.25	278.26	247.86	226.73
Listed Equity	1,025,288	1,059,599	545,086	0.27	0.26	0.13	-	-	12.81
Corporate Bond	11,682,803	10,207,824	9,213,947	3.07	2.46	2.12	-	-	213.92
Asset Management Investments									
Total	824,008	1,272,443	997,369	2.91	3.69	1.32	276.14	241.07	191.37
Listed Equity	230,101	311,296	408,808	0.81	0.90	1.25	-	-	74.73
Corporate Bond	593,907	961,146	588,561	2.10	2.79	0.07	-	-	116.64

As of December 31, 2022

As of December 31, 2022

		Proprietary Investment Assets			Asset Management Investments		
		Absolute Emissions	Carbon Intensity	Weighted Average Carbon Intensity(WACI)	Absolute Emission	Carbon Intensity	Weighted Average Carbon Intensity(WACI)
		Unit: tCO ₂ e	Unit: tCO ₂ e	Unit : tCO ₂ e/ NT\$million	Unit : tCO ₂ e/ NT\$million	Unit: tCO ₂ e	Unit : tCO ₂ e/ NT\$million
Industry	Energy	3,414,689	0.79	44.56	254,532	0.02	38.54
	Materials	1,167,575	0.27	16.03	311,405	0.11	51.14
	Industrials	275,596	0.06	19.33	60,271	0.06	13.87
	Consumer Discretionary	49,139	0.01	1.04	17,945	0.29	3.65
	Consumer Staples	224,120	0.05	2.69	10,206	0.05	1.65
	Health Care	35,132	0.01	0.83	4,015	0.01	1.11
	Financials	215,584	0.05	3.84	25,135	0.06	5.95
	Information Technology	280,751	0.06	9.75	123,166	0.18	23.08
	Communication Services	200,987	0.05	3.99	20,690	0.46	4.00
	Utilities	3,872,065	0.89	122.89	166,745	0.02	47.76
	Real Estate	23,395	0.01	2.06	996	0.03	0.28

		Long-Term Corporate Loan
		Absolute Emissions
		Unit: tCO ₂ e
Industry	Energy	10,332
	Materials	101,931
	Industrials	57,850
	Consumer Discretionary	27,102
	Consumer Staples	52,525
	Health Care	1,762
	Financials	35,967
	Information Technology	20,381
	Communication Services	3,600
	Utilities	40,367
	Real Estate	3,302

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As of December 31, 2022

		Proprietary Investment Assets			Asset Management Investments		
		Absolute Emissions	Carbon Intensity	Weighted Average Carbon Intensity(WACI)	Absolute Emission	Carbon Intensity	Weighted Average Carbon Intensity(WACI)
		Unit: tCO2e	Unit: tCO2e	Unit : tCO2e/ NT\$million	Unit : tCO2e/ NT\$million	Unit: tCO2e	Unit : tCO2e/ NT\$million
Region	Taiwan	720,535	0.17	16.31	337,029	0.05	59.55
	Asia-Pacific	2,099,210	0.48	55.70	118,302	1.08	18.87
	Americas	5,613,370	1.29	125.11	417,044	0.08	84.92
	Europe	872,409	0.20	18.93	82,194	0.09	13.82
	Others	452,182	0.10	11.02	32,119	0.03	9.61

As of December 31, 2022

		Long-Term Corporate Loan
		Absolute Emissions
		Unit: tCO2e
Region	Taiwan	188,750
	Asia-Pacific	166,369
	Americas	-
	Europe	-
	Others	-

As of December 31, 2022

		Absolute Emissions of Loan Assets		
		Unit: tCO2e		
		2020	2021	2022
Total		676,616	633,825	548,203
Electricity Generation Project Finance		39,398	171,883	152,493
Commercial Real Estate Mortgage Loan		25,796	29,282	40,590
Long-Term Corporate Loans		611,422	432,660	355,119

2022 Hign Emitters in Domestic Main Investment and Lending Position		
Absolute Emissions	Unit: tCO2e	511,153
Industries Distribution		
Materials	Unit: number of company	6
Information Technology		4
Communication Services		1
Energy		1
Industrials		1

Note 1: We used the methodology developed by the Partnership for Carbon Accounting Financials to calculate total carbon emissions and economic emissions intensity.

Note 2: Weighted average carbon intensity (WACI) is calculated using the methodology recommended by the TCFD.

Note 3: Proprietary Investment Assets includes Cathay Life, Cathay United Bank, Cathay Century and Cathay Securities; Asset Management Investments includes Cathay SITE; Loan Assets includes Cathay United Bank.

Note 4: Carbon data coverage is 100% for proprietary investments and assets and 93% for assets under investment mandates.

Note 5 Based on the PCAF methodology, the carbon data quality score for proprietary investments and assets was 2.52, while the carbon data quality score for assets under investment mandates was 2.04, and the carbon data quality score for loan assets was 3.73.

Note 6: Domestic carbon-intensive investees and borrowers are defined as domestic publicly traded companies whose carbon-intensive stocks and bonds are 60% or more. This definition applies to our proprietary investment assets and loan assets.

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Table 7 Corporate Engagement

As of December 31, 2022

	Number of Companies Engaged
Total	75
Engagement closed successfully	24
Engagement with positive progress	35
Insufficient progress	16
Engagement failed	0
engagements by sector	
Energy	2
Materials	10
Industrials	5
Consumer Discretionary	14
Consumer Staples	5
Health Care	0
Financials	1
Information Technology	33
Communication Services	2
Utilities	3
Real Estate	0
engagement approaches	
engagement approaches	0
phone call	23
E-mail	19
E-mail and phone call	20
Online meeting	9
In-person meeting	0
Voting	4
Make a statement at AGM	0
Filing AGM proposal	0

As of December 31, 2022

		times of engagement:
Total		120
Engagement Theme		
Environment	E- Carbon Emissions	23
	E- Product Carbon Footprint	6
	E- Climate Change Vulnerability	35
	E- Water Stress	13
	E- Biodiversity and Land Use	13
	E- Raw Material Sourcing	1
	E- Toxic Emission and Waste	3
	E- Opportunities in Clean Tech	2
	E- Opportunities in Renewable Energy	1
Society	S- Labor Management	4
	S- Product Safety and Quality	3
	S- Chemical Safety	2
Governance	G- Board	2
	G- Accounting	1
Others	ESG Disclosure	8
	Others	3

Note: Cathay adheres to the engagement approaches defined by international organizations such as PRI (Principles for Responsible Investment). We engage with companies on various ESG (Environmental, Social, and Governance) issues with approaches such as phone calls, emails, meetings, and making a statement at AGM. Our goal is to have in-depth dialogues that influence the target companies to enhance their ESG actions. Approaches such as solely requesting ESG data, sending out ESG questionnaires, or attending AGM or analyst meetings without further interaction are not considered as part of the aforementioned engagement activities.

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Table 8 ESG Products and Services

	2020	2021	2022
Cumulative global financing for installed solar power station capacity (MW)	574	758	889
Cumulative financing for installed offshore wind energy capacity (MW)	768	1,373	1,373
Cumulative insured amount of Renewable Energy Insurance Policies (Hydroelectric Power, Solar Power, Wind Power) (NT\$100M)(Note 1)	1,172	1,488	1,830
Cumulative premium income from Green Vehicle Insurance (NT\$10K)	33,754	46,207 (Note2)	87,895
Green Vehicle Insurance (cases)	18,957	28,122	54,593
Cumulative premium income from bicycle insurance (NT\$10K)	1,269	2,000	2,563
Bicycle insurance (cases)	6,128	8,261	10,093
Cumulative insured amount under Public Bicycle Accident Insurance (NT\$10K)	1,292	1,937	2,792
Cumulative insured cases under Public Bicycle Accident Insurance (10K ppl)	4,760	7,757	11,820

Note 1: No hydropower-related investments or insurance in 2020.

Note 2: Incorrect data in 2021, the amount was corrected to NT\$462.07M in 2022.

Environmental Factors Data

Table 9 Greenhouse Gas Emissions

Unit: tCO ₂ e	2020	2021		2022	
Scope 1 emissions	3,816.05	Taiwan	3,712.39	Taiwan	3,971.91
		Overseas	393.02	Overseas	830.54
Scope 2 emissions (market-based emission)	56,427.61	Taiwan	52,817.70	Taiwan	48,521.37
		Overseas	3,051.15	Overseas	6,423.35
Scope 2 emissions (location-based emission)	56,429.13	Taiwan	53,038.08	Taiwan	52,882.81
		Overseas	3,051.15	Overseas	6,423.35
Scope 1 + Scope 2 (market-based) emissions	60,243.66	Taiwan	56,530.09	Taiwan	52,493.28
		Overseas	3,444.16	Overseas	7,253.89
Scope 1 + Scope 2 (location-based) emissions	60,245.18	Taiwan	56,750.47	Taiwan	56,854.72
		Overseas	3,444.16	Overseas	7,253.89
Scope 3 (Purchased goods and services)	1,771.3	1,612.53		1,744.34	
Scope 3 (Fuel-and-energy-related activities)	14,412.16	13,742.7		9,598.70	
Scope 3 (Upstream transportation and distribution)	3.93	3.004		3.00	
Scope 3 (Waste generated in operations)	249.77	212.99		204.77	
Scope 3 (Business travel emissions)	175.25	76.34		143.51	
Scope 3 (Downstream transportation and distribution)	23.1	25.47		28.53	
Scope 3 (Use of sold products)	1,634.32	1,612.53		1,543.38	
Scope 3 (End of life treatment of sold products)	8.68	142.59		136.31	

Note 1: We adopted the new version of ISO 14064-1:2018 standards in 2018. We commissioned BSI to conduct external third-party audits in 2020.

Note 2: The GHG inventory is based on operational control. The scope of the inventory is 100% and Scope 2 is calculated using a market-based approach.

Note 3: Scope 2 consists of emissions associated with electricity. The Bureau of Energy has adjusted the historical electricity emission factor; the current calculation uses the updated factor, which is 0.533 (2019), 0.502 (2020), and 0.509 (2021) kg CO₂e/kWh. The GHG inventory is based on the reference information from GWP AR5 and the EPA GHG Emissions Factors Management Guide 6.0.4.

Note 4: The number of employees at the locations in the scope of the inventory is 47,267 (2020) 、46,427 (2021) 、46,157(2022) 。

Note 5: Business travel emissions include employee travel on the Taiwan High Speed Rail (THSR) and flights. Emissions are calculated based on International Civil Aviation Organization (ICAO) and THSR data (34g CO₂e/person-km). As business travel is conducted in accordance with Cathay's business needs and is not a major category of emissions, it is not included in the management indicators.

Note 6: In 2020, Cathay reviewed and adjusted the scope of the report based on our business needs and the management of Scope 1 and Scope 2 emissions. We use 2020 as the base year for setting emission reduction targets.

Table 10 Green Operations

Unit: tCO ₂ e	2020	2021		2022	
Per capita carbon emission (tCO ₂ e)	1.27	1.22		1.29	
Per million revenue carbon emission (tCO ₂ e)	0.79	0.43		1.57	
Energy use (GJ)	407,020	387,965.10		382,275.25	
Electricity consumption (kWh)	110,862,737	Taiwan	105,713,107	Taiwan	104,140,509
		Overseas	4,875,229	Overseas	9,686,164
Per capita electric power consumption (kWh)	2,345.46	2,271.65		2,278.52	
Renewable energy use (kWh)	272,000	686,000		8,813,652	
Solar PV cumulative capacity (kW)	6,780	6,970		6,950	
Water consumption (cubic meters)	711,445	596,154		608,228	
Per capita water consumption (cubic meters)	15.05	12.84		13.34	
Total waste (metric tons)	2,558.75	2,103.45		1,977.93	
Recycled waste (metric tons)	1,022.74	857.16		790.39	
General waste (metric tons)	1,536.01	1,246.29		1,187.54	
Per capita waste (kilogram)	32.5	26.84		26.04	

Note: Solar PV capacity includes FIT and onsite self-use PV system. Cathay Life's solar PV capacity also includes Cathay-owned properties that lease space to power companies for solar PV installation.

Note 2: After relocating in December 2021, Ming Cheng Branch did not install solar panels, resulting in a decrease in the solar PV cumulative capacity in 2022.

Table 11 Sustainable Procurement

	2020	2021	2022
Green Procurement (NT\$100M)	3.03	3.02	4.76
Local Procurement (%)	99.20	95.70	97.1

Human Resources Factors Data

Table 12 Number of Full-Time Employees

GRI : 2-7、2-8

Table 12-1 Full-Time Employees

As of December 31, 2022

Unit: People			No. of People	As a Percentage of All Full-Time Employees (%)
Taiwan	Male	30 and under	3,243	7.1
		31-49	8,108	17.6
		50 and above	2,501	5.4
	Female	30 and under	4,553	9.9
		31-49	15,453	33.5
		50 and above	11,674	25.3
Overseas	Male	30 and under	40	0.1
		31-49	198	0.4
		50 and above	73	0.2
	Female	30 and under	59	0.1
		31-49	169	0.4
		50 and above	20	0.0
Total			46,091	100

Note 1: The scope of data disclosed includes Cathay FHC and its subsidiaries in Taiwan, dispatches assigned to overseas branches and offices, local hires who are full-time employees

Note 2: Only full-time employees are included in this table.

