國泰金控
Cathay Financial Holdings

2023
SUSTAINABILITY REPORT

Cathay Financial Holdings

國泰金控
Cathay Financial Holdings

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Message from the Chairman

GRI 2-22

In 2023, the market encountered a series of multifaceted challenges, including inflation, interest rate hikes, geopolitical tensions, a global economic slowdown. In response, Cathay FHC proactively enhanced its operational capabilities, diligently preparing to meet these challenges, continuously achieving exemplary results, and seizing new opportunities. Moving forward, several macro trends warrant our attention, including the regulation and application of generative AI, Taiwan's demographic shift towards a super-aged society, the ongoing challenges of climate change, and cybersecurity threats. These trends will test corporate operations and necessitate strategic transformation. Cathay is committed to accelerating cross-industry exchanges and enhancing our collaborative capabilities. We shall foster cooperation among subsidiaries for horizontal integration and expand our asset management capabilities - welcoming new possibilities with our foresight.

As climate action and sustainability becomes even more pressing, businesses are facing greater environmental challenges compared to the past, and must take more proactive measures. Cathay FHC has long been committed to sustainable finance, developing a strategic blueprint centered on "Climate, Health, and Empowerment." This focus on long-term sustainable development goals and actions has garnered widespread recognition, including six consecutive years on the DJSI World Index and nine consecutive years on the DJSI Emerging Market Index, making Cathay the Taiwanese financial institution with the longest consecutive inclusion. The group continues to strengthen sustainable governance, with both Cathay Life and Cathay United Bank (CUB) achieving top 20% ranking according to the first Sustainable Finance Evaluation. As one of the five founding members of the "Coalition of Movers and Shakers on Sustainable Finance," Cathay is dedicated to making a positive impact across Environmental (E), Social (S), and Governance (G), aspiring to remain a paradigm of excellence in the financial industry. Cathay will continue to embrace challenges and view them as opportunities, driving growth through technological innovation and corporate sustainability, thereby creating a sustainable future of endless possibilities.

Climate

Cathay FHC spares no effort in sustainable finance and climate action, playing a pivotal role in climate finance. We actively promote climate initiatives, engage in dialogue and collaboration with stakeholders within the financial value chain, and encourage Taiwanese businesses to prioritize ESG and enhance climate resilience. For two consecutive years, Cathay has been recognized as a best practice example in the Investor Climate Action Plans (ICAPs) by The Investor Agenda. Over the years, Cathay has actively participated in AIGCC, Climate Action 100+, and the CDP Non-Disclosure Campaign, achieving substantial collaborative results. As a pioneer in climate finance, Cathay was the first Taiwanese financial institution to participate in the Climate Investment Summit at the London Stock Exchange and has shared insights on biodiversity at Climate Week NYC for two consecutive years. For three consecutive years, we have participated in side events at the United Nations Climate Change Conference. We have also become the first Taiwanese financial institution to gain entry to the Blue Zone at COP28, where we delivered the opening speech at the prestigious World Climate Summit, showcasing Cathay's commitment to sustainability on the global stage.

Cathay FHC is a financial industry leader in the strive for net-zero emissions - an achievement that is widely recognized. We are the first Taiwanese financial institution to join the RE100 initiative and the sixth in Asia to have its carbon reduction targets approved by the Science Based Targets initiative (SBTi). The operations and financial assets of our subsidiaries are gradually reducing carbon emissions in line with our targets, aiming to achieve net-zero carbon emissions by 2050. This commitment has earned us recognition as one of the global top ten exemplary cases by the TCFD. The Cathay Sustainable Finance and Climate Change Summit has also entered its seventh year, with participation from companies representing approximately 75% of Taiwan's stock market capitalization and accounting for over 50% of the total carbon emissions of listed companies in Taiwan. Cathay leverages its influence in sustainable finance to lead the industry and collaborate with stakeholders in achieving net-zero transformation.

Health

Taiwan's demographic structure continues to face the dual challenges of an aging population and declining birth rates. Providing excellent services and products to help the people of Taiwan achieve health and prosperity is Cathay's mission. Cathay leverages its core competencies to exert social influence, building a healthy society and simultaneously promoting both physical and financial well-being to ensure societal sustainability. Building on the two foundational pillars of "Health Promotion" and "Financial Health," Cathay Life is fostering a health ecosystem. Through diverse health initiatives, we encourage people to integrate health management into their daily lives, expanding the scope of health promotion from individuals to households. We focus on four key areas: sub-health, the elderly, health promotion, and spillover insurance. By continuously optimizing the FitBack app as the primary driver of health promotion, we guide millions towards better health. CUB shoulders the critical mission and social responsibility of safeguarding clients' assets. We have launched financial health check-ups and released the "Taiwan Citizen's Financial Health Report 2023" to provide insights into the financial health of the Taiwanese population. Through financial tech and services, we help the people of Taiwan in achieving sound financial management, with the goal of establishing robust financial health for all. Furthermore, Cathay continues to enhance information security, prevent financial fraud, and improve measures for vulnerability management and protection. We are expanding financial education tools and channels to enhance financial literacy among the general public and vulnerable groups, promoting sound financial decisions and establishing ourselves as a benchmark enterprise in inclusive finance.



Empowerment

In an environment characterized by the convergence of diverse professional fields, Cathay fosters a corporate culture that embraces different generations, backgrounds, and values, attracting a wide range of talent. Focusing on both Workplace Empowerment and Social Empowerment, Cathay is dedicated to empowering diverse groups, including employees, youth, women, and disadvantaged communities. In response to digital transformation and changing future work patterns, Cathay introduces diverse external resources and provides shared learning platforms. We encourage our colleagues to enhance cross-disciplinary exchanges and collaboration capabilities, creating an inclusive workplace environment where every employee can fully realize their potential. Supporting social participation and self-actualization for diverse stakeholders is at the core of Cathay's social empowerment efforts. Committed to fostering positive development for future generations, Cathay FHC has organized the TWCAE Youth Forum for four consecutive years, strengthening youth sustainability. To bridge the gap between education and practice, we promote high school financial literacy courses and the Impact Investment Campus Roadshow. These initiatives enhance financial knowledge among youth, inspiring them to explore careers in finance, and leading the younger generation in proposing innovative solutions for critical issues. Additionally, Cathay actively partners with diverse strategic allies to advance sustainable initiatives and encourage women to participate actively in society. By leveraging diverse resources, we assist disadvantaged groups in acquiring the knowledge and skills necessary to navigate a rapidly changing societal environment, enabling them to participate fully and showcase their potential.

Cathay FHC will continue to uphold its core values of Integrity, Accountability, and Innovation. Through technological innovation and corporate sustainability, we will leverage our multifaceted financial functions and strive toward the vision of becoming the finest financial institution in the Asia-Pacific region.

Chairman 蔡宏圖

國泰金控
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Cathay Sustainability Story

Cathay FHC continues to spearhead climate action, co-hosting the Cathay Sustainable Finance and Climate Change Summit with the Taiwan Stock Exchange (TWSE). This year's summit revolved around two themes: International Standards & Industry Response. Local and international experts hailing from industries, governments, and the academia were invited to share their observations of the latest global trends. World Climate Foundation (WCF) CEO Jens Nielsen, in his debut forum in Asia, also explored global trends in sustainable finance and how to facilitate net-zero transitions through private-public partnerships. Cathay FHC is a firm advocate of real action and had consistently worked toward sustainable finance. Cathay has pioneered sustainable finance, encouraged dialogue and collaboration across sectors, galvanized forces to tackle the climate game, and taken actions toward creating a sustainable society.

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Cathay Sustainability Story I: Spearheading Climate Action in the Industry with Seven Consecutive Years of the Cathay Sustainable Finance and Climate Change Summit



During his opening remarks, Cathay FHC Chairman Hong-Tu Tsai shared that corporations are facing increasingly harsh environmental challenges. International sustainability standards, nature-related financial disclosures, carbon border tax, and carbon pricing are issues of global concern. With the advent of EU's Carbon Border Adjustment Mechanism (CBAM) and the U.S. Clean Competition Act, Asian countries are also actively developing classification standards to foster green economies and sustainable industries. It can be expected that, in the future, tighter industry regulations and carbon taxes will be imposed across Asia as well. Such trends will have profound impacts on Taiwanese corporations, who are therefore urged to spotlight related issues when expanding into overseas markets.

1st Session: International Standards

Jens Nielsen, CEO of WCF, shared the latest global trends in net zero transitions and sustainable finance as well as how financial sectors are leveraging public-private partnerships to accelerate green financial practices. Local experts from industries, government agencies, and the academia were also invited to interpret carbon markets around the world, impacts facing Taiwanese corporations, and future plans for carbon market mechanisms.

2nd Session: Industry Response

The Climate Change Response Act was dissected to uncover challenges and opportunities confronting corporations after the Act takes effect, with discussions focusing on how to overcome transitional challenges through public-private partnerships as well as issues of global concern, such as water resources and biodiversity. Nature-based adaptive actions were shared with companies, encouraging them to strive for biodiversity and increase their operational resilience through low-carbon transitions.

Impact

Participation from public and private sectors:

- 4,000+ online/offline registrants, incl. 1,800+ corporate registrants
- Participating listed companies ~75% of Taiwan stock's market value
- Participating listed companies emit >50% of all carbon emissions in Taiwan



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Cathay Sustainability Story II: Sustainable Finance Pioneer Pursuing Sustainable Transition & Alignment with International Transitions to Propel Taiwan on the Global Stage

- **Three New Records for Taiwan: 1st Taiwanese financial institution to attend the World Biodiversity Summit (WBS) for two consecutive years; to speak at the London Stock Exchange; and to enter the COP 28 Blue Zone**

Cathay is a pioneer in climate finance and has long supported international initiatives, offered observations, and shared effective solutions. Chang-Ken Lee, President of Cathay FHC, attended the Climate Investment Summit held at the London Stock Exchange in June as a panelist for the closing session - From Assets to Impact: Driving Investments Towards Climate Resilience by 2030. During the session, Lee discussed the urgency of public-private partnerships and climate investments while also sharing Cathay's three major strategies and achievements in sustainable finance. During the Climate Week NYC in September, Sophia Cheng, Chief Investment Officer of Cathay FHC, was invited to the WBS as a panelist for the opening panel - Charting a Course of Action for Nature, where she talked in length about incorporating biodiversity into sustainable finance.

Soon after, during COP28 in November, Cathay FHC made history as a host of the Asia Finance Event, alongside the WCF, in the COP28 Blue Zone. President Chang-Ken Lee was invited to deliver the opening speech for the World Climate Summit, host the Global Climate Leaders Roundtable*, and organize the Cathay X Youth Climate Advocators. A diverse range of insights and experiences were acquired through these four events. In terms of net zero transition, Cathay continues to learn from leaders of various organizations, bringing the perspective and success of Taiwan's financial sector to the world.

*Attendees included climate organizations, companies, and policymakers such as WCF, the Climate Investment Coalition, AIGCC, The Climate Group, Delta Electronics, KPMG, the Taiwan Climate Change Administration, and the International Cooperation and Development Fund.



1st financial institution from Taiwan in the Blue Zone
World Climate Summit & COP28

Invited for two consecutive years to
World Biodiversity Summit (WBS)

Shared Cathay's experience supporting biodiversity and explored how to accelerate nature action and incorporate nature and biodiversity into investment decision-making through sustainable finance



1st financial institution from Taiwan speaking at LSE
Climate Investment Summit

- Highlighted importance of public-private partnerships & urgency of climate investments.
- Cathay's three major strategies & achievements in sustainable finance praised by institution investor Climate & Environment Director Laura Ellis of the Church of England Pensions Board.



1 Hosted & organized COP28 side event

Urged the connecting of funds with different risk preference and creating a hybrid finance model with public-private partnerships



2 Delivered opening remarks at COP28 Blue Zone event

Shared COP observations, views on how to increase efficient use of global resources and funds, importance of just transition and inter-departmental cooperation for policies, and Cathay FHC's efforts and achievements toward net zero emissions.



3 Organized the Global Climate Leaders Roundtable

Invited 15 highly influential climate organizations, companies, and policymakers from Taiwan, Asia, Europe, and Middle East to share climate actions and views.



4 Hosted Cathay X Youth Climate Advocators

Invited youth climate advocators from seven countries, including from Taiwan's own Youth Climate Coalition (TWYCC), to discuss how to collaborate in climate action and share insights on their respective countries' sustainability and climate strategies



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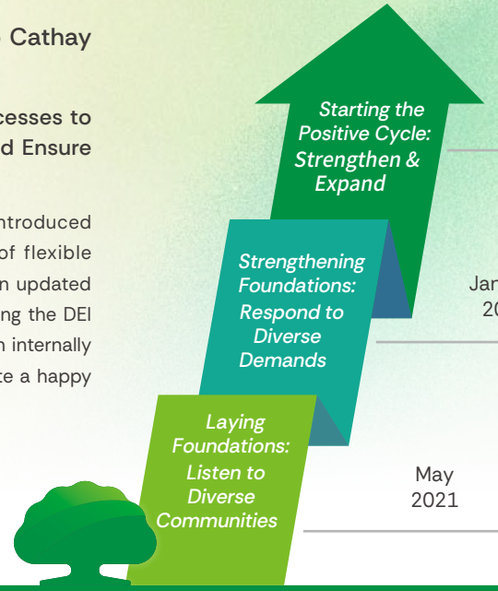
Cathay Sustainability Story III: Welcome to Cathay DEI Town - A Project for Diversity & Inclusion

Reorganize Internal/External Mechanisms and Processes to Incorporate DEI to Cultivate a "Place for All" and Ensure All Cathay Employees Feel at Home

In 2019, Cathay kicked off digitalization and gradually introduced mobile working spaces - nearly 3,300 square meters of flexible shared working spaces - to drive new work models with an updated workplace. In 2021, Cathay continued the trend by launching the DEI Project, a tri-layered mechanism to promote transformation internally through optimization and a positive cycle. The goal to create a happy and highly inclusive workplace for Cathay employees.



Galvanize internal/external networks, gradual rollout to entire group
- Design & tests efficacy of project mechanisms and roll out to subsidiaries.
- Maintain inter-company project task forces for at least 2 years
- Collect at least 20 inter-company case studies

Identify demands & offer support
- Data-driven: Achieve satisfaction rate of 4 (out of 5) for Employee Engagement Survey.
- Issue-drive: Organize courses & activities to awaken and develop DEI awareness.
- Need-driven: Offer need-drive support & action and identify at least one group to provide specific support.

Spotlight diversity in workforce with mobile working
- Develop diverse communication & feedback channels to ensure all voices are heard.
- Develop at least one communication channel for management and employees, respectively, and maintain for at least two years.
- Increase communication channel users or increase satisfaction score to 4 (out of 5).

Stage		Highlights
Laying Foundations: Listen to Diverse Communities	Transitioning to Mobile Work: Comics Facilitate Communication without Barriers	In 2020, human resources and administrations assembled a 15-person task force to design a new workplace model based on information acquired through employee surveys, focus groups, workshops, etc. Despite several delays by the pandemic, the task force delivered a transformed workplace in two years. The new workplace facilitates an agile and effective workplace culture by developing spaces that encourage communication and reduce the vertical distances within the organization. After the renovation, we surveyed employees, via a workplace survey, once every week to every three months for a full duration of one year to gain insights into their demands. From over thousands of responses, we found that employee demands have shifted from better tools and resources to social-based needs such as teamwork, communication, and trust. To help employees adapt to the mobile working era, we released a self-produced comic - Mobile Work Notes: Communication & Interactions - in 2023 to share how teams can overcome spatial barriers and develop partnerships.
Strengthening Foundations: Responding to Diverse Demands	Awaken & Develop DEI Awareness	2023 marks the beginnings of DEI at Cathay. We recognized then that, despite systems - Human Rights Policies and regulations preventing sexual harassment in the workplace - in place, we have to introduce DEI awareness to all employees to truly uphold DEI in our workplaces. As such, we've incorporated DEI into our education and training programs, bringing in outside experts to share their insights and inviting employees to learn about DEI, identify implicit biases, and become aware of intercultural/intergenerational differences. We also produced micro-courses on DEI, which reached around 90% of our corporation's office staff and received a rating of around 4.5 (out of 5).
	FlexiPacing: New Employee Support Mechanism	Employee Engagement Surveys in recent years reveal that age groups between 30 and 39, especially women, often report higher levels of caregiving demands from their families. Cathay FHC hopes to alleviate caregiving stress on employees and ensure that employees can continue to stay on, thus preventing them from being unable to return to the workplace after taking time off. To such ends, we offer FlexiPacing options such as flexible work hours and locations. We believe that flexible cultures and work modes are conducive to supporting employees as they take on long-term caregiving demands in their families. FlexiPacing is applicable to childcare but also, in a subfertility and aging society, for caring for elders in the future.
Starting the Positive Cycle: Strengthen & Expand	Future Roll-outs & Strengthening Measures	To ensure the sustainability of existing mechanisms, we continue to optimize these systems and are looking to roll-out across the entire organization. We hope to pool internal/external resources and networks and track related indicators (e.g. engagement & employee node surveys) simultaneously. We will continue to observe and incorporate social and political trends into our existing themes. We hope to enrich Cathay DEI Town with even more diverse measures in the future so that we can support every single one of our employees and realize our vision to create a "Place for All."

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Cathay Sustainability Story IV: Cultivating Sustainability in Our Youth, Advocating for Sustainability & Encouraging Youth Thinking and Action

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 the positive development of future generations in hopes that we can become facilitators for children and youths as they learn, grow, and drive change. We offer empowerment programs to introduce our youth to a diversity of important issues and encourage them to consider their connection with society and the environment. We hope that after exploration and engagement with such issues, they can effect positive change in their personal development and encourage them to contribute to society and our environment.

Empowerment Action I: Taiwan Climate Action Expo & Cathay Climate Change Youth Forum Empowered 2,400 Sustainability Youth Over Four Consecutive Years & Bring Together Youth Startup Experts to Share Real-life Experiences and Pave the Way for Sustainability Youth

From a 2020 survey, Cathay FHC realized that over 95% of college students find climate issues important and over 55% are willing to take climate action. To encourage our youth to innovate and challenge themselves, we've organized the Cathay Climate Change Youth Forum for four consecutive years, spotlighting different sustainability issues each year. In 2020, we invited the Taiwan Youth Climate Coalition to share their insights on COP25. In 2021, we invited 350.org, the Executive Yuan's Youth Advisory Group, a professor from the NCKU Department of Urban Planning, and Greenpeace's RE10X10 to share the role of financial institutions in a net zero world. In 2022, we share how to create green opportunities with the circular economy. In 2023, the Forum spotlighted impact investing and youth startup experiences. As of now, our Climate Change Youth Forum has impacted over 2,400 young people.

2023 Achievements

- 30,000+ participants
- 500 youth volunteers
- 6 student groups exhibited
- 150 youth participants at the forum

Highlights from the 2023 Taiwan Climate Action Expo & Cathay Climate Change Youth Forum

Climate Action Expo		TWCAE Youth Forum	
Youth Tours	Inclusive Solar PV Workshop	Impact Investing Advoacy & Dialogue with Youth Startups	Case Studies from Climate Change Innovation Competition
The Expo collaborated with the Ministry of Education, institutes of higher education, and youth groups to organize student tours of the Expo and events on that day. Hailing colleges in North Taiwan, participating youth groups included the T4E Youth Climate Action Magnifier, Taiwan Youth Climate Coalition, NCCU Green24 Sustainability Club, NTU Roots & Shoots, TMU Infinity Lab, and NTU Climate Action Club.	The Taiwan Environment & Planning Association (TEP) was invited to host two youth workshops at the Cathay Pavilion. The TEP shared the challenges confronting Taiwan's solar PV industry when pursuing Inclusive Solar PV, spotlighting two themes: Fisheries & Solar PV and Agriculture & Solar PV. Youth participants engaged in dialogue, group discussions, and case studies to learn different perspectives.	Themed "Sustainability in Action & Creativity in Motion", the TWCAE Youth Forum spotlighted impact investing, the fastest-growing investment in recent years. Ray Chen, CEO of B Current Impact Investment, shared how they leveraged investments to encourage social innovation. Youth startups also shared socially sustainable solutions to challenges such as green energy, placemaking, and housing justice.	During the forum, winning teams from this year and previous years (with implemented projects) to share their results, encouraging young students to continue to innovate in climate issues and uncover climate solutions.









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Empowerment Action II: Taiwan's Only Impact Investment Campus Roadshow Introduces Impact Investing to 1,800 Students Across Schools & Majors

Sustainability is now a global trend. Impact investing - pursuing both returns on investment and positive impacts - has now become a new force in sustainability. In their 2022 report, Global Impact Investing Network (GIIN) estimated the size of the worldwide impact investing market to be US$1.2 trillion, representing a 63% growth from their previous survey. The 2022 Taiwan Sustainable Investment Survey by National Taipei University indicates that impact investing in Taiwan reached NT$20.55 billion in 2021, with a year-on-year growth rate of 117%, the highest among all sustainable investment categories. This demonstrates a growing recognition of the importance of impact investing.

Starting in 2022, Cathay has collaborated with the Taiwan Impact Investing Association (TIIA) on the Impact Investment Campus Roadshow. The Roadshow aims to raise awareness of impact investing and SDGs as well as introduce students to impact investing and sustainability issues. Senior executives responsible for investment and financing at Cathay return to their alma mater and share their thoughts on sustainability, financial practices, and careers with young students to strengthen their sustainability and employability. A total of 12 senior executives across Cathay participated in the Roadshow, presenting to over 1,800 students across 243 departments in 12 different universities, including NTU, NCCU, NTHU, NDHU, and Tzu Chi University - spanning all of Taiwan.

2023 Achievements

- Toured **6** universities
- Impacted **902** people
- Reached **163** departments
- After event, **88%** students expressed willingness to take impactful action



From the lecturer from Cathay and our teachers, I learned about terminologies relating to sustainable development, expanded my understanding of this field, and understood the importance of interdisciplinary learning.

~ Student Feedback



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Empowerment Action III: Lead For Taiwan - Promoting Critical Thinking: Pioneering Critical Thinking Education Framework: Training the Trainer to Maximize Influence

As we confront a challenging future, the workforce will be required to acquire a broader range of skill sets. The Skills for 2030 report, compiled by OECD, points to three critical skills for the future, including cognitive and meta-cognitive skills, social and emotional skills, and practical and physical skills. All of them can offer incredible value in learning, work, life, and relationships. To help our future workforce find happiness and success in different fields, we must leverage diverse education to cultivate them in these skills.

To guide our youth to explore diverse topics of the future, learn independent thinking, and cultivate abilities to develop their own perspectives and resolve problems, Cathay FHC has collaborated with Lead For Taiwan (LFT) since 2022, working together to popularize critical thinking education. Together, Cathay FHC and LFT organize lecturer training programs for college students, summer/winter critical thinking camps, and a wide range of critical thinking electives for high school students in the hopes of inspiring our youth to consider important social issues and develop deep thinking habits. To date, our collaboration has trained over 88 lecturers who have then provided 1,500 hours of critical thinking instructions to 3,610 students across 50 schools (visits) in 14 counties/cities (visits).

Framework for Promoting Critical Thinking Education

Lecturer Training Program for College Students

Train college students to conduct case studies into sustainability issues, acquire critical thinking skills, and become high school teachers to teach critical thinking



Summer/Winter Critical Thinking Camps

Assess university student lecturers on their ability to guide high school students across Taiwan to engage in critical thinking



Critical Thinking Electives for High School Students

Partner with high schools/vocational schools across Taiwan to offer diverse critical thinking courses for students and prompt them to explore future issues



2023 Achievements

- 43 lecturers
- 9 counties & cities
- 30 schools
- 882 instruction hours
- 2,048 students impacts

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About Cathay FHC

Overview of Operations

GRI：2-1、2-6、201-1

Cathay Financial Holdings ("Cathay FHC," includes Cathay Life, Cathay United Bank "CUB," Cathay Century Insurance, Cathay Securities, Cathay Securities Investment Trust "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." We 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."

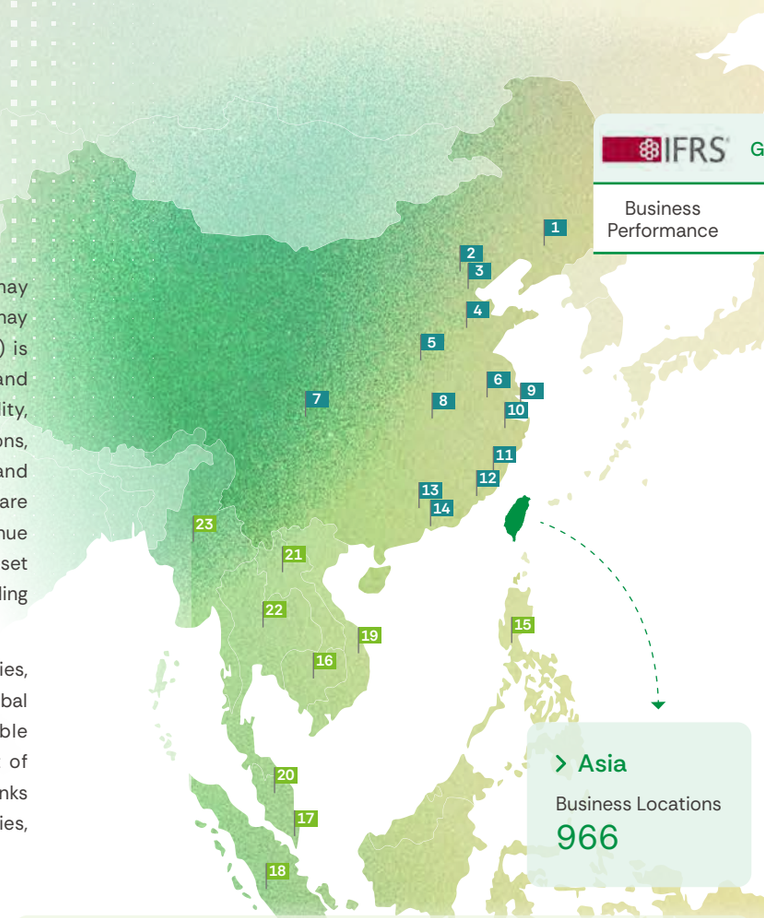
Despite the impact of tightened monetary policies in major economies, ongoing international geopolitical risks, and slowing momentum of global economic growth in 2023, Cathay FHC adhered to the sustainable operation strategy and recorded a consolidated after-tax profit of NT$51.5 billion (US$1.68 billion) and earnings per share of NT$3.24, thanks to the concerted efforts of our employees. In addition, our subsidiaries, CUB and Cathay SITE, once again achieved record-high profits.

Cathay's Operations

Headquarters	Taipei
Number of Employees	55,669
Number of Customers	15.08 million
After-tax profits	NT$ 51.5 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.

IFRS	Governance	Strategy	Risk Management	Metrics & Targets
Business Performance	✓	✓	✓	✓



Asia

Business Locations
966

Greater China

- Cathay Lujiazui Life Insurance currently operates 12 offices (a headquarter and branch offices) and 51 business locations across China.
- CUB currently holds a wholly-owned subsidiary and operates 7 business locations across China. CUB also owns a Hong Kong branch. CUB maintains steady business performance and continues to develop green finance and other unique products.
- Cathay Century Insurance (China) continues to enhance its e-Commerce-related business, driving insurance innovation through the use of technology.

1	Liaoning	Cathay Lujiazui Life Insurance
2	Beijing	Cathay Lujiazui Life Insurance, Cathay Century Insurance (China), BSCOM Cathay Asset Management
3	Tianjin	Cathay Lujiazui Life Insurance
4	Shandong	Cathay Lujiazui Life Insurance, Cathay Century Insurance (China), CUB
5	Henan	Cathay Lujiazui Life Insurance
6	Jiangsu	Cathay Lujiazui Life Insurance, Cathay Century Insurance (China)
7	Sichuan	Cathay Lujiazui Life Insurance, Cathay Century Insurance (China)
8	Hubei	Cathay Century Insurance (China)
9	Shanghai	Cathay Lujiazui Life Insurance, Cathay Century Insurance (China), CUB
10	Zhejiang	Cathay Lujiazui Life Insurance, Cathay Century Insurance (China)
11	Fujian	Cathay Lujiazui Life Insurance, Cathay Century Insurance (China)
12	Xiamen	Cathay Lujiazui Life Insurance
13	Guangdong	Cathay Lujiazui Life Insurance, Cathay Century Insurance (China)
14	Hong Kong	CUB, Cathay Securities

Southeast Asia

- Cathay Life Insurance (Vietnam) has 150 business locations and continues to expand tied-agent force.
- CUB operates 60 business locations across nine ASEAN countries, and assists clients with the challenges of supply chain migration and digital transformation through our digital platforms and regional network.
- Cathay Century Insurance (Vietnam) accelerates its digital transformation and expand business scale.

15	Philippines	CUB
16	Cambodia	CUB
17	Singapore	CUB
18	Indonesia	CUB
19	Vietnam	Cathay Life, Cathay Century Insurance, CUB
20	Malaysia	CUB
21	Laos	CUB
22	Thailand	CUB
23	Myanmar	CUB

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Financial performance in the last three years

	2021	2022	2023
Consolidated total assets (NT$ billion)	11,594	12,071	12,811
Consolidated shareholder equity (NT$ billion)	914	612	801
Consolidated after-tax profits (NT$ billion)	140.9	38	51.5
Consolidated after-tax EPS (NT$)	10.34	2.58	3.24
Consolidated return on equity (%)	15.49	4.98	7.29
Average revenue per employee (NT$ thousand)	10,865	6,055	5,450
Average earnings per employee (NT$ thousand)	2,445	673	923
Consolidated return on assets (%)	1.34	0.49	0.81
Outstanding shares (million)	14,703	16,203	16,203
Cash dividends per share (NT$)	3.5	0.9	2.0
Stock dividends per share (NT$)	0.0	0.0	0.0
Book value per share (NT$)	61.5	34.6	47.5
Economic Value Retained (NT$ billion)	104.6	-11.5	34.92

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 2023, no prohibitions were placed on the sale of any products or services in Taiwan.

Cathay Life	Highlights	Profits
Life, accident, health, annuity, and investment-linked insurance	Highest market share in terms of total premium income, first-year premium income, and first-year equivalent premium income	NT$16.8 billion

CUB	Highlights	Profits
Wealth management, consumer banking, corporate banking, international finance, e-banking, trust services, investments, and sales of financial products	Second largest privately owned bank in Taiwan with the most locations in ASEAN countries	NT$29.0 billion

Cathay Century	Highlights	Profits
Car, fire, marine, engineering, other insurance	Second largest market share in terms of premium income	NT$1.2 billion

Cathay Securities (incl. Cathay Futures)	Highlights	Profits
Securities underwriting, proprietary/consigned trading of local and foreign securities, margin trading, securities lending, share administration, wealth management, and auxiliary futures services	Leader in sub-brokerage market	NT$2.1 billion

Cathay SITE	Highlights	Profits
Securities investment trusts, discretionary investments, securities investment consulting, and futures trusts	Largest securities investment trust company in Taiwan in terms of AUM	NT$1.8 billion

Cathay Venture	Highlights	Profits
Investing in and providing assistance to unlisted companies with growth potential to maximize return on investment	Fourth largest FHC VC in terms of capital	NT$0.6 billion

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Credit Ratings

Cathay FHC secured BBB+ and Baa1 credit ratings from international credit rating agencies, S&P Global Ratings and Moody's Ratings, respectively. Both also rated Cathay FHC's outlook as "Stable", indicating that Cathay FHC delivers great financial results and performs well in risk management.

Credit Rating Agency	Credit Rating (Long-/short-term)	Outlook	Last Rating Date
Taiwan Ratings	TwAA/TwA-1+	Stable	2023/10/25
S&P Global Ratings	BBB+/A-2	Stable	2023/10/25
Moody's Ratings	Baa1	Stable	2023/10/24

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 use tax structures intended for tax avoidance, do not transfer value created to low tax jurisdictions, or use secrecy jurisdictions (known as tax havens) to avoid taxes. Related-party transactions shall comply with arm's length principles and we are committed to complying with the transfer pricing rules in each jurisdictions where we operate, so as to fulfill our tax obligations in the jurisdictions 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.

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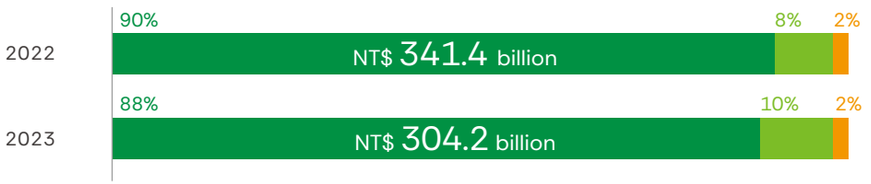
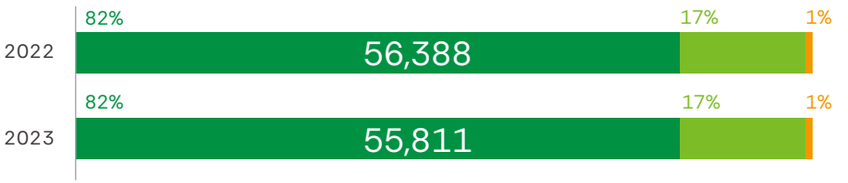
Tax Information by Country

Cathay FHC pledges to comply with the tax laws and regulations of the jurisdiction of operation and to accurately calculate and file tax returns. Cathay FHC's global profit from operations for 2023 were NT$ 304.2 billion, global profit before income tax was NT$58.5 billion, global average number of employees was 55,811 and our operations covered insurance, investment, and interest income. In 2023, Cathay FHC paid NT$14.1 billion in taxes 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 88% of global profit from operations, 101% of global pre-tax profits, 82% of the global workforce, and 89% of taxes paid worldwide.

Profits from operations



Average number of employees



Profit before income tax



Paid in taxes



Taiwan Asia Other Regions China Vietnam

Income Tax Information

Cathay FHC's effective tax rate for 2023 is 11.90%. The reduction in the effective tax rate is mainly due to the payment of undistributed earnings tax for 2021 in 2022, which did not occur in 2023. Additionally, the higher statutory tax-exempt income in 2023 compared to the previous year contributed to the reduction.

	2022	2023	Two-year average
Profit before income tax (A)	49.95	58.47	54.21
Income Tax Expense (B)	11.99	6.96	9.48
Effective tax rate (B)/(A)	24.00%	11.90%	17.48%
Income Tax Paid (C)	10.95	6.89	8.92
Cash Effective Tax Rate (C)/(A)	21.92%	11.78%	16.45%

Unit: NT$billion, %

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Sustainability Awards and Recognition

DJSI

Maintained position as a constituent on the DJSI World Index for six years running, and on the DJSI Emerging Markets Index for nine years, the longest-standing insurance company/financial institution in Taiwan to remain on the list.

Corporate Governance Evaluation

Ranked in top 20% in the 9th Corporate Governance Evaluation

CDP

Received Leadership Level A ranking for two consecutive years in Climate Change 2023, with Cathay FHC's six dimensions being decarbonization performance, risk management processes, investment/lending portfolio management, climate opportunities, climate governance, and decarbonization actions and low-carbon products. Cathay FHC received Level A for all dimensions, topping the global average from financial institutions, and was praised internationally.

CommonWealth Magazine's Excellence in Corporate Social Responsibility Award

Received 3rd place in the CommonWealth Magazine Excellence in Corporate Social Responsibility Award, 5th place in the CommonWealth Taiwan Talent Sustainability Award (Finance), and 8th place in the Parenting magazine's Family Friendly Workplace Award (Large Enterprise Category)

MSCI ESG Ratings

Received AA Level from the MSCI ESG Rating with Cathay's excellent ESG management, performing "best in class relative to peers" in vulnerability to climate change, human resource development, privacy and information security, responsible investing, financial inclusion, and corporate action.

Wealth Magazine's Taiwan Financial Award

Awarded for "Excellence in society," "Gold and excellence as a consumer finance brand," "Excellence in innovative FinTech applications," "Excellence as a fund company," and "Excellence as an impact trust" 2023 by the Wealth Magazine Taiwan Financial Award

FTSE4GOOD

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

Buying Power

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

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Sustainalytics

Ranked 4th in the global life insurance industry with Cathay's excellent ESG management, achieving the highest risk ratings in human capital, product governance, business ethics, and financial ESG integration.

Global Views Monthly CSR Awards

Ranked number one in the financial and insurance industry for ESG performance by Global Views Monthly for four years running. As such, will appear on the annual honor roll for three consecutive years starting in 2022. In the 2023 project awards, CUB received honorable mention for talent development and Cathay Century ranked first in environmental protection.

Bloomberg Gender-Equality Index

Included within the 2023 Bloomberg Gender-Equality Index

Taiwan Corporate Sustainability Awards

Received fourth place in the Top Ten Sustainable Companies Award - Services Category and platinum in the Corporate Sustainability Report Award - Finance and Insurance Category. Cathay FHC also received nine sustainability performance awards including "Climate Leadership," "Workplace Well-being," "Growth through Innovation," "Social Inclusion," "Information Security," "People Development," and "Creative Communication".

HR Asia Best Companies to Work for in Asia

Won 2023 HR Asia Companies to Work for in Asia

TWSIA: Taiwan Sustainable Investment Awards

Cathay FHC, Cathay life, CUB, Cathay Securities, and Cathay SITE received exemplary recognition for "Institutional impact". Cathay Life and Cathay Securities won gold and silver, respectively, for "Individual impact - corporate engagement", while Cathay Securities and Cathay SITE received gold and silver, respectively, for "Individual impact - ESG innovation".

FTSE4Good TIP Taiwan ESG Index

Selected as a constituent for the seven consecutive year.

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Sustainability Performance & Breakthroughs

Sustainability Strategies

- Cathay FHC seeks to advance sustainability strategies, with the Roadmap Planning Team identifying crticial sustainability information to help develop our sustainability strategy blueprint for 2024
- Cathay implemented efforts to achieve key targets in the sustainable strategy blueprint for 2023, and Cathay FHC's Corporate Sustainability (CS) Committee tracked progress, regularly reviewing implementation of sustainable strategies at Cathay

Sustainable Finance

- The Investor Agenda selected Cathay Life for leading best practices in the Investment and Investor Disclosure pillars in the Investor Climate Action Plans
- Cathay also received wide recognition at the Taiwan Sustainable Investment Awards (TWSIA), receiving exemplary excellence for all five categories in the Institutional Impact Award, while also securing gold for ESG innovation and corporate engagement.
- Cathay Securities combines the concepts and practices of "stewardship principles and service providers" from international standards, bridging reputable third-party credit rating agencies, institutional investors, and corporations to create a unique engagement model and develop an engagement ecosystem

Sustainable Governance

- As one of the five founding members of the FSC's Coalition of Movers and Shakers on Sustainable Finance, Cathay FHC is primarily responsible for the Working Group for Capital and Statistics
- Continue to strengthen sustainable governance and embed sustainability in our DNA; strengthened board diversity by adding one female director
- Continue to improve risk response capabilities and became first in industry to introduce ISO 27001:2022 information security management system accreditation

Climate

Low-Carbon Economy

- In 2023, Cathay FHC became the World Climate Foundation's first global partner, hosting the Asia Finance Event in COP28's Blue Zone and attending related events
- To support the Coalition of Movers and Shakers on Sustainable Finance's target, Cathay FHC has assisted engaged parties with setting net-zero goals by 2050, with a completion rate of 100%
- In 2023, low-carbon investing and financing reached NT$330.5 billion
- Percentage of available credits for renewable energies to the electricity generation industry reached 93.33% and first green deposit assurance report released

Sustainable Environment

- Cathay FHC's Chief Investment Officer Sophia Cheng attended the Climate Group Asia Action Summit to share Cathay's experience with carbon reduction
- Supported RE100's annual market report of Taiwan and was invited to a meeting with Taiwan members to share Cathay's experience with green leasing
- Supported Taiwan's carbon credit trading system by trading over US$200,000 for high-quality carbon credits from the Taiwan Carbon Solution Exchange (TCX), which accounted for one-quarter of the total amount expended for our first order
- Cathay's green landlord services was recognized by the World Business Council for Sustainable Development (WBCSD), and we shared our green energy solutions with the world at COP28

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Health

Health Promotion

- In 2023, our FitBack app connected other industries part of the health ecosystem to extend health missions to a wide range of daily scenarios to better raise awareness for health management
- Partnered with ITRI to launch cognitive function testing, which has been utilized by over 280,000 individuals
- In 2023, 54 billion steps were contributed to Every Step Counts, and NT$6.7 million were allocated for charity
- Through the Weight-Loss Contest, the number of employees with BMIs over 24 was reduced by 16.5%, promoting health among Cathay employees

Financial Health

- 1.75 million visits to Cathay's online platform for older adults "Splendid Life"
- Cathay Life and the University of Taipei collaborated on a USR project to help older adults with physical fitness and health. Participants above the the age of 65 exhibited better cardiorespiratory endurance, lower-limb muscle endurance, and agility than 50% of their peers in the same age group
- Pioneered the "Pay with EasyCard" service, ensuring accessibility of fund investments
- Won the "Business Performance Award" and "Disability Care Award" in the microinsurance competition organized by the Insurance Bureau of the FSC
- CUB published the 2023 Taiwan Citizen's Financial Health Report, urging the public to spotlight financial health and fulfilling our goal to assist the public strive for financial health

Empowerment

Workplace Empowerment

- Cathay FHC has been listed in "HR Asia - Best Companies to Work for in Asia" for the fifth year running, delivering stellar efforts in "embracing a diverse and inclusive workplace" and performing above average in "digital transformation," "employee communication channels," "workplace identity" and "after-work benefits"
- Cathay continues to deepen and implement its workplace empowerment blueprint, outlining talent strategies to ensure the organization possesses sufficient human resources and capabilities to meet the challenges of digital transformation and fintech trends. This includes promoting a culture of autonomous learning among employees and providing diverse learning resources, leveraging technology to empower HR transformation, and advancing a comprehensive talent development system.
- Cathay FHC launched several measures to pivot our workplace culture and organization, adopting mobile work and flexible work hours as part of our norm. For working fathers and mothers, we offer the FlexiPacing program in the hopes of creating a DEI workplace. We also won the Parenting magazine's inaugural Family Friendly Workplace Award (FFWA) - Large Enterprise Category
- Cathay FHC received gold in the corporate category, the innovative initiative award, and organizational reform award from the Diversity for Better Tomorrow Awards (DBTA), organized by the largest female empowerment community in Taiwan - Womany

Social Empowerment

- Held the TWCAE Youth Forum for the fourth consecutive year in 2023 - empowering a total of 150 youths with climate knowledge
- Held Taiwan's first Impact Investment Campus Roadshow, visiting 6 universities and reaching 902 students.
- Provided long-term support for women's basketball and table tennis training, helping 82 female athletes to establish themselves on the sports field
- Attended the Academy for Women Entrepreneurs (AWE) launched by the American Institute in Taiwan (AIT) and Small and Medium Enterprise Administration (SMEA), which has impacted nearly hundreds of female entrepreneurs
- Offered our new online financial education platform Tutor CUB to 12 rural elementary schools with the support of over 60 volunteers.
- Established four accessible Cathay Happy Farms and recruited 90 volunteers to help improve the physical and mental health of 100 older adults

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01 Sustainability Strategies & Governance

1.1 Sustainable Governance & Management

1.2 Focus Areas & Blueprint of Sustainable Development

1.3 Stakeholder Engagement and Materiality Analysis

1.4 Impact Measurement & Valuation (IMV)

The International Sustainability Standards Board (ISSB) formally issued the "General Requirements for Disclosure of Sustainability-related Financial Information" (IFRS S1) and "Climate-related Disclosures" (IFRS S2) in June 2023, setting the standards for corporate disclosures on foreseeable impacts, sustainability-related risks, and opportunities. Furthermore, despite the fact that we are halfway through the timeline of the UN's "2030 Agenda for Sustainable Development" (UN Agenda 2030), the "Sustainable Development Report" (SDR) released by the UN Sustainable Development Solutions Network (SDSN) reveals significant deviations from the SDGs' trajectories. With the current global progress, it is estimated that less than 20% of detailed SDG targets are likely to be met, underscoring the high threshold for global challenges and reminding businesses to ramp up efforts to formulate sustainable development strategies and implement structured action plans. Cathay FHC continues to promote the three axes of "Climate, Health, and Empowerment," integrating CS committees across its subsidiaries to track and manage the execution of its sustainability strategy blueprint.