Note 3: LGBTQI+ represents the lesbian, gay, bisexual, transgender, queer or questioning, and intersex population. In 2022, Cathay FHC, CUB, Cathay Century, Cathay Securities, Cathay SITE, and Cathay Futures had 36 non-binary employees who disclosed their sexual preferences voluntarily.

Table 12-2 Full-Time Employees - by Position & Region

As of December 31, 2022

Number of Full-Time Employees/Office Staff & Field Personnel (Unit: People)			No. of People	As a Percentage of All Full-Time Employees (%)
Taiwan	Male	General staff	11,668	25.3
		Junior management	1,829	4.0
		Middle management	277	0.6
		Senior executives	78	0.2
	Female	General staff	29,097	63.1
		Junior management	2,436	5.3
		Middle management	126	0.3
		Senior executives	21	0.0
Overseas	Male	General staff	269	0.6
		Junior management	25	0.1
		Middle management	15	0.0
		Senior executives	2	0.0
	Female	General staff	241	0.5
		Junior management	6	0.0
		Middle management	0	0.0
		Senior executives	1	0.0
Total			46,091	100

Note 1: The scope of data disclosed includes Cathay FHC and its subsidiaries in Taiwan, dispatches assigned to overseas branches and offices, local hires who are full-time employees

Note 2: Only full-time employees are included in this table.

Table 13 Inclusive Workplace
Table 13-1 Inclusive Workplace - Employees with Disabilities

	2020		2021		2022	
Unit: People	No. of Employees	As a Percentage of All Full-Time Employees	No. of Employees	As a Percentage of All Full-Time Employees	No. of Employees	As a Percentage of All Full-Time Employees
Employees with Disabilities (employees/%)	474	1.07%	450	1.04%	437	1.03%

Note 1: The scope of data disclosed includes Cathay FHC and its subsidiaries in Taiwan, dispatches assigned to overseas branches and offices, local hires who are full-time employees

Table 13-2 Inclusive Workplace - Employee Nationality and Distribution

As of December 31, 2022

Unit: People	General staff	As a Percentage of All Full-Time Employees	Manager	As a Percentage of All Managers (%)
Taiwan	40,562	98.3	4,783	99.3
Indigenous people	326	0.8	19	0.4
China (including Hong Kong)	134	0.3	8	0.2
Southeast Asia	245	0.6	5	0.1
North America	5	0.01	1	0.02
Europe	3	0.01	0	0.0

Note 1: The scope of data disclosed includes Cathay FHC and its subsidiaries in Taiwan, dispatches assigned to overseas branches and offices, local hires who are full-time employees

Note 2: Only full-time employees are included in this table.

Note 3: Southeast Asia includes Malaysia, Indonesia, Vietnam, Thailand, Philippines, Singapore, Laos, and Myanmar. North America includes Canada and the United States. Europe includes France, the United Kingdom, and the Netherlands.

Table 14 New Employee Statistics

GRI : 401-1

As of December 31, 2022

Number of Full-Time Employees/Office Staff & Field Personnel (Unit: People)			No. of People	As a Percentage of All Full-Time Employees (%)
Gender	Taiwan	Male	2,103	4.6
		Female	3,280	7.1
	Overseas	Male	60	0.1
		Female	90	0.2
Age	Taiwan	30 and under	3,124	6.8
		31-49	2,075	4.5
		50 and above	184	0.4
	Overseas	30 and under	44	0.1
		31-49	98	0.2
		50 and above	8	0.0
Position level	Taiwan	General staff	5,352	11.6
		Junior management	24	0.1
		Middle management	5	0.0
		Senior executives	2	0.0
	Overseas	General staff	150	0.3
		Junior management	0	0.0
		Middle management	0	0.0
		Senior executives	0	0.0
Total			5,533	12.0
Average Recruiting Cost (NT\$)			14,461	

Note 1: The scope of data disclosed includes Cathay FHC and its subsidiaries in Taiwan, dispatches assigned to overseas branches and offices, local hires who are full-time employees

Note 2: Sales and marketing personnel are excluded from the above statistics as they are contracted by Cathay.

Note 3: The table includes only full-time employees. Non-full-time employees are not included due to difficulties in data collection

Table 15 Employee Turnover Statistics

GRI : 401-1

As of December 31, 2022

umber of Full-Time Employees/Office Staff & Field Personnel (Unit: People)			No. of Departures	As a Percentage of All Full-Time Employees (%)
Gender	Taiwan	Male	1,655	3.6
		Female	2,519	5.5
	Overseas	Male	47	0.1
		Female	64	0.1
Age	Taiwan	30 and under	1,579	3.4
		31-49	1,786	3.9
		50 and above	809	1.8
	Overseas	30 and under	30	0.1
		31-49	69	0.1
		50 and above	12	0.0
Position Level	Taiwan	General staff	4,046	8.8
		Junior management	109	0.2
		Middle management	12	0.0
		Senior executives	7	0.0
	Overseas	General staff	109	0.2
		Junior management	1	0.0
		Middle management	1	0.0
		Senior executives	0	0.0
Total			4,285	9.3

Note 1: The scope of data disclosed includes Cathay FHC and its subsidiaries in Taiwan, dispatches assigned to overseas branches and offices, local hires who are full-time employees

Note 2: Sales and marketing personnel are excluded from the above statistics as they are contracted by Cathay. The total number of employees is 46,091.

Note 3: The table includes only full-time employees. Non-full-time employees are not included due to difficulties in data collection.

Note 4 : As the end of 2022, voluntary employee turnover rate is 8.0%.

Table 16 Statistics on Female Employees

As of December 31, 2022

Statistics on Female Managers	Percentage (%)	2025 Target (%)
Female Employees as a % of All Employees	69.3	60
Female Managers as a % of All Managers	53.8	33
Female Junior Managers as a % of All Junior Managers	56.8	-
Female Senior Executives as a % of All Senior Managers	28.5	-
Female Manager in Sales as a % of All Sales Managers	46.9	-
Female Employees in STEM as a % of all STEM Employees	46.6	-

Note 1: The scope of data disclosed includes Cathay FHC and its subsidiaries in Taiwan, dispatches assigned to overseas branches and offices, local hires who are full-time employees

Note 2: As defined by DJSI, senior executive positions include individuals at the level of Senior VP or above. There are no senior executive positions for field personnel.

Table 17 Compensation Comparison by Gender (Male : Female)

	2020	2021	2022
High-level manager	100:93	100:91	100:85
Mid-level manager	100:106	100:101	100:101
Entry-level manager	100:112	100:106	100:76
General staff	100:96	100:91	100:91

Note 1: The scope of data disclosed includes Cathay Financial Holding and its subsidiaries in Taiwan, dispatches assigned to overseas branches and offices, and local hires in overseas branches and office.

Table 18 Full-time Non-managerial Employees Salary Information

	2019	2020	2021	2022
Average number of full-time non-managerial employees (people)	19,924	20,226	20,311	20,316
Mean salary of full-time non-managerial employees (NT\$1K)	1,350	1,350	1,320	1,327
Median salary of full-time non-managerial employees (NT\$1K)	1,045	1,074	1,088	1,107

Note : The numbers were calculated according to "Notes on Reporting of Full time Non-managerial Employees Salary Information" and "FAQ" published by Taiwan Stock Exchange Corporation.

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Table 19 Employee Training

	Category	2020	2021	2022
Total training time (hours)	Male employees	2,112,356	2,347,247	2,471,826
	Female employees	6,123,546	6,653,060	6,999,174
	Management level	831,393	934,605	967,666
	General staff	7,404,509	8,065,702	8,503,334
	Legally-required training	621,172	840,438	939,961
	Non-legally required training	7,614,730	8,159,869	8,531,039
	Total (hours)	8,235,902	9,000,307	9,471,000
Average training time per person (hours)	Male employees	145	164	175
	Female employees	186	206	219
	Management level	165	191	201
	General staff	175	193	206
	Legally-required training	13	18	20
	Non-legally required training	160	175	185
	Total (hours)	173	193	205
Number of Employees (people)		47,478	46,626	46,091
Training Cost per Person (NT\$)		14,904	11,856	9,802
OHS Training (hours)		76,683	50,067	57,781
Total Online Training (hours)		4,726,167	5,599,062	6,113,821
Online Training Per Person (hours)		100	120	133

Note 1: Cathay FHC's training hours include the number of hours subsidiary employees spend on internal and external training activities. These include external courses, conferences, forums, internal platforms (such as the Cathay e-Learning Platform), CSN, other online training programs, and morning sharing sessions between business units.

Note 2: Training hours are categorized by gender, management/non-supervisory roles, and regulatory requirements. The total/average training hours are calculated separately for each category.

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Table 20 Parental Leave Statistics

As of December 31, 2022

	Female	Male	Total
No. of Employees Eligible to Apply for Parental Leave in 2022	2,697	1,370	4,067
No. of applications for parental leave in 2022	384	68	452
No. of Employees Expected to be Reinstated from Parental Leave in 2022 (A)	282	42	324
No. of Employees Reinstated from Parental Leave in 2022 (B)	200	27	227
Reinstatement Rate (B/A)	70.92%	64.29%	70.06%
No. of Employees Reinstated from Parental Leave in 2021 (C)	207	22	229
No. of Employees Reinstated from Parental Leave in 2021 who Remain in Cathay Employment after 12 Months (D)	172	18	190
Retention Rate (D/C)	83.09%	81.82%	82.97%

Note 1: Employees who are after six months of employment could apply for parental leave before each child reaches the age of three. For those who raise two or more children at the same time, their parental leave period shall be calculated together. We identified number for qualified parental leave by employees who applied for maternity subsidy.

Note 2: Reinstatement rate = (number of reinstated employees / number of employees expected to be reinstated) * 100%

Note 3: The table above includes sales agents who are contractors or those who have a labor contract with Cathay.

Table 21 Family Care/Maternity/Paternity Leave Statistics

	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Family Care Leave (accrued applicants)	2,764	670	1,481	421	2,309	448
Maternity/Paternity Leave (days)	32,019	2,873	37,030	2,289	31,981	2,594
Menstrual leave (days)	39,231	-	25,685	-	29,550	-

Note 1: The scope of data disclosed includes Cathay FHC and its subsidiaries in Taiwan, dispatches assigned to overseas branches and offices, local hires who are full-time employees

Table 22 Absence and Occupational Safety Statistics

	Employee Occupational Accidents and Absence Statistics			Contractors/Contract Partner
	2020	2021	2022	2022
Number of injuries (people)	72	73	76	1
Number of fatalities (people)	0	0	0	0
Frequency Rate (FR) of disabling injuries	1.56	0.72	0.83	0.75
Severity Rate (SR) of disabling injuries	31.04	8.77	17.69	8.98
Absence (days)	27,163	128,979	156,701	1,518
Absence Rate (office staff) (%)	0.58%	0.88%	1.37%	0.91%
Total Time Worked (days)	-	-	91,813,272	1,336,632
Total Recorded Occupational Injury Rate	-	-	1.66	1.5

Note 1: The scope of data disclosed includes Cathay FHC and its subsidiaries. The main types of contractors/contract partners are data logging, administrative affairs, and official drivers

Note 2: Disabling injury frequency rate (FR) = Number of cases * (10 to the power of 6) / Total working time (year).

Note 3: Disabling injury severity rate (SR) = Number of days lost * (10 to the power of 6) / Total working time (year).

Note 4: Days of absence = sick leave + occupational injury leave; number of required working days = number of working days (special leave not yet deducted) = number of current employees at the end of the year * number of working days announced by the Directorate-General of Personnel Administration.

Table 23 Employee Engagement Survey Results

	2020	2021	2022
Engagement Score	4.19	4.12	4.08
Response Rate	71%	78%	85%

Note 1: Cathay FHC and its subsidiaries in Taiwan, dispatches assigned to overseas branches and offices, local hires who are full-time employees

Social Factors Data

Table 24 FitBack App Promotion Results

	2020	2021	2022
Cumulative Participants (10,000 people)	28	40	62
Cumulative Steps (100M steps)	3,912.5	5,665.8	8,490.1

Table 25 Financial Planning Results

	2020	2021	2022
Regular investment contribution amount through Cathay Securities APP (NT\$100M)	53.34	149.3	232.2
Amount of property principal in the Disability & Retirement Trust (for elderly and disabled people) (NT\$100M)	16.87	24.93	26.76
Effective beneficiaries of the Disability & Retirement Trust (for elderly and disabled people) (people)	316	317	297
CPBL Anti-Gambling Trust principal (NT\$100M)	1.54	1.59	1.65
Active players who have established current CPBL Anti-Gambling Trusts (people)	270	253	252

Table 26 Financial Innovation Promotion Results

	2020	2021	2022
Utilization rate of mobile insurance application (%)	99.3	99.1	99.28
Utilization rate of mobile claims (%)	94.8	93.2	92.60
Utilization rate of mobile premium payment (%)	75.9	70.4	78.90
Utilization rate of mobile policyholder service (%)	89.9	80.9	86.60
Utilization rate of electronic insurance policy (%)	96.1	93.8	81.84
No. of electronic documents (cases)	247.2	263.1	272.25
Number of insurance technology patents (patents)	111 (Note 1)	136 (Note 1)	155 (Note 2)
CUB digital user accounts (10,000 accounts)	508	577	651

Note 1: One creation applied for an invention patent and utility model patent can lead to the distinguishing of the utility model patent right. If the patent application for a utility model has been granted before an approval decision on the patent application for the invention is rendered, the Intellectual Property Office asks the applicant to make a selection. When the applicant selects the patent application for invention, the utility model patent right becomes extinguished. The 2020-2021 data is updated accordingly.