Enhancing and Implementing Cathay's Sustainability Strategy Blueprint

Cathay FHC continues to refine and implement its sustainability strategy blueprint, focusing on strategic ambitions and key development objectives. Cathay's Corporate Sustainability (CS) Committee monitors the progress of sustainable strategies.

Pioneer and Leader in Promoting Sustainable Finance

Cathay FHC is one of the five founding members of the Financial Supervisory Commission's Coalition of Movers and Shakers on Sustainable Finance, taking primary responsibility for the "Working Group for Capital and Statistics" and serving as an important driver behind Taiwan' s net-zero emissions objectives.

Identifying Material Sustainable Topics with Double Materiality

Cathay FHC adopts the impact-based method of double materiality analysis to identify 11 significant impacts of sustainability, which are subsequently combined with impact measurement & valuation (IMV) outcomes to determine material sustainability topics.

1.1 Sustainable Governance & Management

GRI：2-12、2-13、2-14、2-16

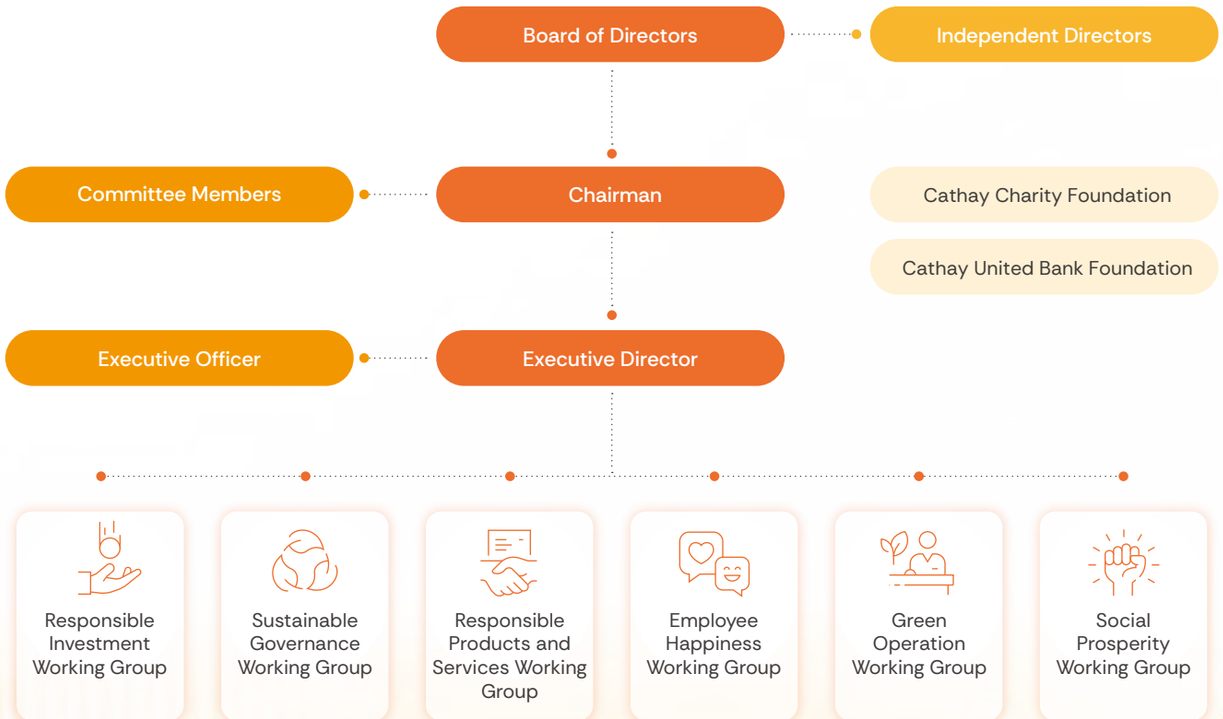
Cathay FHC's Corporate Sustainability (CS) Committee is the company's main body for promoting corporate sustainable governance and development. The committee reports directly to the Board of Directors and is supervised by an independent director, with the Cathay FHC President serving as committee chairperson. The committee has six working groups led by senior executives and convenes every quarter, which is tasked with reviewing annual sustainability plans and strategic directions, and supervising group-wide sustainability progress. Major tasks and implementation progress are reported to the board twice a year. To bolster group-wide sustainable governance, each subsidiary has also set up CS committees within their organizational structure, which convenes quarterly meetings.

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

Cathay FHC's Corporate Sustainability (CS) Committee



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1.1.2 Milestones

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

2023
- Cathay FHC, as a pioneer of sustainability, continues to hone in on our strategic ambitions and key development objectives through our strategic blueprint. Progress is monitored by the Corporate Sustainability (CS) Committee to refine the strategic blueprint and its implementation
- First financial institution in Taiwan invited to the UN Climate Change Conference (COP28) Blue Zone, organizing and contributing to important side events
- Taiwan's sole representative at the World Biodiversity Summit (WBS) during UN's Climate Week NYC
- First financial institution in Taiwan to speak about sustainable finance at the London Stock Exchange's Climate Investment Summit
- Cathay FHC is one of the five founding members of the Financial Supervisory Commission's Coalition of Movers and Shakers on Sustainable Finance, taking primary responsibility for the "Working Group for Capital and Statistics"

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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 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. As 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.

Building our Sustainability Strategy Blueprint

Cathay uses a three-step process to hone in on our three focus areas and six dimensions of sustainable development. We align them with 10 SDGs and 19 material topics to fully implement sustainable governance. Please visit Cathay FHC's official website for details on how we contributed to SDGs in 2023.

2019: Identify Key Impacts

1. Review: Former four focus areas
   Renewable energy and infrastructure, aging society and health, women's issues, community and financial inclusion
2. Interview: 12 senior executives
3. Analyze: International and domestic trends and issues

2021: Develop Focus Areas

Determine sustainability focuses - "climate, health, and empowerment," and evaluate core operations for SDG risks and opportunities.

2022-23: Monitor and Manage

1. Set up the Roadmap Planning Team
   Cross-subsidiary research of international trends
2. Set quantifiable short-, mid-, and long-term goals
   Basis for implementing sustainable strategies
3. Regularly monitor effectiveness
   Cathay FHC and subsidiary CS committees will collectively track execution to ensure sustainable governance

Cathay's Sustainability Strategy Blueprint

Company Vision	To be the Best Financial Institution in the Asia Pacific					
Core Values	Integrity, Accountability, and Innovation					
Mission	Sustainable Finance					
Three Focuses	Climate		Health		Empowerment	
Dimension	Low-Carbon Economy	Environmental Sustainability	Health Promotion	Financial Health	Workplace Empowerment	Social Empowerment
Strategic Ambition	▪ Net zero emissions in financial assets by 2050 ▪ Engagement Strategies for Climate & Nature ▪ Provide climate finance solution For more specifics on ambitions and actions, please refer to 2.1 Low-Carbon Economy.	▪ Green Energy ▪ Green Operations ▪ Green Real Estate For more specifics on ambitions and actions, please refer to 2.2 Environmental Sustainability.	▪ Expand the Health Ecosystem ▪ Support Sub-Health Reablement ▪ Build a Senior Health Safety Net For more specifics on ambitions and actions, please refer to 3.1 Health Promotion.	▪ Best Custodian of Client Assets ▪ Financial Inclusion for All For more specifics on ambitions and actions, please refer to 3.2 Financial Health.	▪ Employee Reskilling ▪ Employee Upskilling ▪ Build a Leadership Pipeline ▪ Build an Inclusive Workplace For more specifics on ambitions and actions, please refer to 4.1 Workplace Empowerment.	▪ Youth Empowerment ▪ Women Empowerment ▪ Helping the Underprivileged For more specifics on ambitions and actions, please refer to 4.2 Social Empowerment.
SDGs	4 7 8 9 13 17		1 3 4 5 8 17		4 5 8 10 13 17	
Material Topics	▪ Sustainable Financial Products ▪ Responsible Finance ▪ Carbon Emissions in Financial Assets	▪ Environmental Impact of Operations	▪ Health promotion and life security ▪ Employee health and well-being	▪ Financial Planning and Services ▪ Digital Transition and Innovation	▪ Talent Skills & Development ▪ Attracting and Retaining Talents ▪ Inclusive Workplace	▪ Youth Empowerment
Stakeholders	Corporate Clients, Government, Public Associations, Customers	Employee, Customers	Employee, Customers, Suppliers, Community	Employee, Customers, Government	Employees	Customers, Youths, Community

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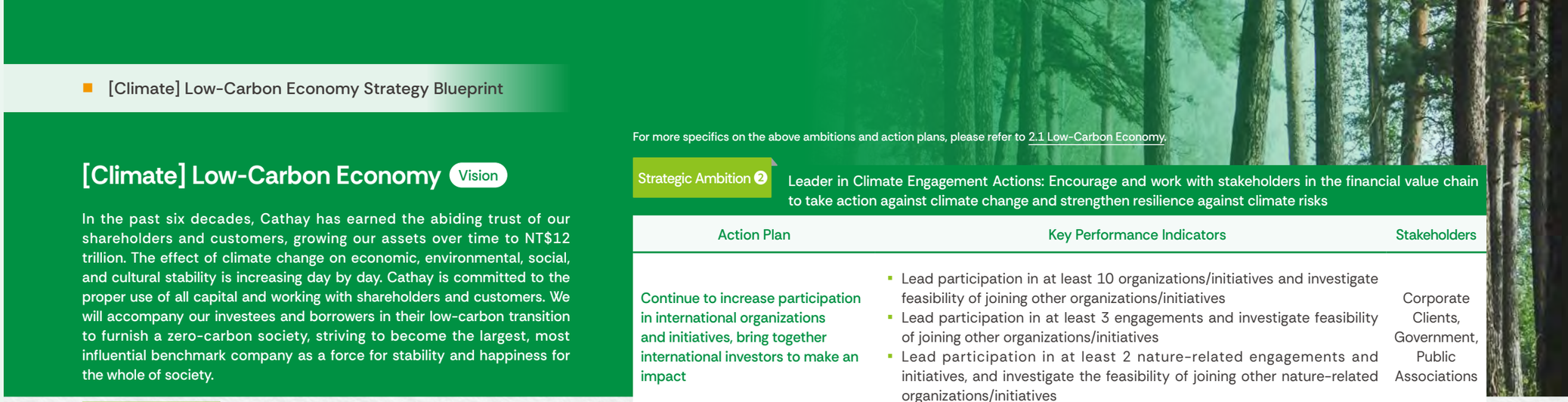

[Climate] Low-Carbon Economy Vision

In the past six decades, Cathay has earned the abiding trust of our shareholders and customers, growing our assets over time to NT$12 trillion. The effect of climate change on economic, environmental, social, and cultural stability is increasing day by day. Cathay is committed to the proper use of all capital and working with shareholders and customers. We will accompany our investees and borrowers in their low-carbon transition to furnish a zero-carbon society, striving to become the largest, most influential benchmark company as a force for stability and happiness for the whole of society.

For more specifics on the above ambitions and action plans, please refer to 2.1 Low-Carbon Economy.

Strategic Ambition 1 Net Zero Emissions in Financial Assets by 2050: Achieve net zero emissions by setting SBTi and transitioning financial assets

Action Plan	Key Performance Indicators	Stakeholders
Set science-based targets (SBT): Set a pathway to reduce emissions through an emission- and impact-based investment and lending portfolio	▪ 2026 Portfolio temperature of proprietary investments in listed equities & bonds: 2.68° C for S1+S2; 2.79° C for S1+S2+S3 ▪ 2026 Portfolio temperature of AUM in listed equities & bonds: 2.71° C for S1+S2; 2.81° C for S1+S2+S3	Corporate Clients, Government
Coal-Exit Action, as well as plans to invest and finance the low-carbon transition to monitor high climate-risk industries and gradually reduce the carbon footprint of investments and financing	▪ In 2024, ban all new investments 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% ▪ In 2024, ban all new investments in unconventional oil and gas companies that are not actively transitioning to renewable energies and have a CSR of above 50% ▪ Set a "Zero Coal Financing" goal to achieve zero coal lending by the end of Q1 2027	Corporate Clients, Government

Strategic Ambition 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

Action Plan	Key Performance Indicators	Stakeholders
Continue to increase participation in international organizations and initiatives, bring together international investors to make an impact	▪ Lead participation in at least 10 organizations/initiatives and investigate feasibility of joining other organizations/initiatives ▪ Lead participation in at least 3 engagements and investigate feasibility of joining other organizations/initiatives ▪ Lead participation in at least 2 nature-related engagements and initiatives, and investigate the feasibility of joining other nature-related organizations/initiatives	Corporate Clients, Government, Public Associations
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	▪ In 2024, engage with key companies in our domestic investment and lending portfolios that account for 45% of total carbon emissions ▪ In 2026, the percentage of outstanding category 3 long-term corporate loans to borrowers in oil, natural gases, petroleum, electronic manufacturing, semiconductor, and general manufacturing industries with SBTs shall reach 45%	Corporate Clients, Government, Public Associations

Strategic Ambition 3 Provide Comprehensive Climate Finance Solutions: 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

Action Plan	Key Performance Indicators	Stakeholders
Green Capital & Green Products: Increase low-carbon investments, offer green products such as green loans, sustainability-linked loans, and green insurance, as well as develop low-carbon transition fund products and issue green bonds	▪ In 2024, a 30% increase in low-carbon investments from 2020, for a total of NT$227 billion ▪ In 2024, a 10% increase in sustainable loans from 2023, for an annual balance of NT$69.8 billion ▪ In 2024, a 10% increase in insured amount for green insurance underwriting from 2022	Customers
Green Service: Offer corporate catastrophe services and help clients assess losses due to natural disasters; help clients formulate improvement strategies, provide low-carbon investment info, and promote zero-carbon concepts	▪ In 2024, a 10% growth in corporate catastrophe services from 2022, reaching a total of 685 cases ▪ Underwrite a total of 14 by 2024 (starting with 3 in 2020)	Customers

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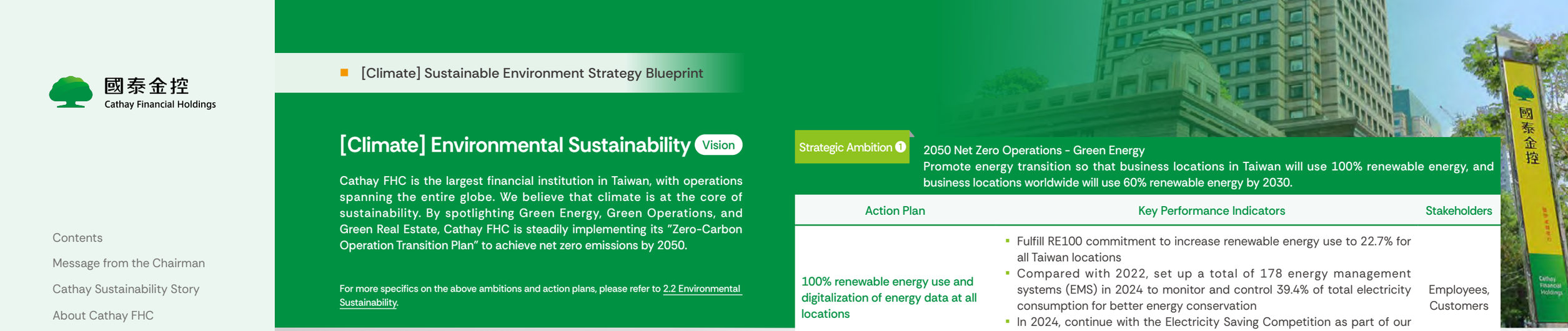

[Climate] Environmental Sustainability Vision

Cathay FHC is the largest financial institution in Taiwan, with operations spanning the entire globe. We believe 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.

For more specifics on the above ambitions and action plans, please refer to 2.2 Environmental Sustainability.



Strategic Ambition 1 2050 Net Zero Operations - 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.

Action Plan	Key Performance Indicators	Stakeholders
100% renewable energy use and digitalization of energy data at all locations	▪ Fulfill RE100 commitment to increase renewable energy use to 22.7% for all Taiwan locations ▪ Compared with 2022, set up a total of 178 energy management systems (EMS) in 2024 to monitor and control 39.4% of total electricity consumption for better energy conservation ▪ In 2024, continue with the Electricity Saving Competition as part of our internal carbon fee mechanism, and activate the mechanism across the entire group	Employees, Customers

Strategic Ambition 2 2050 Net Zero Operations - 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

Action Plan	Key Performance Indicators	Stakeholders
Indoor and outdoor renovations of the workplace for more efficient use of space and to promote operations, a paperless workplace, digitalization, and a low-carbon footprint	▪ Stay on course with the 1.5° C scenario by ensuring annual reduction of 4.2%, as well as linking the performances of Cathay FHC and subsidiary presidents to carbon reduction outcomes ▪ Mobilize Operations: Cathay Life and CUB to adopt the Virtual Desktop Infrastructure Office Automation (VDI OA). Cathay Life will take the lead in 2024, as 15% of eligible employees will fully switch devices. ▪ Share Workspaces: In 2024, construct 25 new workspaces compared to 2020 ▪ Digitalize Services: Reduce carbon footprint by digitalizing services. In 2024, complete carbon footprint verification for 66.7% of main products	Employees, Customers

Strategic Ambition 3 2050 Net Zero Operations - Green Real Estate
Furnish an ecosystem of low-carbon buildings and drive industry participation in the energy transition

Action Plan	Key Performance Indicators	Stakeholders
Help more customers transition by providing convenient access to local renewable energy through the Green Landlord Project; build more low-carbon buildings to explore architectural diversity	▪ Secure green building (TW) or LEED (US) certification for all new buildings after 2023 ▪ In 2024, CUB branch offices undergoing renovations shall ensure that renovations are 100% environmentally friendly; 25% of branch offices will undergo environmentally friendly renovations by 2024 ▪ In 2024, promote green leasing to commercial buildings in the six special municipalities; implement green leasing to a total of 28 buildings	Employees, Customers

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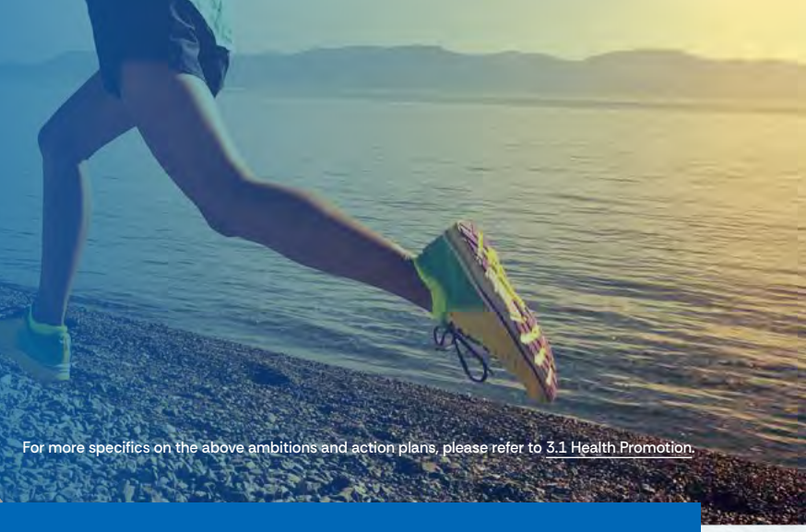

[Health] Health Promotion Vision

Taiwan is currently dealing with demographic challenges such as an aging population and declining birth rates. As the largest financial institution in Taiwan, Cathay FHC serves one out of two Taiwanese citizens. Therefore, we seek to tap into our influence and extend the sphere of health promotion from the individual to each and every home. Meanwhile, Cathay is also concerned with traffic safety in schools, as well as general risks to personal safety. For the elderly, Cathay is also concerned with their physical, emotional, and mental wellbeing. Employees especially represent Cathay's most important asset, so we seek to become their biggest supporter by providing comprehensive care for their wellbeing. Our goal is to realize the vision of "Total Well-Being for All Ages at Home" to help the public, customers and our employees.