Note 2: Taking the extinguished utility model patent right into account, the updated total is 143 items.

Table 27 Financial Inclusion Promotion Results

		2020	2021	2022
Cumulative small amount whole life insurance policies (cases)		219,420	240,814	257,663
Cumulative insured amount for microinsurance		972	904.9	1,055
Cumulative microinsurance policyholders (10,000 people)		29.7	18.2	31.3
Cumulative microinsurance claims (cases)		867	1,095	1,321
Cumulative insured amount for student group insurance (NT\$ 1 trillion)		3	3	3
Cumulative coverage for student group insurance (10,000 people)		300	300	293
Amount of property principal in CUB's Charitable Trust (NT\$100M)		375.24	378.02	378.89
Charitable Trust Donation Amount (NT\$100M)		3.1	1.95	2.83
Cumulative insured amount for crop insurance (NT\$10,000)		5,586	7,371	7,987
No. of ATMs designed for the visually impaired (ATMs)		124	71 (Note1)	268
Financial Inclusion Loans	Cumulative balance of loans to microfinance institutions (US\$1M) (Note 2)	42.6	43.8	74.2
	Total balance of loans to SMEs (NT\$100M) (Note 5)	2,284	2,702	3,042
	Total balance of loans to small business (NT\$100M) (Note 6)	982	1,032	1,088 (Note3)
	Total number of loans to small business (loans) (Note 6)	5,869	9,117	8,738 (Note4)
	Cumulative preferential loans to social enterprises (NT\$10,000)	5,650	7,460	8,100
	No. of companies receiving preferential loans for social enterprises (companies)	10	14	15
	Balance of microfinance loans (NT\$100M)	1,011.3	1,182.6	1,362.5
	Balance of microfinance loans to customers aged 35 and under (at the time of application) (NT\$100M)	223.1	266.1	360.7

Note 1: In 2021, The number of ATMs with features for the visually impaired decreased from 2020 due to the MRT switching to machines with 19-inch screens. New ATMs developed by the manufacturers were installed in Q2 of 2022. Moreover, the ATMs with features for the visually impaired in hospitals have also been fully activated before the end of 2022.

Note 2: CUB's branches in Singapore and Cambodia have loan clients that are microfinance institutions (MFIs), as defined by the World Bank's publications. We have adjusted the 2020-2021 data accordingly while using the same statistical benchmark for 2022.

Note 3: We began including data from overseas branches in 2022. The domestic figure was NT\$108.372 billion, while the figure from overseas branches was NT\$446 million.

Note 4: We began including data from overseas branches in 2022. There were 8,717 domestic cases and 21 cases from overseas branches.

Note 5: The Ministry of Economic Affairs defines small and medium enterprises (SMEs) as businesses whose paid-in capital is no more than NT\$100 million, or which hire fewer than 200 regular employees.

Note 6: Small enterprises are defined as institutional customers and their related institutions whose total revenue is NT\$500 million or less.

Table 28 Charity Activities

	2020	2021	2022
Cash donation (A) (NT\$)	352,233,556	534,166,986	381,646,496
Time contributed (B) (NT\$)	54,237,991	33,613,963	42,252,671
Supplies donation (C) (NT\$)	61,159,118	10,173,972	23,143,907
Management expenses (D) (NT\$)	18,781,670	20,025,535	32,709,637
Total charity expenses (A+B+C+D) (NT\$100M)	4.31	5.98	4.80
Business promotion (%)	49	35.6	52.1
Community engagement (%)	48	33.9	46.8
Charity donations (%)	3	30.5	1.1

Table 29 Volunteer Participation

	2020	2021	2022
Volunteer Hours (hr.)	101,305	57,497	71,709
No. of Accrued Volunteers (persons)	20,471	10,689	11,898

Table 30 Personal Information Security Implementation Results

	2020	2021	2022
Personal information protection training completion rate (%)	100	100	100
No. of information breaches (cases) (Note 1)	-	11	10 (Note 2)
Personal information breaches as a percentage of total information breaches (%) (Note 1)	-	100	100
No. of customers affected by personal information breaches (customers) (Note 1)	-	6,520	120

Note 1: Cathay started to disclose relevant data in 2021. Data in "No. of information breaches," "Personal information breaches as a percentage of total information breaches" and "No. of customers affected by personal information breaches" include data for Cathay Life, CUB, Cathay Century, Cathay Securities and Cathay SITE.

Note 2: The 2022 data includes two cases reported by the central competent authority and eight investigations initiated by Cathay. For the distribution of cases, see Table 32 in the Appendix.

Table 31 Information Security Implementation Results

	2020	2021	2022
Completion Rate for Information Security Training (%)	100	100	100
No. of Information Security Violation Incidents (cases)	0	0	0

Table 32 Distribution of Personal Information Cases in 2022

Subsidiaries	Cases Reported by the Central Competent Authority	Investigation Initiated by Cathay
Cathay FHC	0	0
Cathay Life	0	8
CUB	2	0
Cathay Century	0	0
Cathay Securities	0	0
Cathay SITE	0	0
Total	2	8

Table 33 Customer Satisfaction

Subsidiaries	2020 Satisfaction (%)	2021 Satisfaction (%)	2022 Satisfaction (%)	2022 Satisfaction Goal (%)
Cathay Life	97.7	98.5	97.8	90
CUB	92.5	92.6	92.5	90
Cathay Century	97.3	97.8	96.7	90
Cathay Securities	86.0	89.8	91.7	90
Cathay SITE	89.25	90.94	89.46	88

7.3 PRI/PRB/PSI Implementation Status

Implementation Status of the Principles for Responsible Investment (PRI)

Principle 1:

Incorporate ESG issues into investment analysis and decision-making processes

- Established the Responsible Investment and Lending Policy and the Investment and Lending Exclusion Policy for the group.
- Established an ESG risk review process and investment management principles for sensitive industries.
- Cathay SITE incorporated an external ESG database into its investment management support system.
- The investment team conducts regular investment-related training sessions.
- Defined themed investing and increased investments in sustainable investment targets.
- Cathay Life conducts impact investing and tracks impact results.
- Continue to monitor investment portfolio emissions and calculate climate risks for appropriate ESG management.
- Established net zero and SBT targets for financial assets.
- Cathay SITE launched ESG investment products.

Principle 2:

Be active owners and incorporate ESG issues into our ownership policies and practices

- Established the Cathay FHC Engagement Policy, the engagement process, and approaches for engagement escalation activities.
- Cathay Life, Cathay SITE, Cathay Century, CUB and Cathay Securities are all signatories to the Taiwan Stewardship Principles for Institutional Investors. We have also established our voting policy. The voting results are disclosed annually.
- Engage with investee companies through dialogues, engagement activities, voting and advocating Cathay's interests at shareholder meetings to facilitate improvement in ESG management and disclosure.

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Principle 3:

Seek appropriate disclosure on ESG issues by the entities in which we invest

- Identify companies of concern through Cathay's engagement strategy; conduct engagement activities to encourage investee companies to improve their ESG disclosure and strengthen their climate change management.
 - Participate in the CDP Non-Disclosure Campaign (CDP NDC); encourage investee companies to respond to the CDP questionnaire and disclose emissions data and climate-related management actions.
 - Joined CDP's Science-Based Targets (SBT) campaign; urge influential global companies to join the SBT pledge to collectively work towards meeting the emissions target set out in the Paris Agreement.
 - Joined the Climate Action 100+ initiative; encourage industry peers to commit to climate targets and strengthen climate-risk disclosure and management
 - Joined the Asian Utilities Engagement Program (AUEP) of the Asia Investor Group on Climate Change (AIGCC); encourage Asia utilities through engagement activities to adopt emission reduction mechanisms in line with the net zero scenarios outlined in the Paris Agreement.
 - Continue to host the Cathay Sustainable Finance and Climate Change Summit; urge the financial industry to prioritize ESG disclosure and management, and take proactive action on climate change.
- Participate in or support the Partnership for Carbon Accounting Financials (PCAF), Partnership for Biodiversity Accounting Financials (PBAF), TCFD, and TNFD initiatives as part of our commitment to promoting sustainable disclosure for financial institutions and companies.

Principle 4:

Promote acceptance and implementation of the Principles within the investment industry

- Proactively participate in external activities to communicate Cathay's responsible investment policies and encourage industry peers to jointly implement responsible investment policies.
- Proactively share responsible investment trends with the government to help government agencies understand their importance and strengthen responsible investment promotion.
- Include responsible investment considerations and requirements in our investment mandate agreements. Asset managers are required to report regularly on their activities and progress toward ESG implementation. We also check whether the manager is a PRI signatory or a signatory of their home country's stewardship code.
- Support academic institutions in their research and study of sustainable investment development in Taiwan to understand the status of sustainable investment in Taiwan and help the industry and the government promote its development.
- Cathay Securities provides research reports on the ESG performance of individual stocks. This is to fill the industry's ESG analysis gap and to facilitate investors' responsible investment actions.

Principle 5:

Work together to enhance our effectiveness in implementing the principle

- Cathay is a participating member of the Asia Investor Group on Climate Change (AIGCC). We aim to facilitate international investors' understanding of the risks and opportunities associated with climate change and low-carbon investments and collaborate to increase the effectiveness of investor engagement.
- Joined the Ceres' Valuing Water Finance Initiative to work with global financial institutions. Cathay is committed to promoting water resource management among global investors and companies in response to water resource challenges.
- Cathay participates in Climate Action 100+ and the CDP Non-Disclosure Campaign to facilitate engagement with international investors and improve the effectiveness of corporate engagement.

Principle 6:

Report on our activities and progress towards implementing the Principles

- Cathay FHC publishes a Sustainability Report every year and also publishes ESG Integration Report
- Cathay Life, CUB, Cathay Century, Cathay Securities and Cathay SITE publish an annual report to disclose responsible investment activities and the status of implementation of stewardship principles.

Implementation Status of the Principles for Responsible Banking (PRB)

<p>Principle 1: Alignment</p> <p>We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p>	<p>As one of the largest privately owned banks in Taiwan, CUB has always been committed to the growth and development of businesses and individuals. To this end, we offer a wide range of financial products and services. CUB is a signatory to the Equator Principles (EPs), the first bank in Taiwan to do so. We have also voluntarily committed to adhere to the UN Principles for Responsible Banking (PRB) in 2018, to ensure that our operating strategy is aligned with the SDGs. We also incorporate factors such as business functions, asset portfolio, and outlook and strategy into Cathay's sustainability roadmap of "climate, health and empowerment," which forms the basis for formulating actions with material impact. CUB's overseas subsidiaries and branches have also established risk management teams. The teams work with local regulatory authorities to ensure their continued contribution to the environment and society.</p>
<p>Principle 2: Impact & Target Setting</p> <p>We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.</p>	<ul style="list-style-type: none"> ● CUB refers to the concept outlined in the Portfolio Impact Analysis Tools for Banks recommended by the United Nations Environment Programme Finance Initiative (UNEP FI) to analyze the regional and sector allocation of CUB's loan assets (as shown in Table 1). The results of the analysis are used to identify CUB's impact products and services. ● CUB's Impact RADAR analysis framework includes "social, environmental and economic" issues as its three main pillars. There are also 22 corresponding impact areas. Within existing products and services, CUB has identified six aspects that have a significant impact on key international initiatives and agreements outlined in Principle 1 in PRB, such as the SDGs and the Paris Agreement. ● CUB's corporate lending approach actively supports the government's green power and renewable energy policies. We want to ensure that corporate borrowers' operations do not create negative impacts. To this end, we have selected renewable energy loans and carbon-intensive industry loans in the manufacturing sector among the six financial services mentioned above as our target; from 2021, we have set targets that can be evaluated and monitored in these two categories, which are regularly reported to the board. <ul style="list-style-type: none"> ● Aim to increase the share of renewable energy to 85% of total electricity supply lending by 2025, the shares continue to grow. (target met) ● Achieve zero coal lending by the end of Q1 2027 ● CUB is committed to investing nearly NT\$50 billion in financing capital over three years (2023-2025) to facilitate the low-carbon transition in collaboration with our customers. We aim to create a net-zero future where industries gain a stronger competitive edge.
<p>Principle 3: Clients & Customers</p> <p>We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</p>	<p>We adhere to the fundamental principle of "treating customers fairly" when working with our clients/customers to promote sustainable practices and enable economic activities that have a positive impact on the environment and society. Our actions are summarized below:</p> <ul style="list-style-type: none"> ● Renewable energy financing: As a pioneer of green finance in Taiwan, CUB has provided financing for the first solar power project, the first Equator Principles project, and the first offshore wind syndicated loan in Taiwan. As of the end of 2022, loans have been approved for 2,600 solar power stations in Taiwan and abroad, with a total installed capacity of 889 MW and an annual carbon reduction of 558,000 metric tons. As of the end of 2022, the lending position for renewable energy has reached NT\$27.1 billion. ● Personal finance: CUB is committed to providing financial services that better meet our customers' needs in terms of personal finance and digital services. For example, in 2021, we launched the CUBE credit card, which allows users to switch between different types of rewards. As of Dec. 2022, the number of credit cards in circulation reached 8.81 million and the annual credit card transaction amount reached NT\$580 billion, the best performance among peers; we have nearly 10 million deposit/loan customers. The CUBE App provides our customers with a one-stop financial services experience across various scenarios, and is also the foundation of CUB's leadership in personal finance and digital banking services. ● Faced with an aging population and changes in social structure, the public urgently needs a sound commercial mechanism to facilitate long-term care planning during retirement. In 2022, CUB and Cathay Life partnered to launch a joint sales mechanism for the "Insurance Claims Trust" product that was since approved by the regulators. We provide innovative one-stop financial services to our customers. Our efforts to consolidate Cathay FHC's resources provide dual coverage in insurance and trust and fulfill our efforts to achieve financial inclusion.

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Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

In addition to identifying key stakeholders, we also strengthen communication, engagement and collaboration to create positive environmental and social impacts. These approaches are summarized below:

- We support the Coalition of Movers and Shakers on Sustainable Finance launched by the Financial Supervisory Commission (FSC), committing to goals such as low-carbon investment and financing and climate engagement measures; we seek to support the regulator, together with our financial industry peers, in advancing the development of sustainable finance and the industry's low-carbon transition.
- Become our clients' strongest partner in the low-carbon transition through approaches such as engagement, sustainability-linked loans (SLLs), and green loans.
- Cathay strengthens dialogue, engagement and partnership activities with key stakeholders through the following methods: hosting conferences, forums, and public welfare activities; participating in ratings, international initiatives, regulatory seminars, and investor conferences; responding to investor questionnaires and promotional projects; issuing reports and press releases; conducting employee and customer satisfaction surveys, etc.

Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

- Building a responsible banking culture: In 2020, Cathay identified "climate, health and empowerment" as the three focus areas for corporate sustainability. Since then, we have been developing key initiatives while incorporating our core financial competence to explore the link between sustainability actions and brand perception to strengthen the management of our sustainable strategy. In 2022, we took another step to further develop two aspects for each of the three focus areas, establishing six sustainability strategy blueprints to focus on Cathay's sustainability strategy and goals.
- Establish an effective management structure: CUB has established a CS Team as a core unit to promote its corporate sustainability development. The CS Team, chaired by CUB's president, oversees six sub-working groups, including the Responsible Investment Working Group, the Sustainable Governance Working Group, the Responsible Products and Services Working Group, the Employee Happiness Working Group, the Green Operations Working Group, and the Social Prosperity Working Group. Each working group is chaired by a CUB senior executive and meets quarterly. The creation of the CS team is a continuation of the Group's corporate sustainability philosophy. We developed short-, medium- and long-term action plans that integrate our core competencies. The implementation of these actions is aimed at embedding the core philosophy of sustainable development in our daily work. The team presents major sustainability tasks to the board of directors at least once a year. In 2022, the team presented to the board twice.

Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

CUB periodically reviews our implementation of the principles and disclosures to remain accountable and make a positive contribution to society. This report summarizes CUB's approaches to managing products and services in line with the PRB and incorporating ESG factors to strengthen relevant operational decisions.

As part of our commitment to sustainability, we are leading the industry in keeping abreast of international sustainability frameworks, and CUB is the first bank in Taiwan to voluntarily commit to the PRB. Below is a summary of the results of implementing the principles:

1. CUB's PRB implementation progress report has been regularly disclosed to the public and investors on its official corporate sustainability website and the Cathay FHC Sustainability Reports starting in 2021.
2. CUB regularly discloses the status of its review and monitoring of Equator Principles compliance and ESG integration of corporate loans in the Cathay FHC Sustainability Reports. CUB also regularly discloses the processing status of EP-related cases. In 2022, CUB continued to refine relevant ESG and EP regulations, monitor and track climate-related risks, and improve the management mechanism.

■ Implementation Status of the Principles for Sustainable Insurance (PSI)

Principle 1: Decision-Making Along ESG Criteria

Corporate Strategy

- The CS Teams of Cathay Life and Cathay Century report to the Corporate Sustainability Committee of Cathay FHC, which is chaired by an independent director.
- ESG criteria are integrated into day-to-day operational decisions. The CS team regularly discusses ESG issues with senior executives. Cathay Life reports to the board every six months on the progress of the company's sustainability development.
- Incorporate ESG criteria into employee training, covering topics such as AML, information security, compliance, risk management, and the principles of treating customers fairly.
- Create an inclusive workplace; provide a variety of internal communication channels; establish a wide range of learning opportunities that enhance employees' career development.

Risk Management and Underwriting

- In anticipation of the regulatory changes associated with IFRS 17, Cathay Life has made adjustments to our investment, product and cost strategy to ensure a smooth transition while mitigating the transition impact.
- Established a cross-divisional and cross-subsidiary TCFD task force to manage climate-related risks and opportunities using the TCFD framework, including governance, strategy, risk management, and metrics and targets.
- Comprehensive management of different risks through internal and external research and collaboration, and the development of quantitative models for financial, emerging and climate risks.
- Cathay Life and Cathay Century integrate ESG considerations into the underwriting process based on operational characteristics. The considerations include moral hazard, equality, misselling, personal information protection, construction method and safety, environmental issues and trends, and risk planning.
- Cathay Life has developed models and systems that evaluate ESG-related risks. These models and systems assign a risk score to new policy, and if the score exceeds a certain threshold, automated warnings are sent out to underwriters to review the policy.
- Cathay Century has established an underwriting risk identification and assessment mechanism for sensitive industries such as logging in tropical forests and coal.
- The underwriting process considers the insured's level of ESG participation as a way to encourage positive actions that promote environmental sustainability and healthy living.
- Cathay Century has established an ESG review process for insurance product development, and new products are reviewed against the ESG Issue Checklist.

Product and Service Development

- Launched a range of new products related to sustainability issues, such as environmental sustainability products, financial inclusion products, and digital innovation products.
- Use insurance (e.g. spillover-effect insurance, promotion of healthy lifestyles) to provide a basic safety net for different groups, extending coverage from ex-post compensation to promoting the importance of ex-ante prevention.
- We have established a "Treating Customers Fairly" team to deliver on our customer-centric philosophy. We use digital innovation to provide customers with a simpler, safer and faster service experience. For example, the president of Cathay Century convenes the company's "Treating Customers Fairly Promotion Task Force Meeting". The meeting is supervised by independent directors, and the results of the meeting are submitted to the board of directors for review and supervision. At Cathay, customers are our top priority, Cathay Century is here to meet our customers' needs, anytime, anywhere.

Claims Management

- We carefully manage fraud risks and ensure that the group's risks are diversified. For example, Cathay Century's claims personnel are responsible for managing moral hazard and fraud risks during the claims handling process. To address these risks, they conduct AML/CFT assessments and have established relevant internal control mechanisms.
- Initiate expedited claims processing for major catastrophes and offer condolences, counseling services, premium reductions and financial assistance to provide the most appropriate assistance to our policyholders.
- To improve the quality of our claims services, Cathay Life is leading the industry in its continuous efforts to promote mobile insurance. Cathay Life also provides a variety of claims services and strives to simplify the claims application process.
- Expand digital services to help customers easily track claims and other insurance-related tasks.

Principle 1: Decision-Making Along ESG Criteria

Sales and Marketing

- Cathay Life uses a variety of methods to enhance our customers' understanding of their insurance products and protect their interests, including full disclosure of information and conducting telephone interviews. We also provide various materials to enhance customers' insurance awareness.
- Provide training for underwriting and claims professionals to safeguard customer rights and benefits.
- We provide employee training and organize activities to help sales agents promote important concepts such as low-carbon initiatives, fraud prevention, and loss control when pitching sales to potential customers.

Investment Management

- We have adopted the UN PRI and integrated ESG into investment processes to enhance the management of ESG risks and opportunities.
- Implement the "Taiwan Stewardship Principles for Institutional Investors" by engaging with investee companies through conference calls, seminars, investor conferences, forums held by securities firms, and shareholders' meetings. The above approaches aim to strengthen the ESG management of investee companies.

Principle 2: Awareness-Raising on ESG Criteria with Clients & Partners

- Promote paperless service electronic insurance policy issuance. Cathay Life and Cathay Century calculate the carbon footprint of insurance services. The two companies became the first life insurance company in Taiwan to receive the EPA's Carbon Reduction Label and the first property insurance company to receive the Carbon Label respectively. The labels are designed to help consumers identify carbon information when choosing products.
- Cathay Life promotes the FitBack app, which uses a reward mechanism to encourage users to establish a good exercise routine.
- Cathay Life launched a spillover-effect insurance policy to encourage policyholders to adopt healthy lifestyles through incentives such as premium reduction mechanisms and health-related activities.
- Communicate the need for green procurement to Cathay's suppliers; make a positive impact by creating a green supply chain and partnership.
- Cathay Life promotes waste reduction activities and organized seven beach cleaning activities for policyholders in 2022.
- Cathay Century organizes loss control seminars to discuss issues such as extreme weather and compound hazards. We use a "Typhoon and Flood Risk Assessment Model" to provide enterprise customers with typhoon and flood risk management solutions.
- Cathay Century provides personnel evacuation simulation technology to help its customers establish effective evacuation plans and minimize casualties and economic losses in the event of a disaster.
- Engage with investee companies to promote ESG disclosure and management.
- Cathay organizes a Sustainable Finance and Climate Change Summit to promote ESG awareness among Taiwanese companies and the government. The summit provides a platform for sharing insights and best practices in sustainable finance, climate change mitigation, and circular economy initiatives.
- Include requirements for responsible investment management in our investment mandates agreements to ensure that asset managers meet their obligations.
- Cathay Century encourages our partner insurance, reinsurance, and insurance brokers to share our commitment to corporate sustainability and take practical action. We also evaluate the sustainability actions of our partners, including whether they have signed the Principles for Sustainable Insurance (PSI).
- We are committed to promoting paperless services among insurance brokers and agents. Cathay Century provides brokers and agents with a range of training programs, including corporate risk seminars, loss control training, and relevant digital materials.

Principle 3: Collaboration with Governments & Regulators to Promote Action on ESG Criteria

- Cathay Life collaborated with the K-12 Education Administration, MOE to launch the Sustainable Campus Project. It was an industry-government-academia collaboration to promote an effective anti-drug education campaign through gamification.
- Actively invest in sustainable industries in response to government policies.
- Cathay Century works with county and city governments to promote bicycle-sharing insurance to provide coverage for shared bike cyclists. The collaboration also aims to support Taiwan's transition to low-carbon transportation.
- In 2021, Cathay Century and Cathay Life jointly expanded the scope of the campus transportation risk map and incorporated augmented reality (AR) technology into the project. The project created a web AR version of the campus traffic risk map, covering the eastern and central-western districts of Tainan City. The coverage includes five campuses and the surrounding high-risk traffic areas.
- Cathay FHC and the MOE jointly hosted the TWCAE Youth Forum to empower youth with climate knowledge and provide them with the channels and resources to take action on climate change.
- Cathay Life actively participates in sustainable finance and TCFD-related activities promoted by the Life Insurance Association of the Republic of China. Cathay Life shares experiences and helps promote sustainable practices in the industry.
- Cathay Life is the first financial institution in Taiwan to sign TWSE's "Taiwan Stewardship Principles for Institutional Investors," taking the lead in supporting institutions to implement stewardship principles.
- Cathay Life, the National Police Agency and the Criminal Investigation Bureau jointly launched a series of anti-fraud activities.
- In response to the policy set by the Council of Agriculture, Cathay Century has developed a series of crop insurance products. We aim to strengthen farmers' ability to recover from disasters by providing the necessary insurance coverage.
- In response to the EPA's implementation of the carbon footprint label policy for Taiwanese products, Cathay Century is the first among industry peers to comply with EPA regulations and apply the Product Category Rules for property insurance services, thereby lowering the difficulty for industry peers to promote carbon footprint products.
- Actively respond to ESG initiatives called for by international organizations, such as the International Association of Insurance Supervisors (IAIS), AIGCC, Ceres' Valuing Water Finance Initiative, CDP Non-Disclosure Campaign, Climate Action 100+, TCFD, and TNFD.
- Cathay Century has developed a natural disaster model in collaboration with external institutions. We use the model to predict losses from natural disasters to assist in underwriting evaluation and prompt claims estimation. It can accurately quantify risks and help external clients in risk assessment to establish ex-ante risk prevention mechanisms.

Principle 4: Accountability & Transparency of Progress in ESG Implementation

- Cathay Life publishes the Sustainability Report every year to disclose the progress of PSI implementation.
- Cathay Life adopted the CARE sustainability strategies as a framework and established the Cathay Life Corporate Sustainability website to communicate with stakeholders.
- In 2017, Cathay Century began publishing the annual PSI Disclosure Report. The report includes the implementation results of the four key PSI principles. The PSI implementation results have also been included in the Sustainability Report since 2021.
- Cathay Century has established a corporate sustainability section on its official website and updates relevant information on corporate sustainability every year.
- Cathay FHC publishes a Sustainability Report every year.