For more specifics on the above ambitions and action plans, please refer to 3.1 Health Promotion.

Strategic Ambition 1 Expand the ecosystem of promoting physical and mental health: raise awareness for physical and mental wellbeing, as well as accident prevention; foster the ability to monitor and manage their own health among the public; reiterate the value of ex-ante "prevention" and ex-post "reimbursement"; and exert our influence for the general wellbeing of all humanity

Action Plan	Key Performance Indicators	Stakeholders
Promote the FitBack App (including spillover-effect products) and introduce diverse health missions through cross-industry collaborations to create a health ecosystem. Raise the coverage for domestic medical insurance to provide more comprehensive protection	▪ In 2024, reach 1.2 million participants (members) for health promotion projects ▪ In 2024, help over 900,000 members manage their health and provide monthly health management services 1.464 million times ▪ In 2024, extend full health insurance coverage (daily hospital indemnity ≧ 2,000) to 95,000 persons	Customers, Employees, Suppliers
Promote the Employee Health Services Plan and provide diverse health-promotion activities, and workplace safety measures, to create a happy workplace conducive to overall health and safety	▪ In 2024, continue to offer health promotion activities and help over 50% of employees maintain healthy BMIs; ensure that 75% of employees undergo cancer screening ▪ In 2024, offer employee emotional support programs and enhance the physical and emotional wellbeing of 80% of our employees ▪ By 2030, Cathay FHC, Cathay Life, CUB, Cathay Century, Cathay Securities, and Cathay SITE obtain ISO 45001 certifications.	Employees
The Traffic Safety Project and Anti-Drug Campaigns on Campus: Raise awareness among students and the public for traffic safety and loss control, encourage students to learn about drug prevention to protect against drug abuse	▪ In 2024, host 450 promotional events for "Accident-Free" loss control projects ▪ In 2024, Cathay volunteers shall visit 1,450 schools to promote anti-drug campaigns ▪ In 2024, reach 2.2 million people with the anti-drug Air Force, Army and Navy Project	Youth, Community

Strategic Ambition 2 Support Sub-Health Reablement: Partner with healthcare providers to help clients actively regain quality health and reduce the stress and burden on healthcare

Action Plan	Key Performance Indicators	Stakeholders
Sub-Health Intervention: Promote preventive activities, ensure regular health self-assessments for policyholders, and provide health management services to help maintain their health	▪ In 2024, reach a total of 5,500 individuals through local care services	Customers, Suppliers

Strategic Ambition 3 Offer age-friendly services and create a safety net for elderly people to live healthily and sustainably: 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

Action Plan	Key Performance Indicators	Stakeholders
Blueprint for Elderly Services: Understand the needs of the elderly, combine financial core competencies with activities to provide care, and offer solutions to promote overall and financial health of the elderly.	▪ In 2024, 25% of Taiwanese aged 55 and over are covered by accident and health (A&H) insurance policies ▪ In 2024, partner with NGOs and schools to promote elderly care services and increase social support; provide outreach to 1,100 older adults	Customers, Suppliers, Employees

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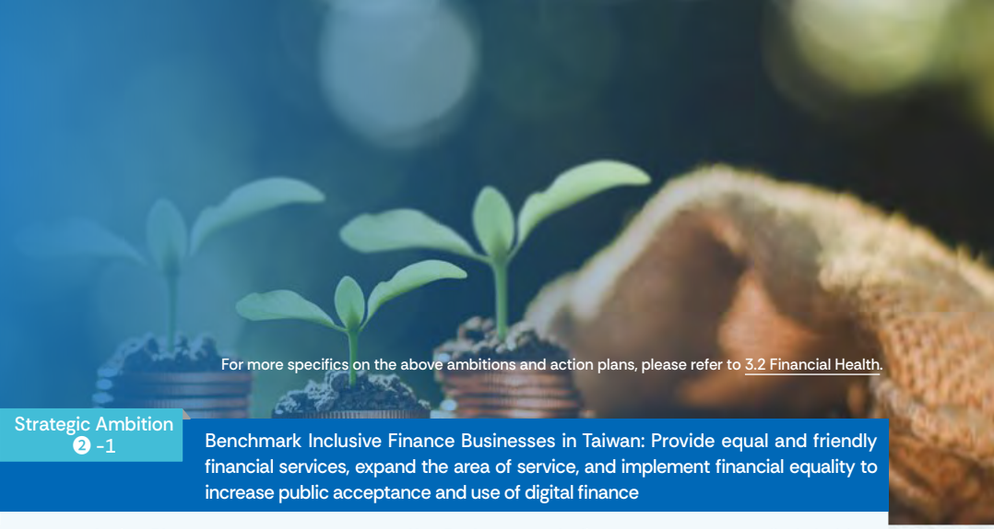
[Health] Financial Health Vision

Cathay FHC manages businesses in insurance, banking, and asset management, holds assets totaling NT$12.8 trillion, and serves 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 rights and means to make sound financial decisions, realize their goals, and become a stabilizing force for society.



For more specifics on the above ambitions and action plans, please refer to 3.2 Financial Health.

Strategic Ambition ❶ -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

Action Plan	Key Performance Indicators	Stakeholders
Value customer risk awareness, financial autonomy, and satisfaction. Help people understand their financial fitness and encourage the use of ESG funds as standard investment products to help clients steadily accumulate wealth, enhancing their financial resilience and thereby building trust.	▪ In 2024, provide 150,000 financial health check-ups, and benefit 870,000 users of financial planning tools ▪ In 2024, increase total accumulated insurance premiums to supplement 4% of the ideal retirement amount for citizens under 65 years old ▪ In 2024, aim to have 554,000 CUB customers and 102,000 Cathay SITE customers make regular investment contributions to mutual funds	Customers, Employees

Strategic Ambition ❶ -2 Best Custodian of Client Assets: Provide high-quality asset protection mechanisms to protect financially vulnerable groups, ensuring the safety of client assets and transactions

Action Plan	Key Performance Indicators	Stakeholders
Implement KYC (Know-Your-Customer) and vulnerability assessments for elderly clients, and enact various anti-fraud measures. Develop diverse trust products for client asset security and help clients protect their property and transactions.	▪ Implement post-sale telephone interviews for financial product purchases by the elderly (100% contact rate) ▪ Reduce client fraud risks; in 2024, implemented anti-fraud education and advocacy a total of 60 million times ▪ Protect client assets; in 2024, CUB will raise the number of successful fraud interceptions by 10% compared to the previous year ▪ Provide trust products to 32,000 people for the year	Customers, Employees

Strategic Ambition ❷ -1 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

Action Plan	Key Performance Indicators	Stakeholders
Whilst expanding the scope of our financial services, continue to develop financial inclusion products and reduce investment thresholds for financially vulnerable populations by promoting digital platforms, thereby increasing the accessibility and affordability of financial services	▪ Provide funds for the necessary operation and development of SMEs; in 2024, grant NT$31.8 billion in SME loans ▪ Offer diverse insurance products to small businesses to protect owners from unexpected losses; in 2024, increase the number of policyholders protected under Cathay Century's "Restaurant & Dining SME Owner's Insurance" by 15% ▪ In 2024, provide microinsurance or low-cost insurance to 90,000 people ▪ Help youths and small investors invest in funds through dollar-cost averaging; in 2024, have 58,000 customers invest up to NT$6,000 per month ▪ In 2024, financial services stations shall service 165 townships and help 140,000 people across Taiwan	Customers, Employees

Strategic Ambition ❷ -2 Benchmark Inclusive Finance Businesses in Taiwan: Promote financial education for the general public to prevent financial losses and impact on quality of life due to inadequate financial knowledge

Action Plan	Key Performance Indicators	Stakeholders
Promote financial education through multiple channels to impart correct financial information to the public, thereby elevating financial literacy among financially vulnerable groups, and building a healthy financial mindset	▪ In 2024, increase the percentage of surveyed participants who agree that financial courses increased their knowledge of finance to over 80% ▪ Continue to promote financial education among financially vulnerable groups and rural schools: In 2024, expect to impact 2.08 million persons, organize 10 financial education courses in rural schools, and host 5 courses or seminars to promote trust funds	Customers, Employees

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[Empowerment] Workplace Empowerment Vision

Cathay FHC aims to be a "fintech 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.

For more specifics on the above ambitions and action plans, please refer to 4.1 Workplace Empowerment.

Strategic Ambition 1

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

Action Plan	Key Performance Indicators	Stakeholders
Promote reskilling programs to expand employees' digital skill sets and confer upon them digital capabilities	▪ Digital training: In 2024, aim for a completion rate of 50% in digital skills training programs ▪ Sustainability training: In 2024, achieve a 90% completion rate in foundational ESG online courses	Employees

Strategic Ambition 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

Action Plan	Key Performance Indicators	Stakeholders
Provide a variety of digital learning resources tailored to employees' developmental stages at different career phases to enhance employee work capability.	▪ In 2024, obtain a satisfaction rate of 4/5 for annual job dedication training ▪ In 2024, 85% of employees will achieve a score of 4 or higher on a 360-degree performance assessment	Employees

Strategic Ambition 3

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

Action Plan	Key Performance Indicators	Stakeholders
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	▪ In 2024, retain 80% of key entry- and mid-level talent ▪ In 2024, retain 50% of key Young Talent	Employees

Strategic Ambition 4

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

Action Plan	Key Performance Indicators	Stakeholders
Foster an inclusive culture by eliminating unconscious biases, establishing internal and external inclusive networks, and supporting employee development with the FlexiPacing policy	▪ In 2024, achieve a 90% completion rate for DEI online courses ▪ Promote Cathay's group-wide FlexiPacing policy; in 2024, aim for an 80% retention rate ▪ Increase female leadership and STEM participation	Employees

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[Empowerment] Social Empowerment Vision

For our vision to promote DEI in society, Cathay FHC is committed to influencing stakeholders in different groups to ensure that everyone enjoys equal opportunity 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 and self-actualization

For more specifics on the above ambitions and action plans, please refer to 4.2 Social Empowerment.

Strategic Ambition 1 Youth Empowerment

Action Plan	Key Performance Indicators	Stakeholders
Youth x Flipped Classroom: Provide children with more diverse educational resources by working with educational start-ups	▪ In 2024, empower over 50,400 rural students ▪ Teach for Taiwan (TFT) program collaboration: In 2024, have 2 significant collaborative outcomes	Youth, Community
Youth x Sustainability: Help youths develop unique perspectives, independent thinking, and the ability to make innovative breakthroughs by encouraging youth action to resolve social/ environmental issues	▪ In 2024, provide empowerment to youths 6,500 times ▪ In 2024, offer 1,300 courses to a total of 50 schools ▪ Increase the number of surveyed youths that report motivation to take action (inclination) to over 70%	Youth, Community
Youth x Employability: Help youths develop self-identity and consider career paths in order to bridge the gap between education and the workplace, as well as build necessary workplace soft/ hard skills	▪ In 2024, reach 3.5 and above for satisfaction with Youth x Employability internship and training programs ▪ In 2024, achieve a score of 3.5 and above on willingness to pursue a career in the finance industry	Youth, Community

Strategic Ambition 2 Female Empowerment

Action Plan	Key Performance Indicators	Stakeholders
Autonomy & Self-Sufficiency: Combine existing products and services with core competencies to help women build financial literacy and independence	▪ In 2024, organize at least one female public figure seminar and one event focused on women's empowerment	Customers, Youth, Community
Self-Actualization: Build a comprehensive support system for women to allow them diverse and equal opportunities, assisting them with career and self-development	▪ In 2024, support 18 members on women's basketball and table tennis coaching teams, and train 89 female athletes ▪ Empowered women: In 2024, engage over 600 participants for female empowerment	Customers, Youth, Community

Strategic Ambition 3 Helping the Underprivileged

Action Plan	Key Performance Indicators	Stakeholders
Self-Affirmation: Eliminate social inequalities so that every person has the power to improve their own quality of life	▪ In 2024, recruit 50 volunteer instructors for the Elevated Tree Program, who will cumulatively contribute 400 hours of service ▪ In 2024, reach 15-20 rural elementary schools with the Dream Come True Program; and reach 25 elementary schools with the Elevated Tree Program	Youth, Community
Community Involvement: Provide education, participation, collaboration, and other diverse resources to help certain groups gain the resources, confidence, and skills they need to express themselves	▪ In 2024, engage 160 volunteers for Happy Farm and the Mixed Disabled Arts Group to contribute 320 hours of service ▪ In 2024, the Mixed Disabled Arts Group will benefit 2,000 people through in-person activities ▪ Reach a score of 4 and above for survey items related to self-reported inspiration for the outreach population of Happy Farm and Mixed Disabled Arts Group ▪ In 2024, organize at least two main events to engage financially disadvantaged groups who lack securities services to promote positive social development	Youth, Community

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 2023, please see the official Cathay FHC website.

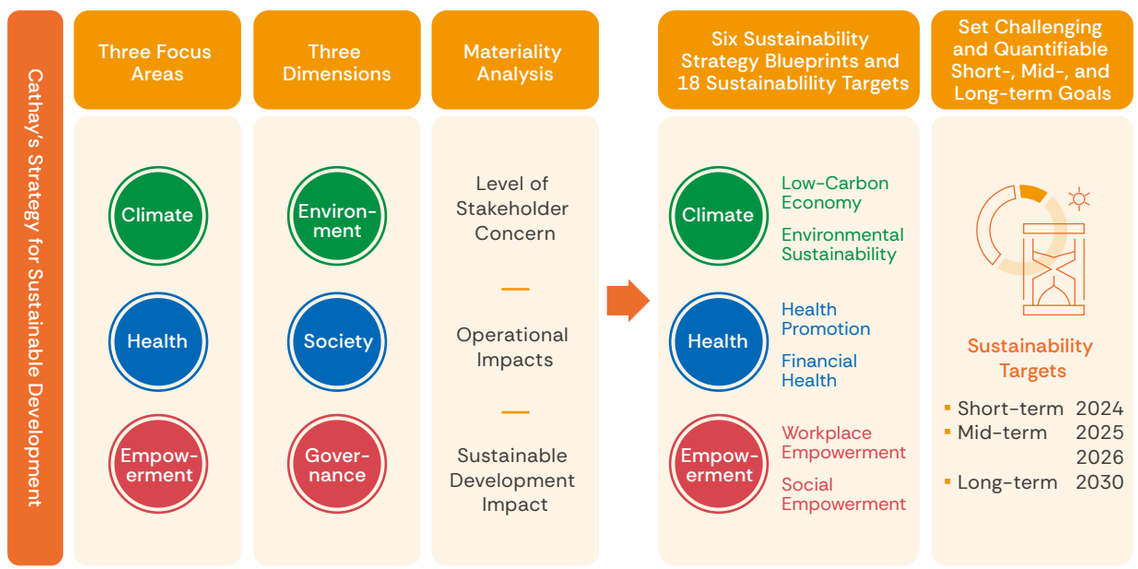


1.3.2 Materiality Analysis

Materiality Analysis of CS Issues and Formulation of Sustainable Strategies

Cathay FHC conducts annual materiality analyses based on the "GRI Universal Standards 2021" and the "GRI 3: Material Topics 2021." The analyses also incorporate the double materiality concept from the European Financial Reporting Advisory Group (EFRAG) as part of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). The materiality analysis methodology, based on impact, helps identify significant sustainability issues and develop stakeholder communication strategies and an internal sustainability strategy blueprint.

For Double Materiality analysis: Cathay FHC first integrates the Financial Materiality approach, prioritizing sustainability issues based on the financial or corporate value impacts of our operations. Prioritization is supplemented by Impact Materiality assessments, which encompass both non-monetary and monetized evaluation methods to determine significance. Cathay FHC assesses the concerns of stakeholders, the impact on operations, and the impact on sustainable development through surveys. After identifying 19 significant issues and validation by the CS committee, these issues are reported to the board of directors. Besides setting long-term objectives, the process integrates enterprise risk management (ERM) to identify risk factors, severity, and probability of occurrence.



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CS Issues Materiality Analysis Process

Identification

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 26 CS issues, of which nine are related to governance, six are related to environment, and 11 are related to society.

Analyze and Assess the Significance of Impact

3 Level of Stakeholder Concern

Cathay FHC invited its nine major stakeholder groups to provide feedback on the level of their concern regarding 26 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
- Suppliers: 27

4 Operational Impacts

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

Cathay FHC refers to the impact metrics suggested by Harvard Business School's Impact-Weighted Accounts, as well as the profits and losses of five major capitals (5C P&L) methodologies defined in the biannual Impact Measurement & Valuation (IMV), to assess the significance of the impact of sustainability issues

Confirm

6 Define

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

Disclose and Report

7 Disclose and Formulate Long-term Sustainability Goals

Disclose contents of material issues that correspond to the GRI Standard; set short- and long-term goals corresponding to the material issues and disclose them in the Cathay FHC sustainability report. For progress and achievements in 2023, please refer to the official Cathay FHC site.

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The Significance of CS Issue Impacts

Cathay FHC references the Impact-Weighted Accounts recommended by Harvard Business School, inviting 22 executives related to ESG topics to assess the scale, scope, irreparable characteristics, and future probability of both positive and negative impacts. This helps identify the significant impacts caused or facilitated by the company and prioritize ESG issues by severity. According to the 11 significant impacts identified, "Responsible Finance," "Sustainable financial Products," and "Corporate Governance" were the top CS Issues with an "Extremely High" impact. A total of 15 CS Issues including "Business Performance," "Business Continuity," "Environmental Impact of Operations," and "Digital Transition and Innovation," etc. were considered to have a "High" impact. Six CS Issues including "Privacy and Information Security," "Sustainable Procurement," "Environmental Impact of Operations," and "Digital Transition and Innovation" were considered to have a significant impact.

Further, Cathay FHC uses Impact Valuation methodologies to assess impacts on the economy, environment, and people, including actual and potential, long-term and short-term, positive and negative, and remediable and irremediable impacts. By monetizing and quantifying these impacts, the most significant ESG issues are prioritized. 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." For detailed analysis results please see the chapter 1.4 Impact Measurement & Valuation (IMV).