7.4 GRI Index

Reporting Disclosure	Reporting below complies with GRI Standards on the reporting period from January 1, 2022, to December 31, 2022
GRI 1	GRI 1: Foundation 2021

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GRI Standards / Other Sources	Disclosure	Location (Chapter/Page)	省略原因
GRI 2: General Disclosures 2021	2-1 Organizational details	0.1 About Cathay FHC - Overview of Operations	-
	2-2 Entities included in the organization's sustainability reporting	7.1 About this Report	-
	2-3 Reporting period, frequency and contact point	7.1 About this Report	-
	2-4 Restatements of information	7.1 About this Report	-
	2-5 External assurance	7.10 Summary of Subject Matter Assured 7.11 External Assurance	-
	2-6 Activities, value chain and other business relationships	0.1 About Cathay FHC - Overview of Operations	-
	2-7 Employees	7.2 ESG Performance Data Table 12 Number of Full-Time Employees	-
	2-8 Workers who are not employees	4.1 Workplace Empowerment	-
	2-9 Governance structure and composition	6.1 Corporate Governance	-
	2-10 Nomination and selection of the highest governance body	6.1 Corporate Governance	-
	2-11 Chair of the highest governance body	6.1 Corporate Governance	-
	2-12 Role of the highest governance body in overseeing the management of impacts	1.1 Sustainable Governance & Management 1.3 Stakeholder Engagement and Materiality Analysis	-
	2-13 Delegation of responsibility for managing impacts	1.1 Sustainable Governance & Management	-
	2-14 Role of the highest governance body in sustainability reporting	1.1 Sustainable Governance & Management	-
	2-15 Conflicts of interest	6.1 Corporate Governance	-
	2-16 Communication of critical concerns	1.1 Sustainable Governance & Management 1.3 Stakeholder Engagement and Materiality Analysis	-
	2-17 Collective knowledge of the highest governance body	6.1 Corporate Governance	-
	2-18 Evaluation of the performance of the highest governance body	6.1 Corporate Governance	-

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GRI Standards / Other Sources	Disclosure	Location (Chapter/Page)	省略原因
GRI 2: General Disclosures 2021	2-19 Remuneration policies	6.1 Corporate Governance	-
	2-20 Process to determine remuneration	6.1 Corporate Governance	-
	2-21 Annual total compensation ratio	6.1 Corporate Governance	-
	2-22 Statement on sustainable development strategy	Message from the Chairman	-
	2-23 Policy commitments	6.3 Ethics and Compliance	-
	2-24 Embedding policy commitments	6.3 Ethics and Compliance	-
	2-25 Processes to remediate negative impacts	6.2 Risk Management	-
	2-26 Mechanisms for seeking advice and raising concerns	6.2 Risk Management	-
	2-27 Compliance with laws and regulations	6.3 Ethics and Compliance	-
	2-28 Membership associations	6.3 Ethics and Compliance	-
	2-29 Approach to stakeholder engagement	1.3 Stakeholder Engagement and Materiality Analysis	-
	2-30 Collective bargaining agreements	N/A, No Unions	-
Material Topics			省略原因
GRI 3: Material Topics 2021	3-1 Process to determine material topics	1.3 Stakeholder Engagement and Materiality Analysis	-
	3-2 List of material topics	1.3 Stakeholder Engagement and Materiality Analysis	-
Economic Performance			
GRI Standards	Disclosure	Location (Chapter/Page)	Notes
GRI 3: Material Topics 2021	3-3 Management of material topics	1.3 Stakeholder Engagement and Materiality Analysis	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	0.1 About Cathay FHC - Overview of Operations	
	201-2 Financial implications and other risks and opportunities due to climate change	CH2 Climate CH5 Sustainable Finance and Its Impact 6.2 Risk Management	

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Employment			
GRI Standards	Disclosure	Location (Chapter/Page)	Notes
GRI 3: Material Topics 2021	3-3 Management of material topics	1.3 Stakeholder Engagement and Materiality Analysis	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	7.2 ESG Performance Data Table 14 New Employee Statistics Table 15 Employee Turnover Statistics	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.1 Workplace Empowerment	
	401-3 Parental leave	4.1 Workplace Empowerment 7.2 ESG Performance Data Table 20 Parental Leave Statistics Table 21 Family Care/Maternity/Paternity Leave Statistics	
Occupational Health and Safety			
GRI Standards	Disclosure	Location (Chapter/Page)	Notes
GRI 3: Material Topics 2021	3-3 Management of material topics	1.3 Stakeholder Engagement and Materiality Analysis	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	3.1 Health Promotion	
	403-2 Hazard identification, risk assessment, and incident investigation		
	403-3 Occupational health services		
	403-4 Worker participation, consultation, and communication on occupational health and safety		
	403-5 Worker training on occupational health and safety		
	403-6 Promotion of worker health		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
	403-9 Work-related injuries		
Training and Education			
GRI Standards	Disclosure	Location (Chapter/Page)	Notes
GRI 3: Material Topics 2021	3-3 Management of material topics	1.3 Stakeholder Engagement and Materiality Analysis	

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GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	7.2 ESG Performance Data Table 19 Employee Training	
	404-2 Programs for upgrading employee skills and transition assistance programs	4.1 Workplace Empowerment	
	404-3 Percentage of employees receiving regular performance and career development reviews	4.1 Workplace Empowerment	
Diversity and Equal Opportunity			
GRI Standards	Disclosure	Location (Chapter/Page)	Notes
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	4.1 Workplace Empowerment	
	405-2 Ratio of basic salary and remuneration of women to men	7.2 ESG Performance Data Table 17 Compensation Comparison by Gender	
Customer Health and Safety			
GRI Standards	Disclosure	Location (Chapter/Page)	Notes
GRI 3: Material Topics 2021	3-3 Management of material topics	1.3 Stakeholder Engagement and Materiality Analysis	
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	3.1 Health Promotion 6.3 Ethics and Compliance	
Customer Privacy			
GRI Standards	Disclosure	Location (Chapter/Page)	Notes
GRI 3: Material Topics 2021	3-3 Management of material topics	1.3 Stakeholder Engagement and Materiality Analysis	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	6.3 Ethics and Compliance	

7.5 Sustainability Accounting Standards Board

■ SASB – Insurance 2018

Transparent Information & Fair Advice for Customers

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Code / Accounting Metric	Corresponding Data
FN-IN-270a.1 Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers	1.Cathay FHC 2022 Annual Report (XI) Penalties imposed against the financial holding company and subsidiaries in the last two years up till the publication date of this annual report, including the weaknesses found and the improvements made https://reurl.cc/xgqpzb 2.Cathay Life: Cathay Life Official Website: Disclosure / Other Items / Penalties from Competent Authorities from the Past Two Years (Chinese only) https://reurl.cc/AdmZEE 3.Cathay Century: None
FN-IN-270a.2 Complaints-to-claims ratio	1.Cathay Life: Cathay Life Official Website: Disclosure / Business Summary / Application approval rate for Ombudsman Cases (incl. disputes on claims and others) to FOI and average days until resolution https://reurl.cc/Nqd7p6 2.Financial Ombudsman Institution: Disclosures / Cathay Life & Cathay Century / Statistics on Complaints & Applications for Ombudsman Case (Chinese only) https://reurl.cc/GeYL9Z
FN-IN-270a.3 Customer retention rate	1.Cathay Life: TWSE MOPS for the insurance industry / public information on insurance / single inquiries / Cathay Life Insurance / Various Financial Business Indicators https://ins-info.ib.gov.tw/customer/life.aspx?UID=03374707 2.Cathay Century: Nearly 100% of property insurance products have one-year terms, without retention rates. Retention rates are similar but not identical statistical values and will not be disclosed. https://reurl.cc/RvGZXe
FN-IN-270a.4 Description of approach to informing customers about products	1.Cathay FHC 2022 Sustainability Report: 6.5 Service Quality & Customer Rights 2.Cathay Life Official Website: About Us / Company Profile / Treating Customers Fairly (Chinese only) https://reurl.cc/1eA5em 3.Cathay Life Sustainability Report: Accountability / Diverse Coverage and Thoughtful Service https://reurl.cc/LmqeO3 4.Cathay Century Official Website: Corporate Governance / 16. Customer Complaints System / Cathay Century Insurance Consumer Dispute Settlement Procedures https://reurl.cc/qmeOj0 5.Cathay Century Insurance 2022 Sustainability Report-3.5 Treating Customers Fairly https://reurl.cc/Rrm80D

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Incorporation of Environmental, Social, and Governance Factors in Investment Management

Code / Accounting Metric	Corresponding Data
FN-IN-410a.1 Total invested assets, by industry and asset class	1.Cathay Life Official Website: Disclosure / Financial Status / Statement on Use of Funds (Chinese only) https://reurl.cc/5MWA Vz 2.Cathay Life Corporate Sustainability Website: CS Reports & Other Statements / Responsible Investment and Stewardship Report https://reurl.cc/LmqeO3 3.Cathay Century Official Website: Disclosure / Financial Status / Statement on Use of Funds (Chinese only) https://reurl.cc/jq0kxM ● TWSE MOPS for the insurance industry / Public Information on Insurance / Financial Highlights / Financial report accredited by CPA or audit statements from CPA (Unqualified opinion can be found in P.75-77 of the 2022 audit report) https://reurl.cc/pLRNb8
FN-IN-410a.2 Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment management processes and strategies	1.Cathay FHC 2022 Sustainability Report: 5 Sustainable Finance and Its Impact & 6.2.2 Task Force on Climate-Related Financial Disclosures 2.Cathay Life Sustainability Report: Accountability / Responsible Investment and Paradigm Proposal https://reurl.cc/LmqeO3 3.Cathay Life Corporate Sustainability Website: CS Reports & Other Statements / Responsible Investment and Stewardship Report https://reurl.cc/LmqeO3 4.Cathay Century established its own "ESG and Climate Risk Management Guidelines," considers ESG factors and ratings throughout investment processes, and uses reports on risk management to monitor ESG ratings across investment positions annually to monitor related risks. 5.Cathay Century Insurance 2022 Sustainability Report–3.1 Sustainable Investment and Engagement https://reurl.cc/Rrm80D

Policies Designed to Incentivize Responsible Behavior

Code / Accounting Metric	Corresponding Data
FN-IN-410b.1 Net premiums written related to energy efficiency and low carbon technology	Cathay FHC 2022 Sustainability Report: 2.1 Low-Carbon Economy Cathay Century Insurance 2022 Sustainability Report–3.2.3 Social Sustainable Insurance Products https://reurl.cc/Rrm80D
FN-IN-410b.2 Discussion of products and/or product features that incentivize health, safety, and/or environmentally responsible actions and/or behaviors	1.Cathay FHC 2022 Sustainability Report: 2.1 Low-Carbon Economy & 3.1 Health Promotion 2.Cathay Life Sustainability Report: Accountability / Diverse Coverage and Thoughtful Service https://reurl.cc/LmqeO3 3.Cathay Century Insurance 2022 Sustainability Report–3.2.3 Social Sustainable Insurance Products 、3.2.4 Environmental Sustainability Insurance (Green insurance) Products https://reurl.cc/Rrm80D

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Environmental Risk Exposure

Code / Accounting Metric	Corresponding Data
FN-IN-450a.1 Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	1.Cathay FHC 2022 Sustainability Report: 6.2.2 Task Force on Climate-Related Financial Disclosures 2.Cathay Century Insurance 2022 Sustainability Report-4.1 Low-carbon Economy and Governance https://reurl.cc/Rrm80D
FN-IN-450a.2 Total amount of monetary losses attributable to insurance payouts from (1) modeled natural catastrophes and (2) non-modeled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance)	Cathay Century: (1)No related information for disclosure as Cathay Century has yet to develop a catastrophic disaster model. (2)TWSE MOPS's Business Summary for the insurance industry has published the retained losses from "typhoon and flood insurance" (No. 139) and "insurance claims (including reinsurance)," but not by region. Other disclosed information is not available by region either.
FN-IN-450a.3 Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of firm-level risks and capital adequacy	1.Underwriting process for individual contracts <ul style="list-style-type: none"> ● The "Cathay Century Guidelines on ESG Integration for Sensitive Industries" was established in 2021, which introduced assessment mechanisms for sensitive industries when underwriting commercial insurance such as fire insurance, marine insurance, engineering insurance, liability insurance, and new insurance ● Cathay Century Official Website: Corporate Sustainability / Sustainable Governance / Risk Management / ESG Risk Identification & Assessment (Chinese only) https://reurl.cc/9Z8GxY 2.Management of company-level risks and capital adequacy ratio <ul style="list-style-type: none"> ● Cathay Century Insurance 2022 Sustainability Report-4.1.4 TCFD climate risk management https://reurl.cc/Rrm80D ● Cathay Century Official Website: Corporate Sustainability / Sustainable Governance / Risk Management & Laws / Risk Management - Climate / Catastrophic Disaster Management Mechanism (Chinese only) https://reurl.cc/9Z8GxY ● Cathay Century reports results from stress tests such as catastrophic disaster models in its annual ORSA report submitted to competent authorities, calculates the RBC ratio and P/B ratio based on financial impact, and proposed response and control measures against related risks

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Systemic Risk Management

Code / Accounting Metric	Corresponding Data
<p>FN-IN-550a.1</p> <p>Exposure to derivative instruments by category: (1) total potential exposure to non-centrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives</p>	Not applicable to Cathay FHC
<p>FN-IN-550a.2</p> <p>Total fair value of securities lending collateral assets</p>	Not applicable to Taiwan
<p>FN-IN-550a.3</p> <p>Description of approach to managing capital- and liquidity-related risks associated with systemic non insurance activities</p>	<p>1.Cathay Life Insurance (Cathay Life) and subsidiaries' consolidated financial statement and audit report: 2021-2022 Liquidity Risks (P.141) https://reurl.cc/AdmNvQ</p> <p>2.Cathay Century Insurance (Cathay Century) and subsidiaries' consolidated financial statement and audit report: 2021-2022 Liquidity Risks (P.78-79) https://reurl.cc/K0MeDp</p> <p>3.The work report on risk management, submitted to the Board of Directors each quarter, includes a summary of risk management efforts (e.g., capital adequacy ratio and liquidity risk) from the Vietnam subsidiary. The annual ORSA report submitted to competent authorities discloses results from stress tests and liquidity risk assessments, including the impact of changes in the financial market (e.g., fluctuations in the stock market, exchange rates, bond interests) on non-insurance activities (investments) and subsequent impacts on company assets. The RBC ratio and P/B ratio are also derived based on financial impact, with response and control measures against related risks proposed.</p>

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SASB- Commercial Bank 2018

Data Security

Code / Accounting Metric	Corresponding Data
FN-CB-230a.1 (1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	1.Cathay FHC 2022 Sustainability Report: 6.5 Service Quality & Customer Rights & Table 31 in Appendix 7 2.Cathay FHC Official Website: "Information Security Organizations & Mechanisms" https://reurl.cc/Gd05Np
FN-CB-230a.2 Description of approach to identifying and addressing data security risks	1.Cathay FHC 2022 Sustainability Report: 6.4 Information Security 2.Cathay FHC Official Website: "Information Security Attack Management" https://reurl.cc/zb9p50 3.Cathay FHC 2022 Annual Report: Chapter Seven VI (XI) Other material risks and corresponding measures

Financial Inclusion & Capacity Building

Code / Accounting Metric	Corresponding Data
FN-CB-240a.1 (1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	Cathay FHC 2022 Sustainability Report: 3.2 Financial Health & Table 27 in Appendix 7
FN-CB-240a.2 (1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	Non-performing loans (NPLs) are not made public and will not be disclosed for the time being.
FN-CB-240a.3 Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Related statistics are not disclosed
FN-CB-240a.4 Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Cathay FHC 2022 Sustainability Report: 3.2 Financial Health & 4.2 Social Empowerment (Elevated Tree Program & Community Empowerment Hub Program)

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Incorporation of Environmental, Social, and Governance Factors in Credit Analysis

Code / Accounting Metric	Corresponding Data
FN-CB-410a.1 Commercial and industrial credit exposure, by industry	CUB Annual Report: Concentration of credit extensions https://reurl.cc/EGlxgv
FN-CB-410a.2 Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	1. Cathay FHC 2022 Sustainability Report: 5.1 Responsible Investment and Lending Framework & 5.3 Responsible Lending 2.Cathay FHC 2022 Sustainability Report: 6.2.2 Task Force on Climate-Related Financial Disclosures

Business Ethics

Code / Accounting Metric	Corresponding Data
FN-CB-510a.1 Total amount of monetary losses as a result of legal proceeding associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Cathay FHC 2022 Annual Report: Seven. Review and analysis of financial status and financial performance and risk management / VI. The analysis and assessment of risk management / (X) Litigations or non-contentious matters https://reurl.cc/xgqpzb
FN-CB-510a.2 Description of whistleblower policies and procedures	1.Cathay FHC Official Website: Regulatory Compliance / Cathay Financial Group Whistleblowing Program https://reurl.cc/OXWY13 2.Management & approach of CUB's whistleblowing program https://reurl.cc/E2dVzk 3.CUB 2022 Internal Control System Statement https://reurl.cc/vkOYGy

System Risk Management

Code / Accounting Metric	Corresponding Data
FN-CB-550a.1 Global Systemically Important Bank (G-SIB) score, by category	Not applicable as CUB is not a G-SIB but a D-SIB (Domestic Systemically Important Banks).
FN-CB-550a.2 Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	1.CUB Official Website: Announcements/ Risk Disclosures/ Details on quantitative and qualitative stress testing (Chinese only) https://reurl.cc/R6MYrg 2.Cathay FHC 2022 Sustainability Report: 6.2.2 Task Force on Climate-Related Financial Disclosures

SASB- Asset Management & Custody Activities 2018

Transparent Information & Fair Advice for Customers

Code / Accounting Metric	Corresponding Data						
FN-AC-270a.1 (1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	1. In 2022, there were no employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings 2. Cathay SITE formulated the "Stewardship Code" to provide a code of conduct for employees to comply with. Those meeting the criteria shall submit related documents. Responsible departments will launch monthly campaigns to raise employee awareness and organize annual online training						
FN-AC-270a.2 Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers	Not applicable as there were no related litigations in 2022						
FFN-AC-270a.3 Description of approach to informing customers about products and services	1. Cathay FHC 2022 Sustainability Report: 6.5 Service Quality & Customer Rights 2. Sales team focuses on the outcomes of customer communication <table border="1"> <tr> <td>Formulate policies and strategies on the Principles of Treating Customers Fairly</td><td>Achieve KYP and KYC with a corporate culture of treating customers fairly, ensure mutual benefits for customers, bolster customer confidence and trust in the company, and implement the following strategies: design products and services based on customer needs, clearly explain the features and risks on any ads or marketing campaigns, and provide customers with accurate reference sources, simple and accessible service interfaces, and reasonable reporting channels.</td></tr> <tr> <td>Regularly report to the Board of Directors on progress made with the Principles of Treating Customers Fairly</td><td> Implementation in 2022: (1) Organized training on the Principles of Treating Customers Fairly; 356 employees received three hours of training; total training hours added up to 1,068 hours. (2) Complaints were all handled within three working days. None violated the Principles of Treating Customers Fairly or the Financial Consumer Protection Act. </td></tr> <tr> <td>Provide friendly financial services</td><td> Create a friendly financial environment to provide services required by disabled investors (1) Offer customer service hotlines and fax services (2) Dispatch specialists for on-site services mailto:net080@cathaysite.com.tw(3) Provide customer service mailbox: net080@cathaysite.com.tw (4) Provide 24H online trading and fund search services with My MobiFund, a mobile application. (5) Fund Q&A services. (6) Ensure forms and applications are available on the official website. </td></tr> </table> 3. Disclose product information on the official website for investors and update content to comply with related regulations. https://www.cathaysite.com.tw https://www.cathaysite.com.tw/funds/etf/index.aspx	Formulate policies and strategies on the Principles of Treating Customers Fairly	Achieve KYP and KYC with a corporate culture of treating customers fairly, ensure mutual benefits for customers, bolster customer confidence and trust in the company, and implement the following strategies: design products and services based on customer needs, clearly explain the features and risks on any ads or marketing campaigns, and provide customers with accurate reference sources, simple and accessible service interfaces, and reasonable reporting channels.	Regularly report to the Board of Directors on progress made with the Principles of Treating Customers Fairly	Implementation in 2022: (1) Organized training on the Principles of Treating Customers Fairly; 356 employees received three hours of training; total training hours added up to 1,068 hours. (2) Complaints were all handled within three working days. None violated the Principles of Treating Customers Fairly or the Financial Consumer Protection Act.	Provide friendly financial services	Create a friendly financial environment to provide services required by disabled investors (1) Offer customer service hotlines and fax services (2) Dispatch specialists for on-site services mailto:net080@cathaysite.com.tw(3) Provide customer service mailbox: net080@cathaysite.com.tw (4) Provide 24H online trading and fund search services with My MobiFund, a mobile application. (5) Fund Q&A services. (6) Ensure forms and applications are available on the official website.
Formulate policies and strategies on the Principles of Treating Customers Fairly	Achieve KYP and KYC with a corporate culture of treating customers fairly, ensure mutual benefits for customers, bolster customer confidence and trust in the company, and implement the following strategies: design products and services based on customer needs, clearly explain the features and risks on any ads or marketing campaigns, and provide customers with accurate reference sources, simple and accessible service interfaces, and reasonable reporting channels.						
Regularly report to the Board of Directors on progress made with the Principles of Treating Customers Fairly	Implementation in 2022: (1) Organized training on the Principles of Treating Customers Fairly; 356 employees received three hours of training; total training hours added up to 1,068 hours. (2) Complaints were all handled within three working days. None violated the Principles of Treating Customers Fairly or the Financial Consumer Protection Act.						
Provide friendly financial services	Create a friendly financial environment to provide services required by disabled investors (1) Offer customer service hotlines and fax services (2) Dispatch specialists for on-site services mailto:net080@cathaysite.com.tw(3) Provide customer service mailbox: net080@cathaysite.com.tw (4) Provide 24H online trading and fund search services with My MobiFund, a mobile application. (5) Fund Q&A services. (6) Ensure forms and applications are available on the official website.						

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Code / Accounting Metric	Corresponding Data															
FN-AC-330a.1 Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	1.Information on Cathay SITE's full-time employees: :															
	<table><tr><th></th><th>Female</th><th>Male</th></tr><tr><td>Senior executives</td><td>2</td><td>3</td></tr><tr><td>Other executives/managers</td><td>14</td><td>31</td></tr><tr><td>Professionals</td><td>160</td><td>83</td></tr><tr><td>Others</td><td>8</td><td>25</td></tr></table>		Female	Male	Senior executives	2	3	Other executives/managers	14	31	Professionals	160	83	Others	8	25
		Female	Male													
	Senior executives	2	3													
	Other executives/managers	14	31													
	Professionals	160	83													
	Others	8	25													
	In 2022, Cathay SITE had 327 full-time employees and 18 part-time employees, the latter of which accounted for 5.5% of all employees.															
	Note:															
	(1) Senior executives: Senior executive VPs or above.															
(2) Other executives/managers: Employees managing other employees or with administrative responsibilities																
(3) Professionals: Employees registered with the Securities Investment Trust & Consulting Association of the R.O.C. (registered Securities Investment Trust and Consulting Professionals).																
(4) Others: Any employees not listed above.																
2.Cathay SITE's employees by nationality or ethnic groups:																
<table><tr><th></th><th>2022 年</th></tr><tr><td>Employees with disabilities</td><td>3</td></tr><tr><td>Indigenous employees</td><td>2</td></tr><tr><td>Employee nationalities (no. of countries)</td><td>2</td></tr></table>		2022 年	Employees with disabilities	3	Indigenous employees	2	Employee nationalities (no. of countries)	2								
	2022 年															
Employees with disabilities	3															
Indigenous employees	2															
Employee nationalities (no. of countries)	2															
3.Cathay SITE's HQ and branches prioritize local residents during recruitment and comply with related labor laws and regulations set forth by competent authorities. Cathay SITE has never engaged in child labor. Recruitment of foreign nationals complies with the Employment Service Act and Regulations on the Permission and Administration of the Employment of Foreign Workers.																
4.Cathay SITE regularly organizes annual training and offers competitive employee benefits and a healthy and safe workplace. For more information, please refer to Cathay FHC 2022 Sustainability Report: 3.1 Health Promotion & 4.1 Workplace Empowerment																

Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory

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Code / Accounting Metric	Corresponding Data																
<div>FN-AC-410a.1</div> <div>Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening</div>	<div>1.Cathay SITE's responsible investment<div>Unit: NT\$100M</div><table><tr><th></th><th>2022</th></tr><tr><td>Stocks & bonds under management (Note 1)</td><td>5,908</td></tr><tr><td>Stocks & bonds unavailable for investments (Note 2)</td><td>1,315</td></tr><tr><td>Stocks & bonds under ESG management (Note 3)</td><td>2,691</td></tr></table><div><div>Note 1 Mutual funds</div><div>Note 2 Mutual funds - ETFs - Fund of funds - Private equity funds</div><div>Note 3 Mutual funds - ETFs - Fund of funds - Private equity funds + 00878</div></div></div> <div>2.Cathay SITE's sustainability investments<div>Unit: NT\$100M</div><table><tr><th></th><th>2022</th></tr><tr><td>Stocks</td><td>93,282,132,447</td></tr><tr><td>Bonds</td><td>51,258,575,187</td></tr><tr><td>Private equity</td><td>4,610,579,920</td></tr></table></div>		2022	Stocks & bonds under management (Note 1)	5,908	Stocks & bonds unavailable for investments (Note 2)	1,315	Stocks & bonds under ESG management (Note 3)	2,691		2022	Stocks	93,282,132,447	Bonds	51,258,575,187	Private equity	4,610,579,920
	2022																
Stocks & bonds under management (Note 1)	5,908																
Stocks & bonds unavailable for investments (Note 2)	1,315																
Stocks & bonds under ESG management (Note 3)	2,691																
	2022																
Stocks	93,282,132,447																
Bonds	51,258,575,187																
Private equity	4,610,579,920																
<div>FN-AC-410a.2</div> <div>Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies</div>	<div>Cathay FHC 2022 Sustainability Report: 5 Sustainable Finance and Its Impact</div>																
<div>FN-AC-410a.3</div> <div>Description of proxy voting and investee engagement policies and procedures</div>	<div>Cathay FHC 2022 Sustainability Report: 5 Sustainable Finance and Its Impact</div>																