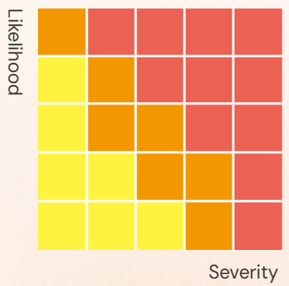
Defining Positive and Negative Impacts

20 Impacts

Impact	Positive	Negative
Economic	4	1
Environment	2	2
Human/ Human Rights	6	5

Source of Impact:
① Value Balancing Alliance (VBA)
② Harvard Business School Impact-Weighted Accounts
③ London Benchmarking Group (LBG)
④ Cathay FHC

Significant Impact Analysis



Severity = ①+②+③
① Level
② Scope
③ Irreparability

11 Significant Impacts

+ Enhancing Financial Sector Development through Product Innovation
+ Tax Payment
+ Enhancing Investors' Financial Capital
+ Facilitating Industry Transformation through Investment and Lending
+ Enhance Industry Focus on Sustainability
+ Affordable Services to Vulnerable Groups
+ Paying Employee Salaries
+ Increasing Employment Opportunities
- Improper Use of Capital Influences the Market
- Investment and Lending in High Carbon Emissions Industries
- Misuse of Employee and Customer Data

Economic
Environment
Human/ Human Rights

+ Positive Impact
- Negative Impact

CS Issues behind Significant Impacts

Level of Impact	CS Issues
Extremely High ≥ 5	▪ Responsible Finance ▪ Corporate governance ▪ Sustainable Financial Products
High 2-4	▪ Business Performance ▪ Business Continuity ▪ Environmental Impact of Operations ▪ Digital Transition and Innovation ▪ Ethics and Compliance ▪ Carbon Emissions in Financial Assets ▪ Nature & Biodiversity ▪ Financial Inclusion ▪ Risk Management ▪ Occupational Safety and Health ▪ Talent and Skill Development ▪ Attracting and Retaining Talents ▪ Health promotion and life security ▪ Financial Planning and Services ▪ Customer Relationship Management
Significant 1	▪ Privacy and Information Security ▪ Sustainable procurement and supplier management ▪ Human Rights ▪ Inclusive Workplace ▪ Youth Empowerment ▪ Helping the Underprivileged

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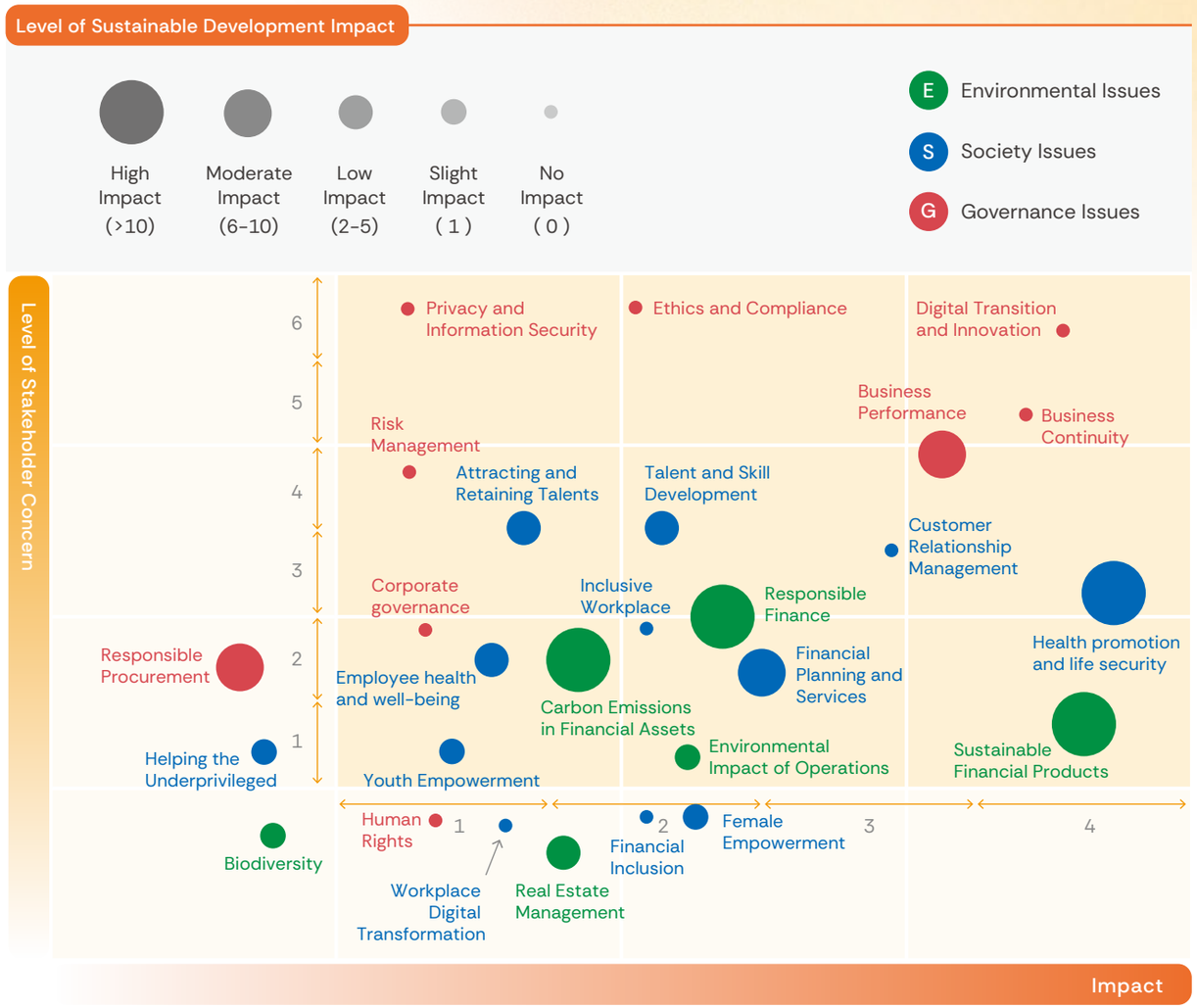
Impact Assessment Results of Material Issues

With the results of identification and impact assessment, we further deliberated our sustainability strategy with senior managers and the sustainability team. Based on double materiality, we confirmed and prioritized 19 material CS issues according to "Level of Operational Impact," "Level of Stakeholder Concern," and "Level of Sustainable Development Impact," and then created a Material Issue Matrix.

Cathay's Material Issues and Prioritization

Sustainability	Cathay's Material Issues	Priority
E Environment	Sustainable Financial Products	1
E Environment	Responsible Finance	2
G Governance	Business Continuity	3
G Governance	Business Performance	4
S Society	Health promotion and life security	5
S Society	Attracting and Retaining Talents	6
G Governance	Ethics and Compliance	7
G Governance	Digital Transition and Innovation	8
S Society	Customer Relationship Management	9
E Environment	Carbon Emissions in Financial Assets	10
G Governance	Privacy and Information Security	11
S Society	Financial Planning and Services	12
S Society	Inclusive Workplace	13
G Governance	Corporate governance	14
S Society	Talent and Skill Development	15
S Society	Occupational Safety and Health	16
G Governance	Risk Management	17
E Environment	Environmental Impact of Operations	18
S Society	Youth Empowerment	19

Cathay's Materiality Matrix



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Material Issue Boundaries and Management Policy

This report adheres to the principles of consolidated financial statements as the organizational boundary, encompassing Cathay FHC and its subsidiaries: Cathay Life, CUB, Cathay Century, Cathay Securities (incl. Cathay Futures), Cathay SITE, and Cathay Venture. The operational region primarily focuses on Taiwan for core disclosures, and based on the requirements for information disclosure, it includes relevant content related to key investments and credit subjects, suppliers, and customers.

Involvement: ● Direct impact ○ Impact from business ties

Material Issues	GRI Standards	Value Chain					Management Guidelines
		Cathay FHC & Subsidiaries	Customers	Suppliers	Investors	Society and the General Public	
Sustainable Financial Products	GRI 201: Economic Performance 2016	●	○			○	2.1 Low-Carbon Economy
Responsible Finance	GRI 201: Economic Performance 2016	●	○		○	○	2.1 Low-Carbon Economy 5 Sustainable Finance 6.2.2 Task Force on Climate-Related Financial Disclosures (TCFD)
Carbon Emissions in Financial Assets	GRI 201: Economic Performance 2016	●	○				2.1 Low-Carbon Economy
Environmental Impact of Operations	GRI 201: Economic Performance 2016	●		○			2.2 Environmental Sustainability
Health promotion and life security	GRI 416: Customer Health and Safety	●	○			○	3.1 Health Promotion
Financial Planning and Services	GRI 416: Customer Health and Safety	●	○			○	3.2 Financial Health
Talent and Skill Development	GRI 404: Training and Education	●					4.1 Workplace Empowerment
Attracting and Retaining Talents	GRI 401: Employment	●					4.1 Workplace Empowerment
Customer Relationship Management	GRI 418: Customer Privacy	●	○				6.5 Service Quality & Customer Rights
Occupational Safety and Health	GRI 403: Occupational Health and Safety	●					3.1 Health Promotion
Inclusive Workplace	GRI 405: Diversity and Equal Opportunity	●					4.1 Workplace Empowerment
Youth Empowerment	Self-identified Material Issue	●				○	4.2 Social Empowerment
Business Performance	GRI 201: Economic Performance	●	○		○		About Cathay FHC
Digital Transition and Innovation	Self-identified Material Issue	●	○				3.2 Financial Health
Business Continuity	Self-identified Material Issue	●	○				6.2 Risk Management
Ethics and Compliance	GRI 2-27 Compliance with laws and regulations	●	○	○			6.3 Ethical Corporate Management
Privacy and Information Security	GRI 418: Customer Privacy	●	○				6.5 Service Quality & Customer Rights
Risk Management	Self-identified Material Issue	●	○				6.2 Risk Management
Corporate governance	Self-identified Material Issue	●					6.1 Corporate Governance

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1.4 Impact Measurement & Valuation (IMV)

Profits and Losses of Five Major Capitals (5C P&L)

13.3 Trillion (NT$)
Total Industry Chain Output Boosted by Investments & Lending

22.5 Million (Jobs)
Jobs Created through Investments & lending

>99%
External Impact from Downstream Products and Services

7.4 Billion (NT$)
Carbon Reduction Benefits from Green Investments

In pursuing corporate sustainability, Cathay FHC abides by the spirit of "What if We Could," aspiring to leverage our influence in the financial industry and drive positive change across sectors. This commitment aims to enhance societal well-being while mitigating environmental footprints and human rights risks, thereby creating long-term positive value for stakeholders. Since 2018, Cathay FHC has collaborated with academic institutions to develop the Profits and Losses of Five Major Capitals (5C P&L) assessment framework, which is based on impact valuation methodologies and integrates financial profit and loss (P&L) with Triple Bottom Line (TBL) management concepts. It evaluates the external impacts of value chain activities on the economy, environment, and human rights through a sustainability impact pathway driven by causal relationships, translating these impacts into monetized social benefits (positive) and costs (negative).

According to the analysis, the external impacts generated by Cathay FHC's operations are primarily concentrated in the downstream financial products, services, and investment activities within its value chain. In 2023, investments and lending facilitated by financial support resulted in an overall industry chain output of approximately NT$13.3 trillion, created around 22.5 million indirect job opportunities, and generated NT$1.8 trillion in wages. However, the consumption of natural resources and environmental pollution arising from industry supply and demand processes, along with the potential human rights risks faced by workers within the industry chain, posed a potential social cost of NT$1 trillion. To facilitate the low-carbon transition across industries, Cathay FHC has not only established a stringent ESG risk management mechanism through its Responsible Investment Working Group but also continues to expand investments in low-carbon industries such as renewable energy, green buildings, waste recycling, and public transportation. It is estimated that the social cost avoided through low-carbon investments in 2023 amounts to approximately NT$7.4 billion.

As a science-based management tool, Cathay FHC continues to refine and enhance the depth and breadth of the 5C P&L assessment method, ensuring more comprehensive and rational results. Adopting an impact mindset helps us consider a broader and more profound range of impacts during decision-making, uncovering the potential risks and opportunities that sustainable issue management may bring to long-term development. We are tirelessly striving for more comprehensive corporate sustainability management and effective resource allocation in order to earn stakeholder trust and achieve shared value.

Cathay 5C P&L Methodology and Development Timeline

2018

Initial adoption of the 5C P&L methodology, covering:
- Three major value chain stages (supply chain, company operations, products and services)
- Three key sustainability management aspects (economic, environmental, social)
- Over 20 impact items

2019

- Biodiversity included in Environment (E)
- Scope of investment and lending inventory expanded from top 10 industries to include all industries
- Develop localized impact valuation coefficients for all investment regions

2021

- Updated input-output analysis (IOA) coefficients for upstream procurements, adjusting with historical calculations
- Added assessments for employment opportunities and wages created by supply chain procurement

2023

- Introduced new investment- and financing-related industry chain human rights risk factors, including child labor and forced labor
- Added employment impact-related factors, such as wage quality, equal opportunities, sexual harassment, employee benefit programs, and internal job-filling
- Updated methods for evaluating the future benefits of employee training

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Cathay FHC's Sustainability Impact Pathway

Cause of Impact	Material Issue	Output Metric	IRIS Catalog of Metrics	Impact on well-being	Type of Major Capital	Impact Item	Type of Impact	Monetary (NT$)	Impact Rating	Impact Stakeholders
Supply Chain	Responsible Procurement	Payment to Suppliers	PI5478	Procurement drives industry supply-demand relationships	Finance and Integrity Capital	Social Externality: Boosting Supply Chain Value	Positive (+)	16,842,893,843	●●●○○○○	Society
				Procurement creates employment opportunities in the supply chain	Human capital	Social Externality: Income of Supply Chain Employees	Positive (+)	2,386,790,639	●●○○○○○	External employees
				Environmental impacts of GHG emissions during supply chain manufacturing	Natural capital	Environmental Externality: Supply Chain GHG Emissions	Negative (-)	119,882,804	●●○○○○○	Environment
				Environmental impacts of air pollutants during supply chain manufacturing	Natural capital	Environmental Externality: Supply Chain Air Pollutants	Negative (-)	419,818,004	●●○○○○○	Environment
Business Operations	Business Performance	Operating Profit	FP1301	Increase financial capital stock for investor returns	Finance and Integrity Capital	Gross Value added (GVA): Operating Profit	Positive (+)	51,513,817,000	●●●●○○○	Investors
		Public Expenses	FP5261	Support government expansion of infrastructure and social welfare	Finance and Integrity Capital	Gross Value added (GVA): Public Expense	Positive (+)	11,259,552,000	●●●○○○○	Society
		Depreciation and amortization	FP9573	Develop industry tech for supplier revenue	Finance and Integrity Capital	Gross Value added (GVA): Depreciation and amortization	Positive (+)	8,635,961,000	●●○○○○○	Suppliers
	Environmental Impact of Operations	GHG Emissions	OI1479	Rising GHG concentrations contribute to global warming	Natural capital	Environmental Externality: Operational GHG Emissions	Negative (-)	103,336,494	●●○○○○○	Environment
		Renewable Energy (Self-generated)	OI2496	Decreasing GHG concentrations mitigates global warming	Natural capital	Environmental Externality: Environmental Benefits of Using Renewable Energy	Positive (+)	9,856,879	●○○○○○○	Environment
		Renewable Energy (Purchased)	OI3324	Decreasing GHG concentrations mitigates global warming	Natural capital					Environment
		Depletion of Water Resources	OI0263	Change in water resource stores causes stress on local communities	Natural capital	Environmental Externality: Operational Water Resource Depletion	Negative (-)	6,499	●○○○○○○	Environment
		Fuel Usage (Gasoline/ Diesel)	OI1496	Fuel use causes air pollution, leading to health and ecological impacts	Natural capital	Environmental Externality: Operational Air Pollution	Negative (-)	5,904,235	●○○○○○○	Environment
		Waste Management	OI6192	Incineration and landfills cause air pollution and GHG emissions	Natural capital	Environmental Externality: Operational Waste Management	Negative (-)	2,312,206	●○○○○○○	Environment
		Reduce Paper Usage	–	Digitalization of services reduces the environmental impacts of paper use	Natural capital	Environmental Externality: Reduction in Paper Use	Positive (+)	9,118,084	●○○○○○○	Environment

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Cause of Impact	Material Issue	Output Metric	IRIS Catalog of Metrics	Impact on well-being	Type of Major Capital	Impact Item	Type of Impact	Monetary (NT$)	Impact Rating	Impact Stakeholders
Business Operations	Attracting and Retaining Talents	Employee Compensation & Benefits	OI4724	Compensation that allows for quality of life, well-being, and purchasing power	Human capital	Social Externality: Salaries Above Living Wage	Positive (+)	27,159,893,811	●●●●○○○○	Internal employees
						Social Externality: Salaries Below Living Wage	Negative (-)	16,852,663	●○○○○○○○	Internal employees
		Employee Benefit Programs	OI2742	Paid leave and family-friendly culture foster work-life balance	Human capital	Social Externality: Family-friendly culture and support	Positive (+)	281,092,945	●●○○○○○○	Internal employees
	Talent and Skill Development	Employee Training & Development	OI7877	Training enhances professional skills and employability	Human capital	Social Externality: Future benefits of employee training	Positive (+)	6,545,972,992	●●●○○○○○	Internal employees
		Internal Job-Filling	OI6995	Internal promotion and job transfers increase income	Human capital	Social Externality: Internal Job-Filling	Positive (+)	1,776,564,748	●●●○○○○○	Internal employees
	Inclusive Workplace	Gender Pay Ratio	OI1855	High-paying positions create segregation due to gender differences	Human capital	Social Externality: Equal Opportunity	Negative (-)	3,498,739,279	●●●○○○○○	Internal employees
		Workplace Sexual Harassment	OI9077	Physical and emotional damage, leading to future medical costs and loss of well-being	Human capital	Social Externality: Sexual Harassment	Negative (-)	12,247,859	●○○○○○○○	Internal employees
	Employee health and well-being	Number of Employees with Health Risks	OI4061	Cardiovascular disease risks and medical expenses due to workload	Human capital	Social Externality: Employee Health Risks	Negative (-)	85,281,589	●○○○○○○○	Internal employees
		Number of Employees with Improved Health	OI4061	Health promotion improving lifestyle and health status	Human capital	Social Externality: Employee Health Promotion	Positive (+)	2,119,366	●○○○○○○○	Internal employees
		Occupational Accidents	OI3757 OI6525	Physical and emotional impact and cost of medical resources	Human capital	Social Externality: Occupational Accidents	Negative (-)	6,803,000	●○○○○○○○	Internal employees
	Youth empowerment, female empowerment, helping the underprivileged	Social Investment	OI7421	Improving community relations and quality of life	Social and Relationship Capital	Social Externality: Value of Social Investment	Positive (+)	420,121,138	●●○○○○○○	Society

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Cause of Impact	Material Issue	Output Metric	IRIS Catalog of Metrics	Impact on well-being	Type of Major Capital	Impact Item	Type of Impact	Monetary (NT$)	Impact Rating	Impact Stakeholders
Products and Services	Responsible Finance	Industry Investment and Financing	II8480	Industry investment and lending drives industry supply-demand relationships	Finance and Integrity Capital	Social Externality: Enhancing Industry Chain Value	Positive (+)	13,307,758,856,001	●●●●●●●●	Society
				Investment & lending creates job opportunities along industry chain	Human capital	Social Externality: Income of Industry Chain Employees	Positive (+)	1,771,814,995,244	●●●●●●●●	External employees
				Workers losing their freedom and suffering physical and mental health impacts due to forced labor	Human capital	Social Externality: Industry Chain Human Rights Risks - Forced Labor	Negative (-)	49,551,447,711	●●●○○○○○	External employees
				Future income loss from child laborers unable to receive quality education	Human capital	Social Externality: Industry Chain Human Rights Risks - Child Labor	Negative (-)	42,934,472,991	●●●○○○○○	External employees
				Environmental impact of GHG emissions resulting from industry chain supply and demand	Natural capital	Environmental Externality: Industry Chain GHG Emissions	Negative (-)	1,056,710,276,511	●●●●●●●●	Environment
				Environmental impact of air pollution resulting from industry chain supply and demand	Natural capital	Environmental Externality: Industry Chain Air Pollutants	Negative (-)			
	Sustainable Financial Products	Low-carbon Investing	II8480	Low-carbon investments avoid environmental impacts from GHG emissions	Natural capital	Environmental Externality: Environmental Benefits of Low-carbon Investments	Positive (+)	7,403,794,204	●●●○○○○○	Environment
	Health Promotion and Life Security	Number of Insurence	PI8785	Provide financial protection in the face of unexpected events and bring a sense of security to individuals and families	Social Capital	Social externalities: Insurance Benefits	Positive (+)	182,012,846,411	●●●●●●○○	Customers
	Financial Inclusion	Charitable Trust Donations	OI1619	Resources for underprivileged groups, improving quality of life	Social Capital	Social Externality: Charitable Trust Donations	Positive (+)	185,414,016	●○○○○○○○	Society
		Microinsurance Donations		Ensure basic protection to underprivileged groups to lessen their burden	Social Capital	Social Externality: Microinsurance Donations	Positive (+)	16,408,247	●○○○○○○○	Society

Note 1: IRIS (Impact Reporting & Investment Standards) is developed by the Global Impact Investing Network (GIIN), and provides a standardized framework of metrics for measuring the social, environmental, and economic performance of companies, thereby enhancing the comparability of impact investments.

Note 2: Impact Valuation Methodology draws on the Impact-Weighted Accounts (IWA) from Harvard Business School and the impact statement approach of the Value Balancing Alliance (VBA).

Note 3: Gross Value added (GVA) assesses the difference between the intermediate inputs and the final outputs of a company's operations, considering both the original inputs and public expenditures and highlighting the economic activities' benefits for various stakeholders.

Note 4: Externality refers to the positive or negative effects of Cathay FHC's operational activities on human well-being through interactions with various types of capital. These impacts are not directly reflected in the company's profits or costs. Environmental externalities consider the social costs of carbon, health costs, and ecosystem damages arising from GHG emissions, air pollution, waste, and water resource usage. Social externalities examine the effects of wage quality, career development, equal opportunities, and health and well-being on employees and society.

Note 5: Input-Output Model is for supply chain procurement and industry investment and financing. It calculates the social and environmental externalities, including the economic benefits derived from industry chain supply-demand effects, job creation, wage income, environmental footprints, and human rights risks. References include the OECD Input-Output Tables (2018), EXIOBASE 2, UNICEF, and Walk Free databases.

Note 6: Value coefficients are adjusted for regional economic conditions, based on the per capita Gross National Income (GNI) measured by Purchasing Power Parity (PPP) for different regions. This adjustment also considers inflation and exchange rates, aligning the time boundaries to the 2021 currency value baseline. Methodologies referenced include OECD (2012) and PwC UK (2015).

Level of Impact	Monetary Value (NT$ 1M)	Level of Impact	Monetary Value (NT$ 1M)
●○○○○○○○	0-100	●●●●○○○○	50,000-100,000
●●○○○○○○	100-1,000	●●●●●○○○	100,000-500,000
●●●○○○○○	1,000-10,000	●●●●●●●○	500,000-1,000,000
●●●●○○○○	10,000-50,000	●●●●●●●●	>1,000,000

國泰金控
Cathay Financial Holdings

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02 Climate

2.1 Low-Carbon Economy

2.2 Sustainable Environment

COP28 concluded in Dubai at the end of 2023. The Parties signed and released numerous important commitments and initiatives, including the "COP28 UAE Leaders' Declaration on a Global Climate Finance Framework." The Framework highlights that achieving climate targets requires global investments of US$5-7 trillion annually by 2030 to drive economic transition, underscoring the finance sector's crucial role. In 2022, the Taiwanese government launched the "Green Finance Action Plan 3.0" and "Sustainable Finance Evaluation" to strengthen local financial institutions' information transparency and commitment to climate management. In the face of low-carbon transition, the financial sector should leverage its influence to drive sustainability across industries, guiding them to strive for carbon reduction and sustainable transitions. As a leader in sustainable finance in Taiwan, Cathay FHC continuously deepens its action and commitment, expand green finance development, strengthen corporate resilience, and work with stakeholders to take on the climate challenges.

Low-Carbon Economy - Achievements

Advocated Climate Issues during COP 28

In 2023, Cathay FHC became the World Climate Foundation's first global partner, hosting the Asia Finance Event in COP28's Blue Zone and attending related events.

Joined Coalition of Movers and Shakers on Sustainable Finance & Engaged with High Carbon-emitting Companies

To support the Coalition of Movers and Shakers on Sustainable Finance's targets, Cathay FHC has urged engaged companies to set net-zero targets by 2050, with a completion rate of 100%.

Generated Optimal Impacts from Green Finance

- In 2023, low-carbon investing and financing reached NT$330.5 billion
- Renewable energy financing accounts 93.33% of power generation industry financing
- Released the first green deposit assurance report

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Sustainability Strategy Blueprint- Low-Carbon Economy

Key Initiatives	2023 Achievements	Short-term Goals (2024)	Mid-term Goals (2025-2026)	Long-term Goals (2027-2035)
Strategy 1 » **Net Zero Emissions in Financial Assets by 2050: Achieve net zero emissions by setting SBTi and transitioning financial assets.**				
Set science-based targets (SBT): Set a pathway to reduce emissions through an emission- and impact-based investment and lending portfolio	Investment Portfolio Temperatures for Listed Equity and Bonds 2023: 27.5% reduction in S1+S2 compared to 2020; 19.5% reduction in S1+S2+S3 compared to 2020.	Proprietary Investments: Investment Portfolio Temperatures for Listed Equity and Bonds 2026: S1+S2: 2.82° C; S1+S2+S3: 2.9° C	Proprietary Investments: Investment Portfolio Temperatures for Listed Equity and Bonds 2026: S1+S2: 2.68° C; S1+S2+S3: 2.79° C	-
	Note 1	Assets Under Management (AUM): Investment Portfolio Temperatures for Listed Equity and Bonds S1+S2: 2.85° C S1+S2+S3: 2.93° C	Assets Under Management (AUM): Investment Portfolio Temperatures for Listed Equity and Bonds 2026: S1+S2: 2.71° C S1+S2+S3: 2.81° C	-
	The emission intensity of electricity generation project finance increased 95.9% in 2023 from 2019 (Note 2)	23.7% reduction in the emission intensity of electricity generation project finance (compared to 2019)	33.1% reduction in the emission intensity of electricity generation project finance by 2026 (compared to 2019)	-
	Note 1	27.5% reduction in the emission intensity from commercial real estate mortgage loans (compared to 2019)	37.8% reduction in the emission intensity from commercial real estate mortgage loans by 2026 (compared to 2019)	-
	The emission intensity of long-term corporate loans for the electricity generation industry decreased by 32.1% from 2019	22.7% reduction in the emission intensity of long-term corporate loans for the electricity generation industry (compared to 2019)	31.7% reduction in the emission intensity of long-term corporate loans for the electricity generation industry by 2026 (compared to 2019)	68.8% reduction in the emission intensity of long-term corporate loans for the electricity generation industry by 2035 (compared to 2019)
	Note 1	The emission intensity of long-term corporate loans for the commercial real estate industry decreased by 27.4% from 2019	37.7% reduction in the emission intensity of long-term corporate loans for the commercial real estate industry by 2026 (compared to 2019)	73.1% reduction in the emission intensity of long-term corporate loans for the commercial real estate industry by 2035 (compared to 2019)
1. Cathay's Coal-Exit Action: ▪ Phase-out coal-fired power financing; prioritize the promotion of natural gas and renewable energy financing; set a "zero-coal financing" goal to reduce all coal-lending quotas to zero by the end of Q1 2027 ▪ Withdraw from investments in the coal energy industry and value chain that are not implementing active transitions	No new investments in 2023 for companies operating within the coal industry, coal railroad transportation, coal ancillary services, and coal-fired electricity generation that have not actively transitioned to renewable energies and have a CSR of above 30%	Ban new investments to companies operating within the coal industry, coal railroad transportation, coal ancillary services, and coal-fired electricity generation that have not actively transitioned 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 5% (Other countries: 20% CSR threshold)
2. Make plans to invest in and finance the low-carbon transition: monitor high climate-risk industries and gradually reduce the carbon footprint of investments and financing ▪ Oversight of unconventional oil & natural gas industries	In progress			Set a "Zero Coal Financing" goal to achieve zero coal lending by the end of Q1 2027
	Note 3	Ban new investments to unconventional oil and natural gas companies that are not actively transitioning to renewable energies and have a CSR of above 50%	In 2025, ban all new investments in unconventional oil and gas companies that are not actively transitioning to renewable energies and have a CSR of above 30%	In 2030, ban all new investments in unconventional oil and gas companies that are not actively transitioning to renewable energies and have a CSR of above 20% (Other countries: 30% CSR threshold)

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Key Initiatives	2023 Achievements	Short-term Goals (2024)	Mid-term Goals (2025-2026)	Long-term Goals (2027-2035)
Strategy 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.**				
Continue to increase participation in international organizations and initiatives, bring together international investors to make an impact	Led participation in 7 international and domestic initiatives and engagements	▪ Lead participation in at least 10 organizations/initiatives (i.e., AIGCC, PCAF, PBAF, Business for Nature, etc.) and investigate feasibility of joining others ▪ Lead participation in at least 3 engagements (i.e., CDP NDC, CA 100+, AUEP, etc.) and investigate feasibility of joining others ▪ Lead participation in at least 2 nature-related engagements and initiatives (i.e., NA 100, Ceres Water, etc.) and investigate feasibility of joining others		
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 59% of total carbon emissions	Engage with key companies in our domestic investment and lending portfolios that account for 45% of total carbon emissions	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
	Note 1	Reach 35% of outstanding category 3 long-term corporate loans to borrowers in oil, natural gases, petroleum, electronic manufacturing, semiconductor, and general manufacturing industries with SBTs	Reach 45% of outstanding category 3 long-term corporate loans to borrowers in oil, natural gases, petroleum, electronic manufacturing, semiconductor, and general manufacturing industries with SBTs by 2026	-
Strategy 3 » **Provide Comprehensive Climate Finance Solutions: Support companies and industries to create opportunities for low-carbon transition 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.**				
1. Green Capital: Increase Low-Carbon Investments 2. Green Product: ▪ Offer green loans and sustainability-linked loans (SLLs) ▪ Offer customized sustainable financial products ▪ Develop products for low-carbon funds ▪ Offer green insurance (renewable energy industry insurance/solar energy/off-shore wind/ green vehicle insurance) ▪ Issue green bonds and provide green warrants and structural products 3. Green Service: ▪ Corporate Catastrophe Service: Utilize typhoon and flood simulation software along with on-site assessments in high-risk areas to provide corporate clients with disaster loss evaluations and improvement strategies ▪ Low-Carbon Investment Research Information: Advocate for zero carbon by providing related information on the Cathay Securities APP and offering relevant reports, which enables clients, the capital market, and investors to better understand low-carbon initiatives.	65% increase in low-carbon investments (compared to 2022)	Low-carbon investments increased 30% for a total of NT$227 billion (compared to 2020)	Increase low-carbon investments 40% by 2025 for a total of NT$245 billion (compared to 2020)	Increase low-carbon investments 70% by 2030 for a total of NT$297 billion (compared to 2020)
	Green deposit/loan products or services increased by 34.9% in 2023 (compared to 2022)	Increase sustainable loans by 10% for an annual balance of NT$69.8 billion (compared to 2023)	Increase sustainable loans 20% by 2025 for an annual balance of NT$76.1 billion (compared to 2023)	Increase sustainable loans 60% by 2030 for an annual balance of NT$101.5 billion (compared to 2023)
	Continue to develop products for low-carbon/climate-related funds			
	The insured amount for green insurance underwriting increased by 15.4% for a total of NT$211.08 billion (compared to 2022)	Increase the insured amount for green insurance underwriting by 10% (compared to 2022)	Increase the insured amount for green insurance underwriting 15% by 2025 (compared to 2022)	Increase the insured amount for green insurance underwriting 30% by 2030 (compared to 2022)
	The number of corporate catastrophe services increased by 7% (compared to 2022)	Increase the number of corporate catastrophe services 10% for a cumulative total of 685 cases (compared to 2022)	Increase the number of corporate catastrophe services 15% by 2025 for a cumulative total of 820 cases (compared to 2022)	Increase the number of corporate catastrophe services 30% by 2030 for a cumulative total of 1,550 cases (compared to 2022)
	Underwrote a total of 13 green bonds in 2023 (starting in 2020)	Underwrite a total of 14 by 2024 (starting with 3 in 2020)	Underwrite a total of 15 by 2025 (starting in 2020)	Underwrite a total of 20 by 2030 (starting in 2020)

Note 1: For details, please refer to 2.1.1 Net Zero Emissions in Financial Assets by 2050.
Note 2: The emission intensity of Electricity Generation Project Finance will increase in 2023 because the credit lines signed with customers in the past must be mobilized according to the agreement. In the future, as the credit lines expire and are not renewed, the emission intensity will decrease.
Note 3: This target is a new target for 2024, so the achievement status in 2023 has not been disclosed yet.

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2.1 Low-Carbon Economy

Material Topics: Sustainable Financial Products, Responsible Finance, and Financed Emissions

2.1.1 Net Zero Emissions in Financial Assets by 2050

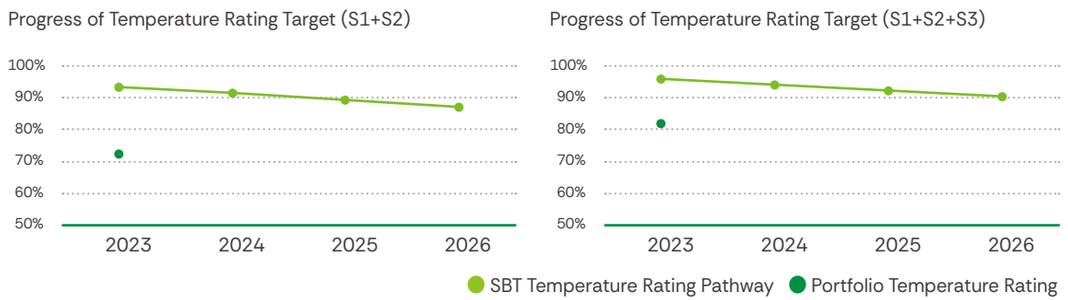
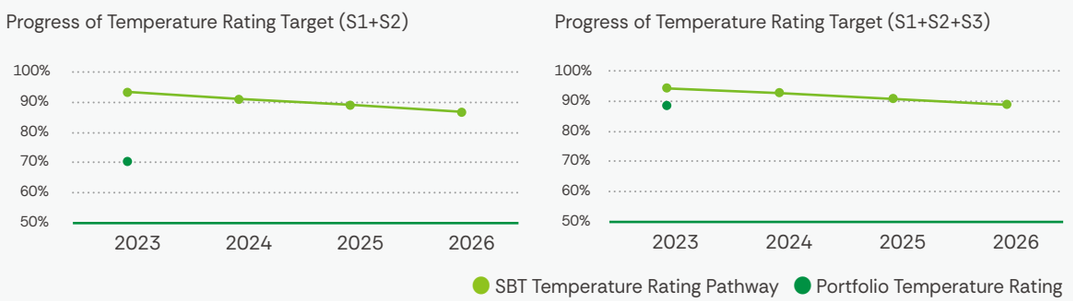
Cathay FHC has committed Net-Zero to Science-Based Targets initiative (SBTi), we have also sets carbon reduction pathways for investment and lending portfolio based on Science-Based Targets (SBT), considering both emission and impact baselines. In 2022, our short- and mid-term carbon emission targets were verified and approved by SBTi. Cathay monitors high climate risk factors and reviews the financed emissions of it investment and lending portfolios. Every five years, Cathay adjusts its carbon reduction targets to ensure alignment with the net-zero financial assets pathway by 2050, aiming to achieve the long-term targets of net-zero emissions for financial assets.

IFRS	Governance	Strategy	Risk Management	Metrics & Targets
Sustainable Financial Products	✓	✓	✓	✓
Responsible Finance	✓	✓	✓	✓
Carbon Emissions in Financial Assets	✓	✓	✓	✓

Carbon reduction targets & progress of financial assets

Lon-Term Targets » Financial assets reach Net Zero by 2050

Short- and mid-term targets (approved by SBTi)

Asset type	Targets	Progress
Listed equity & bonds (Proprietary investments)	Align scope 1+2 of investment portfolio temperature to 2.68° C by 2026 Align scope 1+2+3 investment portfolio temperature to 2.79° C by 2026	
Listed equity & bonds (Asset management)	Align scope 1+2 of investment portfolio temperature to 2.72° C by 2026 Align scope 1+2+3 of investment portfolio temperature to 2.81° C by 2026	

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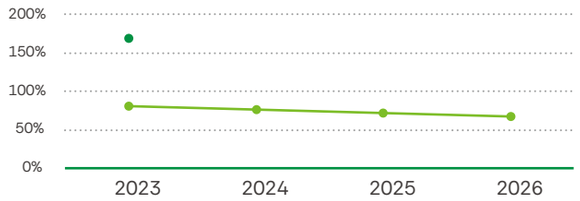
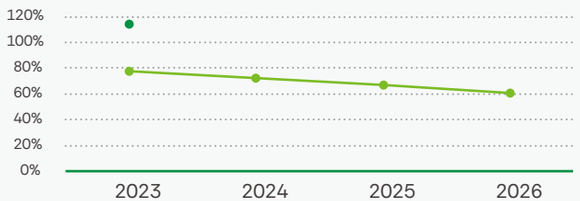
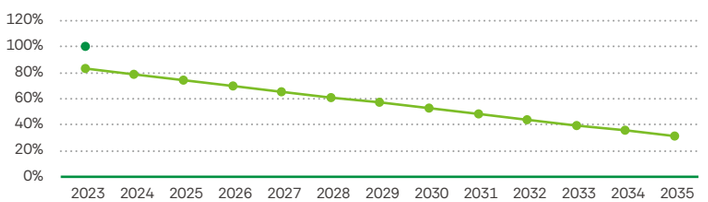
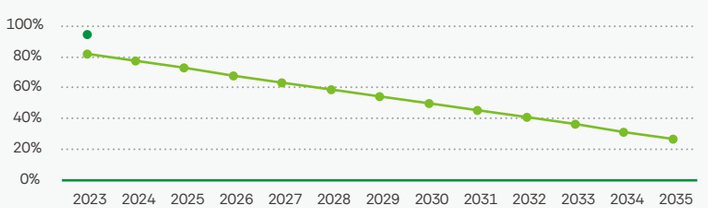
Short- and mid-term targets (approved by SBTi)

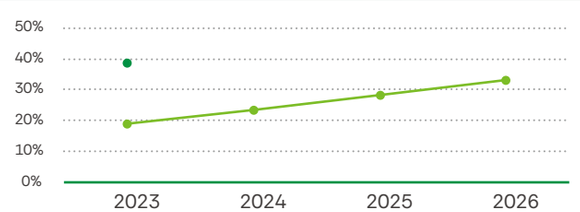
Asset type	Targets	Progress
Electricity Generation Project Finance	Reduce GHG emission per MWh 33% by 2026 from a 2019 base year	Progress of Electricity Generation Project Finance SDA Target ● SBT SDA Pathway ● Portfolio Carbon Intensity
Corporate loans — commercial real estate mortgage loan	Reduce GHG emission per square meter 39% by 2026 from a 2019 base year	Progress of Commercial Real Estate Mortgage Loan SDA Target ● SBT SDA Pathway ● Portfolio Carbon Intensity
Corporate loans — electricity generation	Reduce GHG emission 69% per MWh by 2035 from a 2019 base year	Progress of Long-Term Corporate Loans (Electricity Generation) SDA Target ● SBT SDA Pathway ● Portfolio Carbon Intensity
Corporate loans — commercial real estate related	Reduce 73%GHG emissions per square meter from the finance retail, service, food and lodging, and real estate development sectors within its other long-term corporate loan portfolio by 2035 from a 2019 base year.	Progress of Long-Term Corporate Loans (commercial real estate related) SDA Target ● SBT SDA Pathway ● Portfolio Carbon Intensity
Corporate loans — other long-term loans	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.	Progress of Long-Term Corporate Loans (other long-term loans) Portfolio Coverage Target ● SBT Portfolio Coverage Pathway ● Portfolio Seting SBTi Validated Targets











Note 1: Emission intensity fluctuates in the short term; adjustments will continue to be made to meet the targets for 2026 and 2035.
Note 2: Cathay Financial Holdings' SBT targets cover investment and credit assets of Cathay Life Insurance, Cathay United Bank, Cathay Century, Cathay Securities, and Cathay Securities Investment Trust.

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Monitor Carbon Emissions of Investment & Lending Portfolios

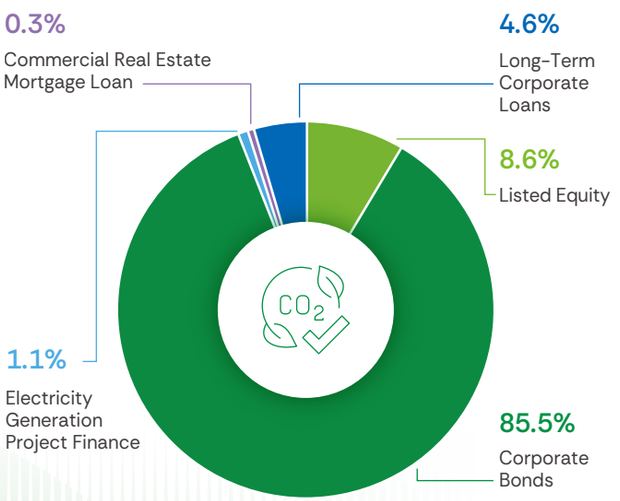
Cathay FHC has been calculating the Weighted Average Carbon Intensity (WACI) of investment portfolios based on the Task Force on Climate-Related Financial Disclosures' (TCFD) methodology since 2018. Additionally, since 2020, Cathay has been employing the Partnership for Carbon Accounting Financial (PCAF) methodology to calcualte total carbon emissions and economic carbon intensity of its financial assets. For lending portfolio, Cathay FHC has been calculating its carbon footprint 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.

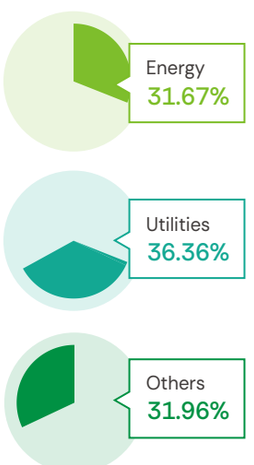
In 2023, Cathay FHC's total absolute emissions from its investment and lending portfolio amounted to 10.6 million metric tons of CO_2-equivalent (tCO_2e). More than 68% of these carbon emissions were concentrated in the energy sector and utilities sectors. Cathay FHC has adopted more proactive investments/lending management and engagement actions to accelerate low-carbon transitions of high-emission industries and mitigate climate risks associated with its assets.