Description of proxy voting and investee engagement policies and procedures

Code / Accounting Metric	Corresponding Data
FN-AC-510a.1 Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Not applicable as there were no related litigations in 2022
FN-AC-510a.2 Description of whistleblower policies and procedures	1.Cathay FHC 2022 Sustainability Report: 6.3 Ethical Corporate Management 2.athay SITE's whistleblowing program is available on the official website at https://www.cathaysite.com.tw/footer/privacy_police.aspx 3.Cathay SITE's whistleblowing program was established in compliance with the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" and Cathay FHC Whistleblowing Program

System Risk Management

Code / Accounting Metric	Corresponding Data								
FN-AC-550a.1 Percentage of open-end fund assets under management by category of liquidity classification	1. Cathay SITE's AUM by liquidity <table border="1"> <tr> <td>High liquidity</td><td>99.2%</td></tr> <tr> <td>Medium liquidity</td><td>0.3%</td></tr> <tr> <td>Low liquidity</td><td>0.5%</td></tr> <tr> <td>Illiquid</td><td>-</td></tr> </table>	High liquidity	99.2%	Medium liquidity	0.3%	Low liquidity	0.5%	Illiquid	-
High liquidity	99.2%								
Medium liquidity	0.3%								
Low liquidity	0.5%								
Illiquid	-								
FN-AC-550a.2 Description of approach to incorporation of liquidity risk management programs into portfolio strategy and redemption risk management	1.Cathay SITE's proprietary assets are largely high liquidity assets, with over half held in time deposits and short-term securities, both in NT\$ 2.Before fund launches, Cathay SITE requires a comprehensive assessment of the liquidity horizon of various investment products and has also established a fund redemption payment date to effectively control liquidity risks 3.To effectively control liquidity risks, Cathay SITE requires a percentage of liquid assets for various types of funds; fund managers are required to review their investment portfolios on a daily basis 4.Taiwan regulations allow funds to put up assets as collateral for loans to mitigate liquidity crises in the event of market crashes 5.Fund swing pricing is not applicable to Taiwan regulations on funds								

Code / Accounting Metric	Corresponding Data
FN-AC-550a.3 Total exposure to securities financing transactions	Not applicable as mutual funds in Taiwan are banned from securities financing transactions
FN-AC-550a.4 Net exposure to written credit derivatives	Not applicable as Cathay SITE does not offer credit derivatives

Activity Metrics

Code / Accounting Metric	Corresponding Data
FN-AC-000.A (1) Total registered and (2) total unregistered assets under management (AUM)	NT\$1,203.66 billion
FN-AC-000.B Total assets under custody and supervision	NT\$1,203.66 billion

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7.6 IFRS® Sustainability Disclosure Standard (Exposure Draft)

In order to facilitate stakeholders to measure Cathay FHC's sustainability-related risks and opportunities, and to understand the impact between organizational value and performance, the International Sustainability Standards Board (ISSB) Sustainability Disclosure Standard was adopted for the first time to enhance the quality and transparency of information disclosure in sustainability reports.

Note: Since the current sustainable reporting standards are drafts, some index numbers are principle explanations, marked with (principle explanation)

■ [Draft] IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

Draft S1 is divided into "Core Content" and "General Features". Its purpose is to disclose useful information on sustainability-related risks and opportunities for enterprises, so that stakeholders (especially the main users of financial reports) can also evaluate the sustainable value of enterprises.

Core Content

Core Content	Disclosure	Reference
Governance	The governance processes, controls and procedures the entity uses to monitor and manage sustainability-related risks and opportunities.	1.1 Sustainable Governance & Management 1.2 Focus Areas & Blueprint of Sustainable Development 6.2 Risk Management
Strategy	The approach for addressing sustainability-related risks and opportunities that could affect the entity's business model and strategy over the short, medium and long term.	1.3.2 CS Issue Materiality Analysis, Management link of CS Issues 6.2 Risk Management
Risk Management	The processes the entity used to identify, assess and manage sustainability-related risks.	1.3.2 CS Issue Materiality Analysis 6.2 Risk Management
Metrics and Targets	Information used to assess, manage and monitor the entity's performance in relation to sustainability-related risks and opportunities over time.	1.2 Focus Areas & Blueprint of Sustainable Development, Management link of CS Issues

General Features

General Features	Disclosure	Reference
Reporting Entity	An entity's sustainability-related financial disclosures shall be for the same reporting entity as the related general purpose financial statements.	0.1 About Cathay FHC 7.1 About this Report
Connected Information	An entity shall provide information that enables users of general purpose financial reporting to assess the connections between various sustainability-related risks and opportunities, and to assess how information about these risks and opportunities is linked to information in the general purpose financial statements.	1.3.2 CS Issue Materiality Analysis, Management link of CS Issues 6.2.2 Task Force on Climate-Related Financial Disclosures (TCFD)
Fair Presentation	Applying IFRS Sustainability Disclosure Standards, with additional disclosure when necessary, is presumed to result in sustainability-related financial disclosures that achieve a fair presentation.	0.1 About Cathay FHC 7.1 About this Report 7.5 Sustainability Accounting Standards Board 6.2.2 Task Force on Climate-Related Financial Disclosures (TCFD)
Materiality	Sustainability-related financial information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that the primary users of general purpose financial reporting make on the basis of that reporting, which provides information about a specific reporting entity.	1.3.2 CS Issue Materiality Analysis
Comparative Information	An entity shall disclose comparative information in respect of the previous period for all metrics disclosed in the current period.	0.1 About Cathay FHC 7.2 ESG Performance Data

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General Features	Disclosure	Reference
Frequency of Reporting	An entity shall report its sustainability-related financial disclosures at the same time as its related financial statements and the sustainability-related financial disclosures shall be for the same reporting period as the financial statements.	0.1 About Cathay FHC 7.1 About this Report
Location of Information	An entity is required to disclose information required by IFRS Sustainability Disclosure Standards as part of its general purpose financial reporting.	7.1 About this Report 2022 Cathay FHC Annual Report
Sources of Estimation and Outcome Uncertainty	The use of reasonable estimates is an essential part of preparing sustainability-related metrics and does not undermine the usefulness of the information if the estimates are accurately described and explained.	7.1 About this Report
Errors	An entity shall correct material prior period errors by restating the comparative amounts for the prior period(s) disclosed unless it is impracticable to do so.	7.1 About this Report
Statement of compliance	An entity whose sustainability-related financial disclosures comply with all of the relevant requirements of IFRS Sustainability Disclosure Standards shall include an explicit and unqualified statement of compliance.	7.1 About this Report

•[Draft] IFRS S2 Climate-related Disclosures

Draft S2 discloses information in accordance with the TCFD framework, and requires companies to disclose climate-related transformation and physical risks, so that stakeholders can measure CathayFHC's climate-related risks and opportunities, and further measure the company's value. For CathayFHC's climate-related disclosures, please refer to Cathay FHC's "2022 Climate Strategy and Natural Risks Management Report."

7.7 UN Global Compact (UNGC) Index

Areas	Principles	Reference	Page
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights	CH4 Empowerment / CH6.2.4 Management of Human Rights Risks	74
	Businesses should make sure that they are not complicit in human rights abuses		
	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining		
Labor	Businesses should work toward the elimination of all forms of forced and compulsory labor		136
	Businesses should work toward the effective abolition of child labor		
	Businesses should work toward the elimination of discrimination in respect to employment and occupation		
Environment	Businesses should support a precautionary approach to environmental challenges	CH2 Climate	26
	Businesses should undertake initiatives to promote greater environmental responsibility		
	Businesses should encourage the development and diffusion of environmentally friendly technologies		
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery	CH6 Sustainable Governance	115

7.8 ISO 26000 - Social Responsibility Content Index


Category	Reference	Page
Organizational Governance	CH1 Sustainability Strategies & Governance 、CH6 Sustainable Governance	9 / 115
Human Rights	CH4 Empowerment 、CH6 Sustainable Governance	74 / 115
Labor Rights	CH4 Empowerment	74
Environment	CH2 Climate	26
Fair Operating Practices	CH6 Sustainable Governance	115
Consumer Issues	CH6 Sustainable Governance	115
Community Involvement and Development	CH4 Empowerment	74

7.9 Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

Category	Articles	Topics	對應章節	Page
General	Article 3	The sustainability report shall include relevant environmental, social and corporate governance risk assessments and lay out the performance indicators to manage the material topics identified.	CH1 Sustainability Strategies & Governance	9
Society	Article 4, Appendix 1- 3, Item (1)	Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.	CH6 Sustainable Governance	115
	Article 4, Appendix 1- 3, Item (2)	Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.	CH3 Health	54
	Article 4, Appendix 1- 3, Item (3)	Number of participants in financial literacy initiatives provided to the disadvantaged without adequate banking services.	CH4 Empowerment	74
Environment	Article 4, Appendix 1- 3, Item (4)	Products and services designed by individual operating units to create benefits for the environment or society.	CH2 Climate, CH3 Health, CH5 Sustainable Finance and Its Impact, CH7 Appendix	26 / 54 / 97 / 171
	Article 4-1	The sustainability report shall include disclose climate-related information in a chapter, explaining the risks and opportunities that climate change poses to the company and the relevant response measures taken by the company.	CH2 Climate, CH5 Sustainable Finance and Its Impact, CH.6.2 Risk Management	26 / 97 / 122

7.10 Summary of Subject Matter Assured

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No.	Subject Matter Assured	Applicable Criteria	Page	Rules (Note)	UN's Sustainable Development Goals	UN's Sustainable Development Targets
1	We had 10 data breaches events in 2022, in which 100% of data breaches events was involved with personally identifiable information. 120 customers were affected by such violation.	The total number of the group's data breaches events in 2022 was calculated according to the Cathay FHC and Subsidiaries Information Security Incident Reporting and Emergency Response Management Guidelines, as well as the Cathay FHC Regulations for the Management of Personal Information Infringement Incidents.	CH6 150	Article 4, Appendix 1- 3, Item (1)		16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements.
2		The percentage of the group's data breaches events which was involved with personally identifiable information of the group's data breaches events in 2022 was calculated according to the Cathay FHC and Subsidiaries Information Security Incident Reporting and Emergency Response Management Guidelines, as well as the Cathay FHC Regulations for the Management of Personal Information Infringement Incidents.	CH6 150	Article 4, Appendix 1- 3, Item (1)		
3		The total number of the customers were affected by the group' s data breaches events in 2022 was calculated according to the Cathay FHC and Subsidiaries Information Security Incident Reporting and Emergency Response Management Guidelines, as well as the Cathay FHC Regulations for the Management of Personal Information Infringement Incidents .	CH6 150	Article 4, Appendix 1- 3, Item (1)		
4	As of the end of 2022, the outstanding amount of loans to small business was NT\$108.8 billion and the total number of loans to small business was 8,738.	The total number of loans and the outstanding amount of loans of CUB and its overseas branches to small business as of December 31, 2022.	CH7 P165 Table 27 Financial Inclusion Promotion Results	Article 4, Appendix 1- 3, Item (2)		1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions
		Pursuant to the Corporate Customer Segmentation and Management Guidelines of CUB and its overseas branches, small business customers are corporate customers and affiliated accounts with consolidated annual revenue of NT\$500 million and under.				8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
						9.3 Increase the access of small-scale industrial and other enterprises, particularly in developing countries, to financial services including affordable credit and their integration into value chains and markets

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No.	Subject Matter Assured	Applicable Criteria	Page	Rules (Note)	UN's Sustainable Development Goals	UN's Sustainable Development Targets
5	Total community and inclusive finance investment amount reached NT\$3.1 billion in 2022 ; Total community and inclusive finance lending amount reached NT\$5.2 billion in 2022.	<p>Cathay Financial Holdings and its subsidiaries determine Community and Inclusive Finance investment / lending according to following criteria:</p> <p>1.The industry classification belongs to education, financial inclusion, and other related industries.</p> <p>2.The company's business items include above categories.</p> <p>Community and inclusive finance investments, including equity and debt, are calculated based on the book value of each subsidiary at the end of 2022; Community and inclusive finance lending amount is calculated using the original lending amount minus the recovered lending amount.</p>	CH7 P153 Table 1 Themed Investing/ Lending	Article 4, Appendix 1- 3, Item (2)	 	<p>1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day</p> <p>4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture' s contribution to sustainable development</p>
6	As of the end of 2022, 58 students benefited from financial education courses under the the Tutor CUB online broadcast.	Total number of students that participated in financial education courses under Tutor CUB - Online Broadcast Financial Courses in 2022.	CH4 P94	Article 4, Appendix 1- 3, Item (3)		4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes
7	As of the end of 2022, 24 students benefited from financial education courses under the Community Empowerment Base Program.	Total number of students that participated in financial education programs and under the Cathay Charity Foundation's Community Empowerment Hub Program in 2022.	CH4 P87	Article 4, Appendix 1- 3, Item (3)		4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes
8	<p>Total infrastructure investing amount reached NT\$832.9 billion in 2022;</p> <p>Total infrastructure lending amount reached NT\$78.1 billion in 2022.</p>	<p>Cathay Financial Holdings and its subsidiaries determine infrastructure investment / lending according to following criteria:</p> <p>1.The industrial classification belongs to the categories of transportation, public facilities, social housing, and environmental improvement facilities, low-carbon transition-related infrastructure, infrastructure construction, and software.</p> <p>2.The company's business items include the above categories.</p> <p>Infrastructure investments, including equity and debt, are calculated based on the book value of each subsidiary at the end of 2022; Infrastructure lending amount is calculated using the original lending amount minus the recovered lending amount.</p>	CH7 P153 Table 1 Themed Investing/ Lending	Article 4, Appendix 1- 3, Item (4)		11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries