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 2023



Carbon Footprints of Investment & Lending Portfolios by Industry

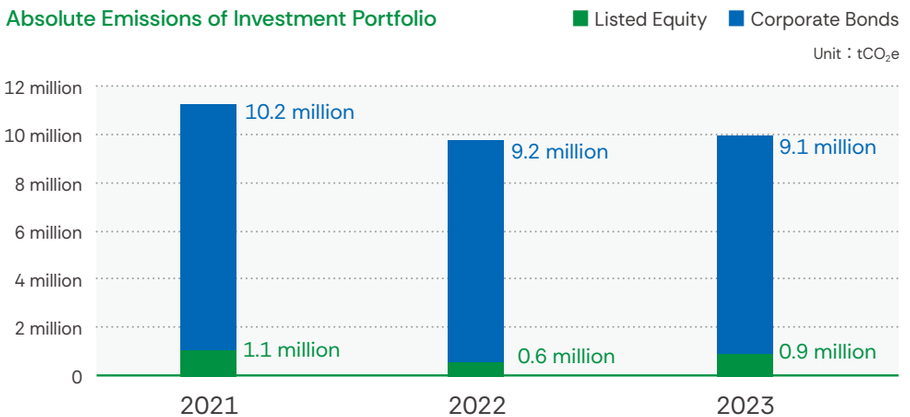


Carbon Emissions of Investment Portfolios

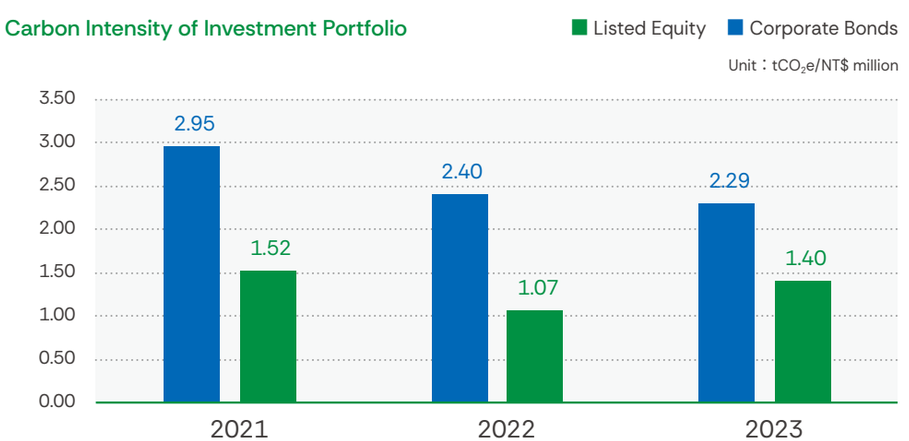
In 2023, Cathay FHC's total absolute emissions from its investment portfolio were approximately 9.97 million tCO_2e, representing a 2% increase compared to 2022. The overall data quality score was 2.44. However, in terms of carbon intensity, there was a decrease of about 4% compared to 2022. In the past three years, the carbon emissions of Cathay FHC's investment portfolio have exhibited a declining trend. For more information on the carbon footprint of Cathay FHC's investment and lending portfolio, please refer to Table 6 in the Appendix.

Note: The following charts present Cathay's proprietary investment from Cathay Life, CUB, Cathay Century, and Cathay Securities.

Absolute Emissions of Investment Portfolio



Carbon Intensity of Investment Portfolio



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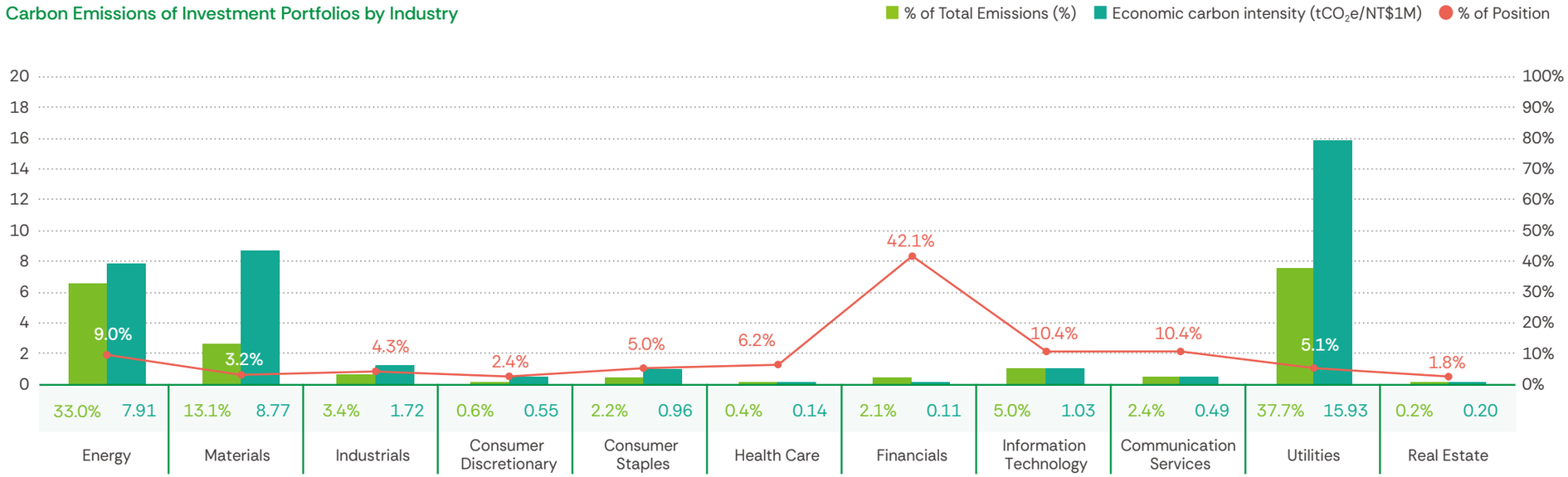
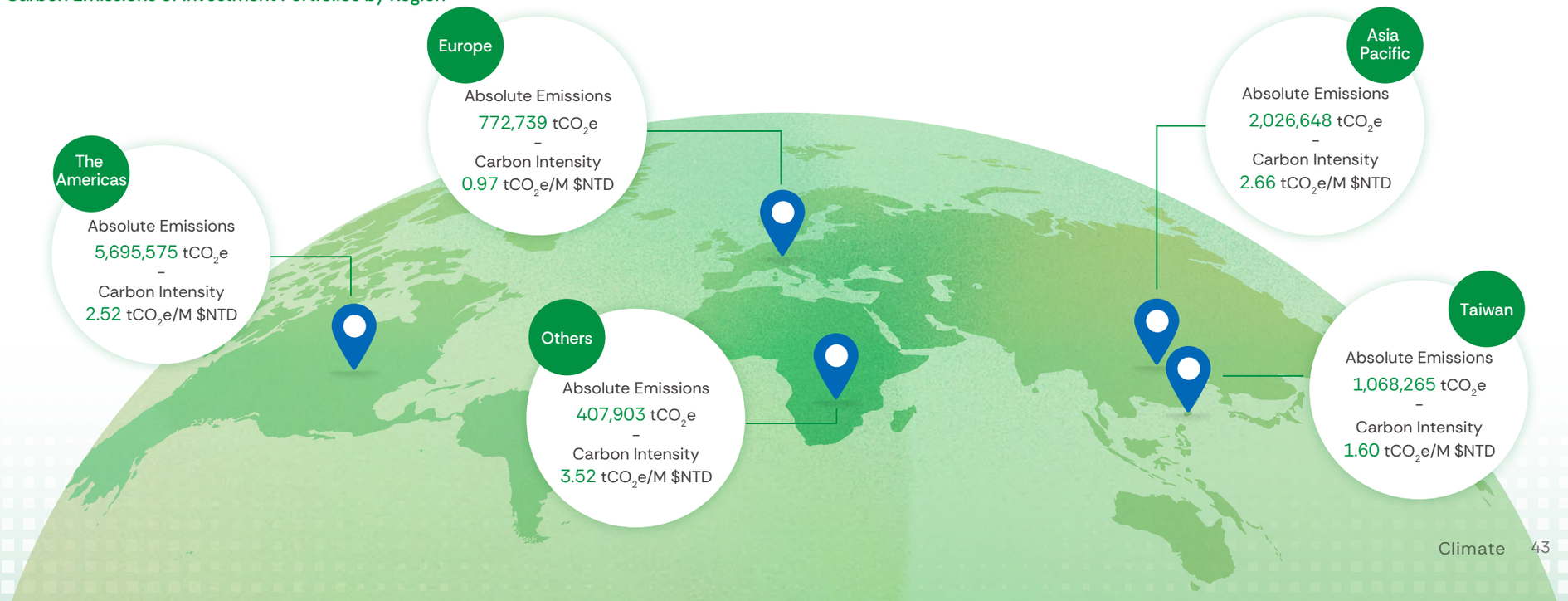
Carbon Emissions of Investment Portfolios by Industry



Carbon Emissions of Investment Portfolios by Region



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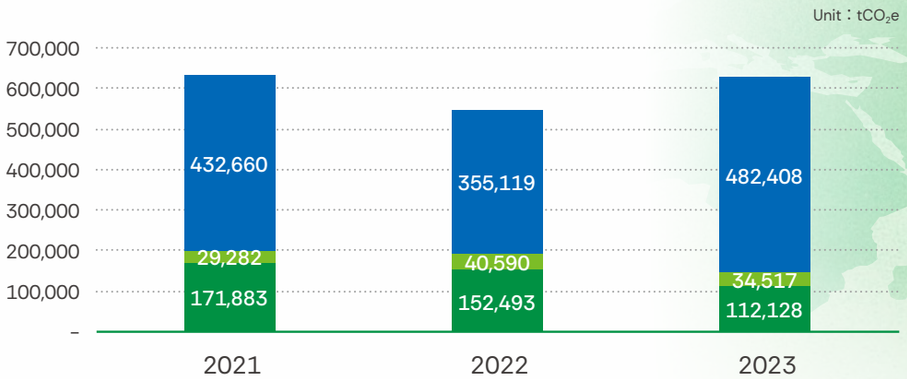
Carbon Emissions of Lending Portfolios

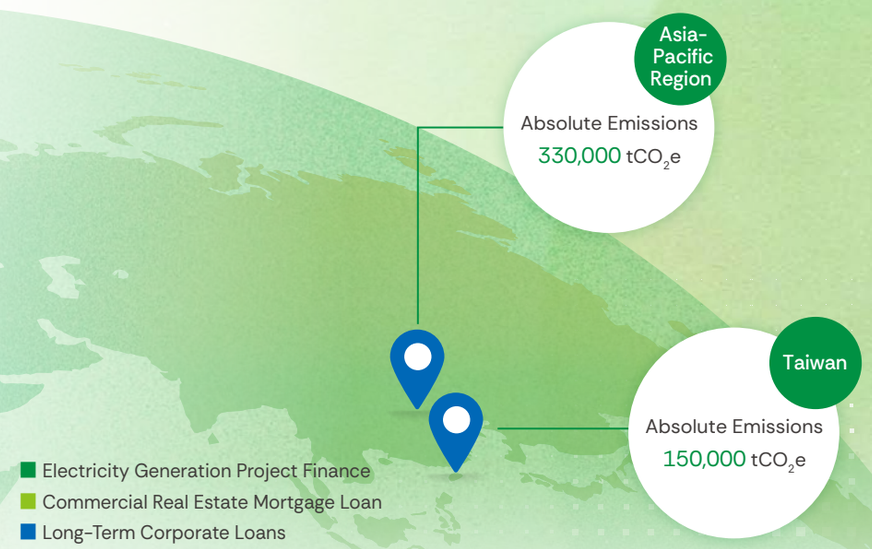
In 2023, Cathay United Bank's total absolute emissions from its lending portfolio were approximately 630,000 tCO_2e, with a data quality score of 3.82.

Note: The following charts present Cathay United Bank's lending portfolio. For more information on the carbon footprint of Cathay FHC's investment and lending portfolio, please refer to Table 6 in the Appendix.

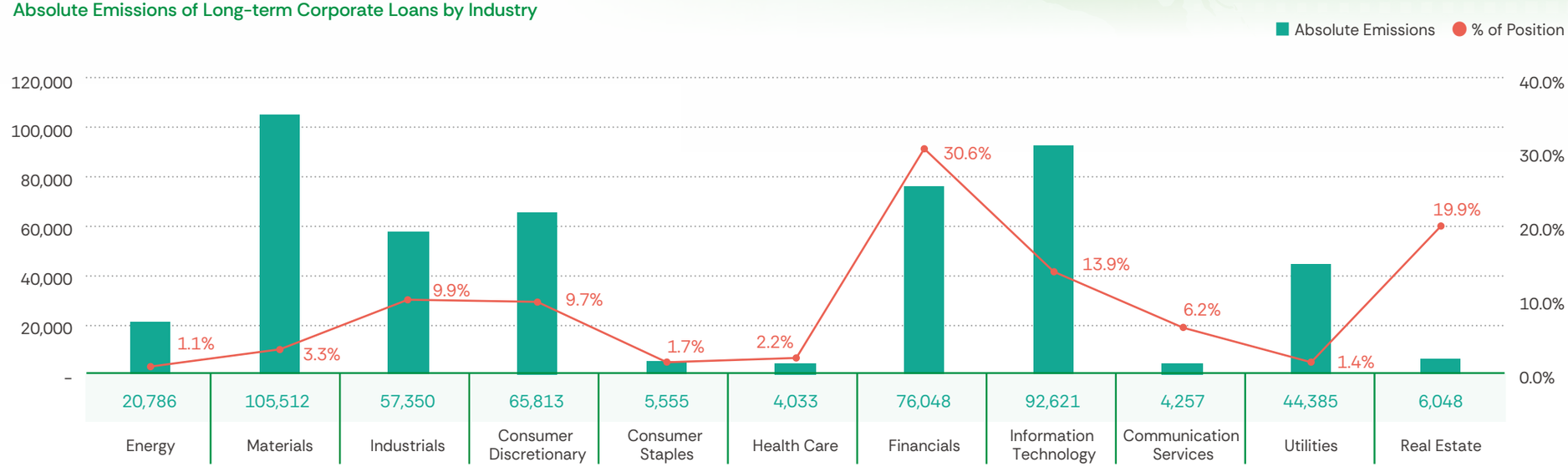
Absolute Emissions of Lending Portfolio



Total Emissions of Lending Portfolios in 2023 by Region



Absolute Emissions of Long-term Corporate Loans by Industry



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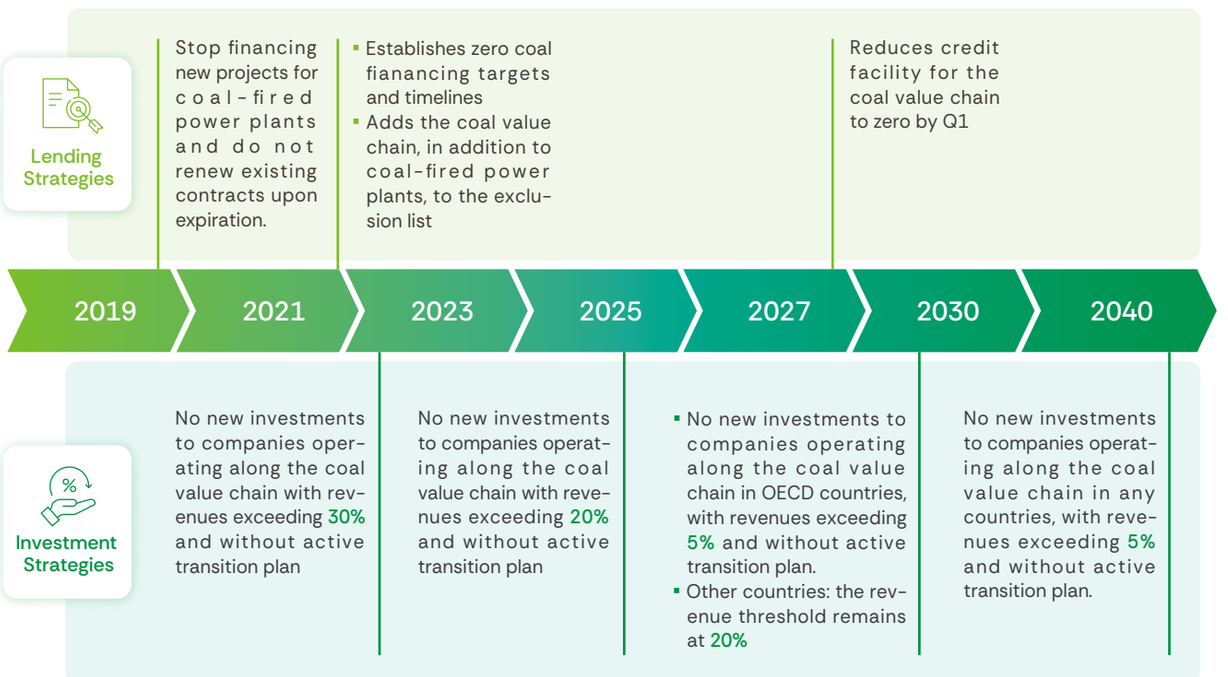
Monitor & Control High Climate Risk Factors

Coal Divestment Strategy for Investment & Lending

Cathay has established coal divestment strategy for its investment & loans. In terms of lending, CUB has been actively responding to international trends in high-carbon industries and regulatory requirements, establishing a zero coal financing 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. In terms of investments, Cathay Life added coal mining companies and coal-fired power companies with revenues exceeding 50% that have not undergone active transition plan into the "exclusion list" since 2019, making it the first Taiwanese institutional investor to take such actions. Since 2021, companies involved in coal rail freight and coal support services, whose revenues exceed 50%, have also been included in the "exclusion list," making it the first Taiwanese institutional investor to extend coal exclusion to the coal value chain. Furthermore, starting in 2022, the threshold for revenues from coal industries in which new investments are not permitted has been lowered to 30%, with medium- to long-term goals established. Cathay FHC has formulated a policy with gradual divestment strategy and objectives applicable to its subsidiaries, covering active investment strategies, passive investment strategies, and third-party managed investments , with a focus on listed equity and bonds. To Accelerate the transition of coal-fired power companies, Cathay has actively engaged in dialogue with companies, urging them to phase out coal. Since 2021, Cathay has joined the "Asian Utilities Engagement Program" (AUEP) initiated by the Asia Investor Group on Climate Change (AIGCC), collaborating with international investors to encourage large coal-fired power generation companies in Asia to pursue low-carbon transitions. For more information, please refer to the AUEP in 2.1.2 Leader in Climate Engagement Actions.



Note: The coal value chain here includes the industries in coal mining, coal rail freight, coal support services, and coal-fired power generation.

Unconventional Oil & Gas Divestment Strategy

Cathay has established a policy with divestment strategy for unconventional oil and gas investments within the group, encompassing industries such as oil sands, shale oil, and liquefied natural gas (LNG) extracted from unconventional fossil fuels. The policy covers active investment strategies, passive investment strategies, and third-party managed investments, primarily focusing on listed equity and bonds.

2023	No new investments are allowed in unconventional oil and gas companies with revenues exceeding 50% and without active transition plan.
2025	No new investments are allowed in unconventional oil and gas companies with revenues exceeding 30% and without active transition plan.
2030	No new investments are allowed in unconventional oil and gas companies in OECD countries, with revenues exceeding 20% and without active transition plan. For non-OECD countries, the threshold remains at 30%.

More Measures Targeting High Climate Risk Industries & TCFD disclosures

Cathay FHC became a TCFD signatory since 2018. By carrying out risk assessment, scenario analysis, carbon reduction strategies, information disclosures, and incorporating climate risk factors into investment and lending decisions to enhance the management of climate risk. In 2023, Cathay formulated the Climate Risk Appetite Statement. Along with the control mechanism of the statement, Cathay refers to data from external institutions, global trend considerations, and recommendations from internal experts to assess issues such as climate change, natural capital, and human rights. The control mechanism also helps the company identify sensitive industries, set limits, and integrate internal risk management processes. Cathay to regularly monitor changes in risk exposure and ensure climate risks are considered when making business decisions, strengthening Cathay's long-term resilience and contributing to a low-carbon and sustainable future. For all TCFD actions and results, please refer to 6.2.2 Climate- & Nature-Related Financial Disclosures and Cathay FHC's Climate and Nature Report 2023.

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2.1.2 Leader in Climate Engagement Actions

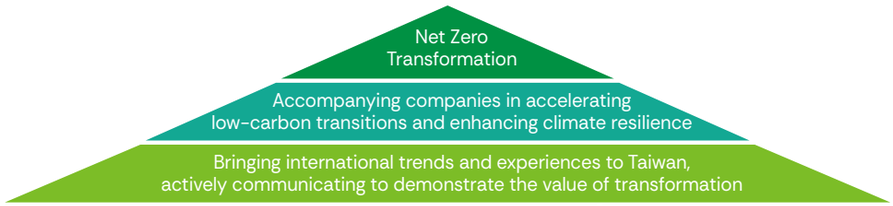
As the first financial institution in Taiwan to engage in in-depth dialogues with companies on climate issues and one of the proactive financial institutions in Asia, Cathay Financial Holdings has long been involved in climate advocacy both domestically and internationally. By leveraging experiences from abroad and bringing them back to Taiwan, Cathay actively engages and collaborates with stakeholders across the financial value chain. We aim to encourage the engaged companies to demonstrate concrete climate actions and enhance their climate resilience, collectively address climate challenges.