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9	<p>Total low-carbon investing amount reached NT\$267.9 billion in 2022;</p> <p>Total low-carbon lending amount reached NT\$37.9 billion in 2022.</p>	<p>Cathay Financial Holdings and its subsidiaries determine low-carbon investment / lending according to following criteria:</p> <p>1. Industry classification belongs to six major categories of energy, construction, waste recycling, transportation, (high efficiency) industry, energy-saving industry, green bonds, and carbon sinks.</p> <p>2. The company's business items include above categories.</p> <p>3. The investments included in the Low Carbon Investment Registry, Carbon Clean 200 List, and green bond details in the Bloomberg platform.</p> <p>Low-carbon investment, including real estate, equity, and debt, are calculated based on the book value of each subsidiary at the end of 2022; Low-carbon lending amount is calculated using the original lending amount minus the recovered lending amount.</p>	<p>CH7 P153</p> <p>Table 1 Themed Investing/ Lending</p>	<p>Article 4, Appendix 1- 3, Item (4)</p>		7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
						13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
10	<p>Total water resources investing amount reached NT\$6.1 billion in 2022;</p> <p>Total water resources lending amount reached NT\$1.2 billion in 2022.</p>	<p>Cathay Financial Holdings and its subsidiaries determine water resources investment/lending according to following criteria:</p> <p>1. Industry classification relates to water supply, water treatment, and sewage treatment, and as well as industries related to water conservation, water cycle, recycled water, reclaimed water, and desalination.</p> <p>2. The company's business items include above categories.</p> <p>Water resources investments, including equity and debt, are calculated based on the book value of each subsidiary at the end of 2022; Water resources lending amount is calculated using the original lending amount minus the recovered lending amount.</p>	<p>CH7 P153</p> <p>Table 1 Themed Investing/ Lending</p>	<p>Article 4, Appendix 1- 3, Item (4)</p>		3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination
						6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all
11	<p>Total aging society and health investing amount reached: NT\$464.4 billion in 2022;</p> <p>Total aging society and health lending amount reached: NT\$44.8 billion in 2022.</p>	<p>Cathay Financial Holdings and its subsidiaries determine Aging society and health investment / lending according to following criteria:</p> <p>1. The industry classification belongs to the senior and health product and service industry, facility supply and other related industries.</p> <p>2.The company's business items include above categories.</p> <p>Aging society and health investments including equity and debt, are calculated based on the book value of each subsidiary at the end of 2022; Aging society and health lending amount is calculated using the original lending amount minus the recovered lending amount.</p>	<p>CH7 P153</p> <p>Table 1 Themed Investing/ Lending</p>	<p>Article 4, Appendix 1- 3, Item (4)</p>		3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

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12	As of the end of 2022, 2 cases reached Financial Close in accordance with EPs.	Total number of CUB's financing projects that reach financial close according to the CUB's Rules Governing Project Finance of Equator Principles in 2022.	CH7 P153 Table 3: Equator Principles Projects	Article 4, Appendix 1- 3, Item (4)		8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead
13	CUB provided loans for 126 solar power stations in Taiwan in 2022, with a total installed capacity of 131 MW.	1. Solar power stations: Total number of stations approved by the Bureau of Energy in 2022. 2. Domestic financed capacity: The sum of installed capacities from the lower of the projects with approval documents issued by the Bureau of Energy or Taipower Electricity Purchase Contract and financed by CUB head office and all domestic branches in 2022.	CH2 P40	Article 4, Appendix 1- 3, Item (4)	 	7.1 By 2030, ensure universal access to affordable, reliable and modern energy services 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
14	As of the end of 2022, the cumulative insured amount of renewable energy insurance policies (Hydroelectric Power, Solar Power, Wind Power) was NT\$183.0 billion.	The total insured amount of renewable energy engineering and equipment insurance cases undertaken by Cathay Century in 2022. The insured amount is the total policy amount in force as of the end of 2022, including the original insured amount of the policies and the adjusted insured amount by the end of 2022.	CH7 P157 Table 8 ESG Products and Services	Article 4, Appendix 1- 3, Item (4)	 	7.1 By 2030, ensure universal access to affordable, reliable and modern energy services 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
15	As of the end of 2022, the property principal in the Disability & Retirement Trust (for elderly and disabled people) reached NT\$2.676 billion and the number of effective beneficiaries was 297.	As of December 31, 2022, the number of people who benefited from the Disability & Retirement Trust, and the property principal of the Disability & Retirement Trust, according to “the Charitable Trust Statistics for 2022 Q4” published by the Trust Association of R.O.C.	CH7 P164 Table 25 Financial Planning Results	Article 4, Appendix 1- 3, Item (4)	 	1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance 8.10 Strengthen the capacity of domestic financial institutions to encourage and to expand access to banking, insurance and financial services for all

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16	As of the end of 2022, the number of people insured by effective micro insurance policies of Cathay Life and Cathay Century was 313 thousand people.	<p>According to the Implementation Status of Micro Insurance Offered by Cathay Life in December 2022 published by Taiwan Insurance Institute, the number of people insured by effective micro insurance policies of Cathay Life.</p> <p>And as of the end of 2022, the number of people insured by effective micro insurance policies of Cathay Century.</p>	CH3 P72	Article 4, Appendix 1- 3, Item (4)		1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance
17	As of the end of 2022, the amount of property principal in the Charitable Trust was NT\$ 37.889 billion.	As of December 31, 2022, the balance of trust assets of CUB's charitable trust according to the Charitable Trust Statistics for 2022 Q4 published by the Trust Association of R.O.C.	CH7 P165	Article 4, Appendix 1- 3, Item (4)		8.10 Strengthen the capacity of domestic financial institutions to encourage and to expand access to banking, insurance and financial services for all
18	<p>In 2022, the ratios of annual salaries (male: female) for each employee category:</p> <p>High-level manager : 100:85</p> <p>Mid-level manager : 100:101</p> <p>Entry-level manager : 100:76</p> <p>General staff: 100:91</p>	<p>"Employee" is defined as individuals who provide services to the company under the supervision of the company (regardless of their nationality). They only cover employees of Cathay Financial Holding and its subsidiaries in Taiwan, dispatches assigned to overseas branches and offices, and local hires in overseas branches and office. They do not include those who only have contractual relations with the company, business outsourcing, or manpower dispatchers; nor do they include directors and supervisors. The scope of statistics only covers full-time employees in 2022.</p> <p>Definitions: "High-level manager" is equivalent to vice presidents of Cathay FHC (including) or above "Mid-level manager" is equivalent to senior managers of Cathay FHC (including).</p> <p>"Entry-level manager" is equivalent to managers of Cathay FHC (including). "General Staff" refer to employees who do not bear the administrative responsibility for managing other employees or business units, including project managers who do not manage other employees.</p> <p>Annual salaries= basic salary and remuneration.</p> <p>The annual salaries ratio for male to female refers to the ratio calculated on the basis of the average annual salaries of male as 100, for example, 100:88 (that is, 100 for male and 88 for female).</p>	CH7 P161 Table 17 Comparison of Male and Female Managers' Annual Salaries (Male:Female)	-	 	<p>1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions</p> <p>5.1 End all forms of discrimination against all women and girls everywhere</p>

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19	As of the end of 2022, 12 cases were rejected by or receiving opinions from the Credit Review Committee, in which no loan applications was rejected due to ESG incidents.	The total number of cases of corporate loans rejected by or receiving opinions from the CUB Credit Review Committee, and of which the number of loan applications rejected due to ESG events in 2022.	CH7 P153 Table 2 Corporate Loan ESG Review Status			9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
20	As of the end of 2022, 264 cases with potential risks reviewed in escalation process were discussed.	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 been completed the ESG risk review process in 2022.	CH7 P153 Table 4 Results of Cathay Life ESG Risk Review for Investee Companies	-		9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
21	In 2022, we engaged with 5 major investees and borrowers in Taiwan that are identified as major carbon-intensive companies	The total number of selected companies completed engagement in 2022, as high-carbon emitters within Cathay Financial Holdings Group' s major financial portfolio in 2021, based on the group' s internal management regulation.	CH2 P34	-		13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning
22	In 2022, 2,459 people signed up to attend the Cathay Sustainable Finance and Climate Change Summit	The total number of sign-ups to attend the 2022 climate summit hosted by Cathay Financial Holdings, for both online and in-person attendance.	CH2 P35	-		13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

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23	In 2022, We employed 46,091 full-time employees, onboarded 5,533 new hires, and parted ways with 4,285 employees	The total number of full-time employees of Cathay Financial Holding and its subsidiaries in Taiwan, dispatches assigned to overseas branches and offices, local hires who are full-time employees as of December 31, 2021 in overseas branches, and the total number of new hires and departures that are full-time employees.	CH7 P159 Table 12 Number of Full-Time Employees P160 Table 14 New Employee Statistics P161 Table 15 Employee Turnover Statistics	-	-	-
24	<p>In 2022, the absence and occupational safety statistics among employees and contractors of Cathay Financial Holdings were as follows-</p> <p>For Employees:</p> <ul style="list-style-type: none"> ● Number of injuries: 76 ● Number of fatalities: 0 ● Frequency Rate (FR) of disabling injuries: 0.83 ● Severity Rate (SR) of disabling injuries: 17.69 ; <p>For Contractors:</p> <ul style="list-style-type: none"> ● Number of injuries: 1 ● Number of fatalities: 0 ● Frequency Rate (FR) of disabling injuries: 0.75 ● Severity Rate (SR) of disabling injuries: 8.98 	<p>In 2022, Cathay Financial Holdings and its subsidiaries reported the following statistics related to occupational accidents(Note) for their employees and contracted workers:</p> <ul style="list-style-type: none"> ● Number of injuries: ● Number of fatalities: ● Frequency Rate (FR) of disabling injuries: (Number of disabling injuries ÷ Total hours worked) × 1,000,000 ● Severity Rate (SR) of disabling injuries: (Total Lost Time Injury Days ÷ Total hours worked) × 1,000,000 <p>Note: The method of occupational injury statistics is primarily based on the reported data from the Ministry of Labor.</p>	CH7 P163 Table 22 Absence and Occupational Safety Statistics	-		8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

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25	<p>Total carbon emissions from proprietary investment asset portfolios in 2022 was 9,759,033 tCO₂e in 2022.</p> <p>Carbon emissions from proprietary investment asset portfolios by industry in 2022.</p> <p>Total carbon emissions of various lending portfolios in 2022 was 548,203 tCO₂e.</p> <p>Carbon emissions from long-term lending portfolios by industry in 2022.</p>	<p>Cathay Financial Holdings and its subsidiaries referenced the "Portfolio Carbon Accounting Framework (PCAF)" to establish its financed portfolio carbon emissions calculation criteria and to compile and disclose financed carbon emissions for various asset classes.</p> <ul style="list-style-type: none"> Financed Portfolio Carbon Emissions: The carbon emissions in metric tons of CO₂ equivalent (tCO₂e) for Scope 1 and Scope 2 categories related to the investment portfolio held by the group. The group strives to use the "latest obtainable emissions data or estimation data". This includes: <ol style="list-style-type: none"> Emissions data directly obtained from companies, either from MSCI Total Portfolio Footprinting (MSCI TPF), or Taiwan Economic Journal (TEJ) database. Estimation data based on the methodology recommended by PCAF, using emissions data calculated from physical and economic activity, and obtained from MSCI Total Portfolio Footprinting (MSCI TPF) classified by industry to calculate estimated industry-specific emissions factors. Carbon Emissions Coverage Scope of Investment Portfolios: Cathay Life, Cathay Securities, Cathay Century conducted an inventory of listed stocks and corporate bonds held as part of proprietary investments assets on December 31, 2022. The scope includes proprietary investments held by Cathay Life, Cathay Securities, Cathay Century, and CUB that belong in the following accounts: "Financial Assets at Fair Value through Profit or Loss (FVTPL)," "Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)," and "Financial Assets at Amortized Cost (AC)" for both self-managed and outsourced investment portfolios. Carbon Emissions Coverage Scope of Lending Portfolios: As of December 31, 2022, electricity generation project finance, commercial real estate mortgage, and corporate loans (excluding short-term loans and loans to small and medium-sized enterprises) provided by CUB. Industry classification disclosure: The classification is based on the 11 economic sectors at level one of the Global Industry Classification Standard (GICS) structure. 	CH7 P154-155 Table 6 Investment and Lending Portfolio Carbon Footprint	-		13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

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26	In 2022, the average number of full-time non-managerial employees was 20,316, the mean salary of full-time non-managerial employees was NT\$1,327 thousands, and the median salary of full-time non-managerial employees was NT\$1,107 thousands.	The 2022 Cathay groups' information of full-time non-managerial staff salary is calculated according to "Notes on Reporting of Full-time Non-managerial Employees Salary Information" and "FAQ" published by Taiwan Stock Exchange Corporation.	CH7 P161 Table 18 Full-time Non-managerial Employees Salary Information	-		8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Note: Refers to the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies."

7.11 External Assurance

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ISO 14001:2015



ISO 50001:2018



ISO 20400: 2017



ISO 14064-1:2018 (Domestic)



ISO 14064-1:2018