International Climate- and Nature-Related Initiatives and Engagement

Climate Initiatives/Engagements

By participating in international climate-related initiatives and engagements, Cathay has engaged in long-term dialogues with investee companies. We urge investee companies to better understand the severe impacts of climate risks, and assists these companies in taking action and embark on low-carbon transitions.

Climate & Nature Engagement Strategies



International Initiatives/Engagements			Corporate Engagement Actions
Climate		Nature	
▪ PCAF ▪ TCFD ▪ AIGCC ▪ CDP MDC ▪ CDP Commercial Bank Campaign ▪ CDP SME Climate Disclosure Campaign	▪ AUEP ▪ CDP NDC ▪ CDP SBT ▪ Climate Action 100+	▪ Ceres Valuing Water Finance Initiative ▪ Nature Action 100 ▪ TNFD ▪ PBAF ▪ Business for Nature ▪ Taiwan Nature Positive Initiative (TNPI)	▪ Cathay Sustainable Finance and Climate Change Summit ▪ Circular Economy Workshop ▪ Coalition of Movers and Shakers on Sustainable Finance ▪ Consistent communication with investee companies

Asia Investor Group on Climate Change (AIGCC)

Cathay's Role ▼

The AIGCC is an important climate action platform in Asia aiming to enhance the awareness of asset owners and asset managers the risks and opportunities associated with climate change and low-carbon investing, while encouraging investors to take climate actions. The CIO of Cathay FHC was invited to serve as chair since 2018 and has served a member of the Board of Directors of AIGCC since 2020. CIO Sophia Cheng leverages Cathay's years of experience and knowledge in responsible investing to offer advice and insights to various projects promoted by AIGCC, encouraging more Asian investors to take net-zero actions. Additionally, AIGCC has established eight working groups focusing on climate themes or specific markets, aiming to accelerate progress in climate action through investor collaboration.

AIGCC serves as the secretariat in Asia for The Investor Agenda initiative. The Investor Agenda released the Investor Climate Action Plans (ICAPs) in May 2021 and then the ICAPs Expectation Ladder and ICAPs Guidance in July 2023 to help institutional investors take climate action to achieve net zero emission around the world. Learn more about AIGCC.

Achievements

- Cathay FHC continues to support AIGCC affairs and is a part of five AIGCC working groups, working with international investors to advance climate action.
- In 2023, Cathay FHC acts as the speaker in five conferences organized by AIGCC, sharing Cathay's experiences in climate action and insights to the latest trends.
- Cathay sponsored AIGCC to translate ICAPs related documents into Japanese and four other languages, aiming to help Asian investors quickly understand the key points of ICAPs.

Asian Utilities Engagement Program (AUEP)

Cathay's Role ▼

AUEP was launched by AIGCC to engage seven public utility companies in Asia. Cathay FHC joined in 2021, working together with international investors to encourage public utility companies to strengthen management over climate risks and opportunities and take more initiative over coal divestment, energy transition, and other climate issues. Learn more about AUEP.

Achievements

One of the engaged companies of Cathay Life has committed to divest coal assets by 2040 and passed the SBTi Well-below 2° C target verification in 2019. To strengthen its net zero goals, the engaged company initiated an assessment of SBTi net zero methodologies in 2023 as a way to evaluate its Climate Vision 2050.

CDP SME Climate Disclosure Campaign

Cathay's Role ▼

As Taiwan's market is largely comprised of SMEs, CUB finds it critical to remove challenges confronting businesses when completing CDP questionnaires. As such, in 2013, CUB became the first financial institution in Taiwan to participate in the development of the CDP SME Corporate Questionnaire, supporting CDP in developing ideal disclosure frameworks and tools for SMEs.

Achievements

First financial institution in Taiwan participates in the development of the CDP SME Corporate Questionnaire.

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CDP Non-Disclosure Campaign (CDP NDC)

Cathay's Role

Cathay FHC has been involved as the first Taiwanese financial institution from Taiwan to join the CDP NDC since 2017. Through continuous communication via letters and phone calls, Cathay directly engages with investee companies to understand reasons for not completing CDP questionnaires and assists them in responding to these questionnaires. This engagement aims to enhance transparency in disclosing the companies' climate management measures and performances. Cathay's CIO was also invited to share her perspectives on the CDP NDC website. Learn more about CDP NDC.

Achievements

- In 2023, Cathay successfully engaged with 6 companies, with a success rate higher than the international average.
- Since 2017, Cathay FHC has successfully engaged 66 companies and 53% of these companies showed improvement in their CDP scores in the following year.

CDP Science-Based Targets Campaign (CDP SBT)

Cathay's Role

- Since 2021, Cathay FHC has been join CDP Science-Based Targets Campaign annually to urge the world's most influential companies to set carbon emission goals that align with the 1.5° C warming scenario and achieve net zero emissions from the value chain by 2050.
- In 2023, CDP called for the participation of 307 financial institutions with total assets of US$32 trillion and 60 multinational companies with annual procurement expenditures exceeding US$1 trillion. It engaged with over 2,000 companies around the world, representing Scope 1 and Scope 2 emissions of 8.3 billion tonnes and a total market cap exceeding US$2.8 trillion. Learn more about CDP SBT.

Achievements

In 2022 and 2023, Cathay successfully engaged with 98 businesses, resulting in them committing to set SBT targets, and of which 26 companies received approval from SBTi.

Climate Action 100+ (CA100+)

Cathay's Role

- The CA100+ is the world's largest investor engagement initiative on climate change, advocating for 170 high-emitting companies globally to take action on carbon reduction in line with the goals of the Paris Agreement. Since its inception at the end of 2017, Cathay Life and Cathay SITE joined as signatories, making Cathay FHC the first financial group from Taiwan to join. Cathay engages in one-on-one dialogues with all three Taiwanese companies (Formosa Petrochemical Corporation, Hon Hai Precision Industry Co. Ltd., and China Steel Corporation) identified by CA100+.
- Cathay engages deeply with individual companies during the engagement process, studying their climate progress, comparing them to their global peers, and assessing their implementation of their climate action. Several senior executives from Cathay' personally communicated with engaged corporate executives to explain their peers' net-zero actions, their performance of CA100+ Net Zero Company Benchmark, and investors' expectations. Beyond urging companies to enhance their net-zero actions, Cathay also discusses the challenges and obstacles these companies face in their net-zero transition, jointly exploring possible solutions.
- Cathay actively participates in various activities and progress meetings promoted by CA100+, providing feedback on CA100+ reports and guidelines, and proofreads Chinese versions to increase the accessibility of information and progress from CA100+ to focus companies in Taiwan. Cathay was also invited to the CA100+ Progress Update meeting to share with Asian investors how Cathay develops engagement plans and then engages with focus companies. Cathay FHC's CIO Sophia Cheng has been invited to serve as a member of the CA100+ Asia Advisory Group since 2018. Cheng attends quarterly meetings to offer suggestions on strategies and plans for the initiative's campaigns. Learn more about Climate Action 100+

Achievements

- All three engaged companies have committed to Net-Zero or Carbon Neutral targets and set short- and mid-term carbon reduction goals. One company's science-based carbon reduction target has been approved by SBTi.
- Cathay was invited to the CA100+'s 2023 Q3 Progress Update meeting to share with Asian investors how Cathay develops engagement plans and then engages with focus companies.
- Cathay was also invited to a closed-door roundtable with three Asian steel companies. Cathay, international investors and steel companies explore decarbonization challenges and opportunities for the steel industry, ensuring that Asian steel industry can transition orderly amidst the global push for accelerated transition.

CDP Municipal Disclosure Campaign (CDP MDC)

Cathay's Role

Local government and the public sector require funding for key sustainable development projects that can support their communities adapt to future climate changes. In addition, the climate crisis has brought in major financial and physical risks to the local government. It is becoming increasingly imperative for investors to accurately assess climate risks and opportunities. Disclosing information to CDP can provide standardized, and therefore comparable, environmental data and mitigate related gaps. Cathay FHC became the first financial institution in Taiwan to join the CDP MDC since 2023 and urges international investors to lend their support as well. Learn more about CDP MDC.

Achievements

The CDP MDC has successfully engaged with 204 local governments in North America, urging them to disclose environmental data to the CDP.

CDP Commercial Bank Campaign

Cathay's Role

CUB became the first financial institution in Asia to collaborate with the CDP on this project in 2023, inviting customers to complete the CDP survey, introducing them to the importance of net zero emissions and environmental management, and improving the quality of their carbon disclosure.

Achievements

- Over 70 companies participated in the CDP CBP, which has helped 16 companies acquire a CDP rating.
- First financial institution in Asia to join the CDP CPB.

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Nature-Related Initiatives/Engagements

Climate change is causing rapid changes in global ecosystems, posing a significant threat to the world economy and supply chains. Cathay has long focused on nature-related issues. In 2018, when participating in the CDP NDC initiative, Cathay included questionnaires on forest and water issues in its engagements. Recognizing that water resources are a critical natural issue worldwide, particularly for Taiwan, which faces high water scarcity risks, Cathay took further action in 2020 by becoming a member of the Ceres Valuing Water Finance Task Force. In 2022, Cathay also became a member of the TNFD Forum. Cathay has been invited for two consecutive years to participate in the World Biodiversity Summit, being the first Taiwanese company to do so. At the summit, Cathay shared how sustainable finance can incorporate nature and biodiversity into investment and financing considerations, presenting Cathay's observations, practices, and solutions. We engaged in discussions with experts from industry, government, and academia, demonstrating the commitment and contribution to protecting natural biodiversity.

International Initiatives/Engagements	Actions
Ceres' Valuing Water Finance Initiative	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 the development of Ceres Valuing Water Finance Initiative (VWFI). Ceres VWFI was established in 2022, aiming to engage 72 companies with a high water footprint. The initiatives 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. Learn more about the Initiative.
Taskforce on Nature-related Financial Disclosures (TNFD)	In 2020, Cathay recognized the emerging importance of biodiversity and officially joined the TNFD Forum in August 2022, becoming a TNFD Adopter and disclosing nature-related information in compliance TNFD Nature-related Risk and Opportunity and Disclosure Framework. Learn more about TNFD.
The Partnership for Biodiversity Accounting Financials (PBAF)	Cathay became the first company in Taiwan to join PBAF in hopes of enhancing the management of biodiversity issues within the group's asset portfolio for more systematic management of natural capital. Learn more about PBAF.

International Initiatives/Engagements	Actions
Taiwan Nature Positive Initiative (TNPI)	Cathay joined the Nature and Biodiversity Initiative Platform in December 2022, initiated by the Business Council for Sustainable Development Taiwan (BCSD Taiwan). The platform aims to promote industry engagement in nature and biodiversity conservation and to cultivate related professional talents. By participating in this platform, Cathay aims to enhance its resilience and adaptive capacity to natural risks. Learn more about TNPI.
Business for Nature (BfN)	Cathay FHC became a signatory of BfN in February 2023. The "Nature Is Everyone' s Business" Call to Action has been signed by more than 1,400 companies across 70 countries and with revenues of more than US$7 trillion, calling on governments to adopt policies now to reverse nature loss in this decade. Learn more about BfN.
Nature Action 100	Founded in 2023, Nature Action 100 is the world's first global investor-led and nature-related engagement initiative that aims to support greater corporate ambition and action on reversing nature and biodiversity loss. Cathay Life is one of the first participants in Nature Action 100, and is currently the only financial institution in Taiwan to on and join the engagement team. Cathay aims to collaborate with 190 international institutional investors to engage with 100 companies in the food, chemical, forestry, and pharmaceutical industries, which are systemically important for reversing nature and biodiversity loss by 2030. The goal is to encourage these companies to adopt proactive action to protect and restore nature and ecosystems and mitigate their own financial risks. Learn more about Nature Action 100.

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Corporate Engagement Actions

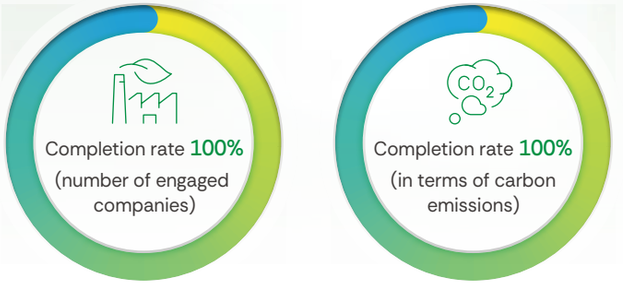
In addition to exchanging views with international partners, Cathay FHC leverages its role as a climate finance pioneer. This involves sharing sustainable trends through forums and workshops, and working with the Coalition of Movers and Shakers on Sustainable Finance to encourage high-carbon-emitting companies toward transition. Cathay continues to engage in long-term dialogues with its investee companies, guiding them to set carbon reduction targets and take concrete actions.

Forums & Workshops

Cathay Sustainable Finance and Climate Change Summit	Circular Economy Workshop	ESG: Toward Net Zero Emissions & Sustainability Forums
Our Actions Held the Cathay Sustainable Finance and Climate Change Summit for seven consecutive years, bringing together industry, government, and academia leaders from Taiwan to share global trends and explore corporate sustainability strategies against climate change. For more details on the Summit, please refer to Sustainability Story 1.	**Our Actions** ▪ CUB and Circular Taiwan Network joined forces with President Chain Store Corporation to invite ingredient and food manufacturers to a Circular Economy Workshop and explore the feasibility of a circular economy. ▪ Helped suppliers explore their current operations and brainstorm transition opportunities for circular economy adoption in their production processes, e.g. raw materials & byproducts, water, and packaging. With the workshops, CUB and President Chain Store Corporation kicked off transitions toward a circular economy along the latter's supply chain, creating a sustainability model where industry giants drive change in their industries.	**Our Actions** CUB co-hosted the forum series with CDP and ITRI to share solutions that can help customers achieve low-carbon transitions. The forums revolved around four themes: "Circular Economy Opportunities and Low-carbon Materials," "Carbon Neutrality in Smart Factories," "Outlook on Digital Technology Trends and the New Net Zero Sustainable Ecosystem," and "Net Zero Carbon Emissions and Environmental Information Disclosure."
Achievements in 2023 ▪ 4,161 online/offline registrants, incl. 1,873 companies ▪ The participating listed companies accounted for ~75% of Taiwan stock's market value ▪ The carbon emissions of these participating listed companies exceed 50% of the total carbon emissions in Taiwan.	**Achievements in 2023** ▪ 33 participating companies (major retailers as well as ingredient suppliers and food manufacturers along the supply chain) ▪ 95% participants believed a circular economy can contribute to decarbonization transformation and that circular resources offer new business opportunities such as "decarbonization & waste reduction," "increased competitiveness," and "sustainable operations."	**Achievements in 2023** ▪ 230 in-person participants ▪ 600 online livestream viewers

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 commits to engaging with more than 50% of high-carbon-emission companies within its domestic investees and lending portfolio by the end of 2025, urging the companies to set net-zero targets by 2050. For companies that have already met the aforementioned engagement goals, Cathay will encourage them to achieve even more ambitious targets and practices. In 2023, we completed engagements with 7 high-carbon-emission companies within its major domestic investment and lending portfolio. Cathay's current progress is as follows:



Item	No. of companies/percentage
Number of high-carbon-emission companies within its major domestic investment and lending portfolio (A)	13
Number of companies engaged in 2023 (B)	7
Number of companies engaged in 2023 that have established 2050 net-zero targets (C)	7
Percentage of companies engaged (Note: Numerator is number of investees and borrowers engaged in 2023; denominator is 50% of high-carbon-emission companies within its domestic investees and lending portfolio)	100%
Percentage of engaged companies that have established 2050net-zero targets (C/B)	100%

Note 1: The target setting is based on the carbon emissions of our investment and lending positions as of the end of 2022.
Note 2: High-carbon-emission companies within the major investment and lending portfolio refer to those whose financial carbon emissions account for at least the top 60% of total emissions in the portfolio. Cathay has committed to engaging with more than half of these high-carbon-emission companies (7 companies) as part of its engagement goals.

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Exercising shareholders' voting rights

As investors, financial institutions are not only responsible for considering their own interests but must also fulfill their social responsibilities by assisting companies in achieving global climate goals. By exercising voting rights, financial institutions can support environmental proposals that help to reduce corporate carbon emissions, enhance corporate information disclosure, and mitigate corporate climate risks, thereby achieving global climate goals and enhancing the long-term values of it investment portfolios. In 2023, Cathay Life 100% supported for all the environmental proposals of its investee companies. For more information and related votes, please refer to 5.2.2 Stewardship and Engagement.



Case study on Nature & Biodiversity voting proposal

- **Proposal:** Shareholder proposal for Company A – Disclosure of Packaging Materials Usage and Plastic Reduction Efforts
- **Voting Rationales:** In response to plastic pollution issues, various countries have enacted policies to increase the recyclability of plastic and reduce circulation of plastic use. With growing public concerns about plastic pollution, increased use of plastic packaging may pose financial, operational, and reputational risks to the company. Cathay thereby supports the proposal for the following reasons:
  1. While benchmark peers have developed plastic reduction goals and committed to using recyclable, reusable, or compostable plastic packaging, Company A has yet to set goals for plastic reduction from packaging materials.
  2. Though Company A has recently disclosed its use of single-use plastics across global operations, they have failed to disclose plastics used by third-party vendors, who potentially account for 60% of Company A's total sales.
  3. As there is rising global concern over the hazards of plastics, specific jurisdictions may further limit the use of single-use plastic packaging materials. As such, this proposal can help shareholders assess whether Company A is adequately managing risks from plastic usage.
- **Proposal Outcome:** Although this proposal did not pass in 2023, it received support from 32.3% of votes. n response to pressure from advocacy groups and investors, Company A also shared, included, for the first time in its sustainability report released in July 2023, the total amount of single-use plastic used in orders shipped from its distribution centers. It noted a reduction of 11.6% compared to 2021 and stated its gradual phasing out of padded plastic parcels, opting for recyclable alternatives instead.

Outcome and Case Studies of Environmental Engagement

Cathay has engaged in-depth dialogue with companies on numerous ESG issues through phone calls, emails, meetings, and AGM statements, hoping to urge investee companies to take action. In 2023, Cathay FHC undertook 104 engagements on environmental issues, mostly exploring carbon emissions, product carbon footprints, and climate change vulnerability. Note: Approaches such as solely requesting ESG data, sending out ESG questionnaires, or attending AGM or analyst meetings without further interactions are not considered as engagements.

For comprehensive information on Cathay FHC's ESG engagements, please refer to 5.2.2 Stewardship and Engagement and Table 9 in the Appendix.



Engagement Case Studies

CUB has remained attentive to industry trends and recognized the Investee Company is poised to confront changes in the external landscape, including carbon levy, stricter regulations on chemical safety, and a national commitment to net zero emissions. As a responsible investor, CUB engaged with the company on the topics of their medium to long-term Net Zero transition plan and encouraged the company to set a target of achieving carbon neutrality by 2050. This involved developing four key decarbonization strategies: transitioning to low-carbon energy, implementing energy-efficient practices within a circular economy framework, increasing the utilization of renewable energy, and integrating carbon capture technologies. The company kicked off the following climate actions in 2023. CUB will continue to track its progress and consider these outcomes when making related investment decisions:

1. In June 2022, the company assembled a sustainability committee and established its board of directors as the highest ESG governance unit.
2. Carbon Reduction Targets: With 2007 as the base year, the company aims to reduce 35% carbon emissions by 2030 and achieve carbon neutral by 2050
3. Low-Carbon Energy Transition: Replacing coal-fired furnaces with steam boilers and installing roof-top solar panels.
4. Published sustainability reports in accordance with GRI, SASB, and TCFD guidelines.



Engagement Case Studies

- **Engagement Theme:** Water Resources
- **Background:** Taiwan has scarce water resources due to rainfall patterns and our inherent geographical constraints. Company V is a semiconductor company that relies heavily on water usage in its manufacturing processes. Therefore, efficient water use is a significant ESG issue linked to its core competitiveness. Given its significant market cap and environmental impact, and its failure to complete the CDP Water Security Questionnaire, Cathay Life selected Company V as a focus company for the CDP Non-Disclosure Campaign starting in 2021, encouraging it to disclose information. Cathay Life will continue to engage with Company V as ESG ratings suggest that it can continue to improve on the issue of water resources.
- **Engagement Process:** In 2021, Cathay Life focused on engaging with companies primarily through the completion of the CDP questionnaire. They explained the importance of the CDP Water questionnaire to Company V, which had not responded to it previously. Understanding that Company V's internal team needed time to research and prepare, and recognizing the significance of the issue expressed by shareholders to the company's management, Company V committed to responding to the CDP Water questionnaire in 2023. This commitment aimed to enhance information disclosure regarding water resource management. Following Company V's commitment, Cathay Life shifted its focus in 2023 to issues such as high water intensity compared to industry peers and the status of alternative water use. Cathay Life also introduced best practices from international benchmark companies to provide Company V with reference points.
- **Outcomes:** Company V completed the CDP Water Security Questionnaire in 2023 and committed to improving their water use efficiency throughout operations.

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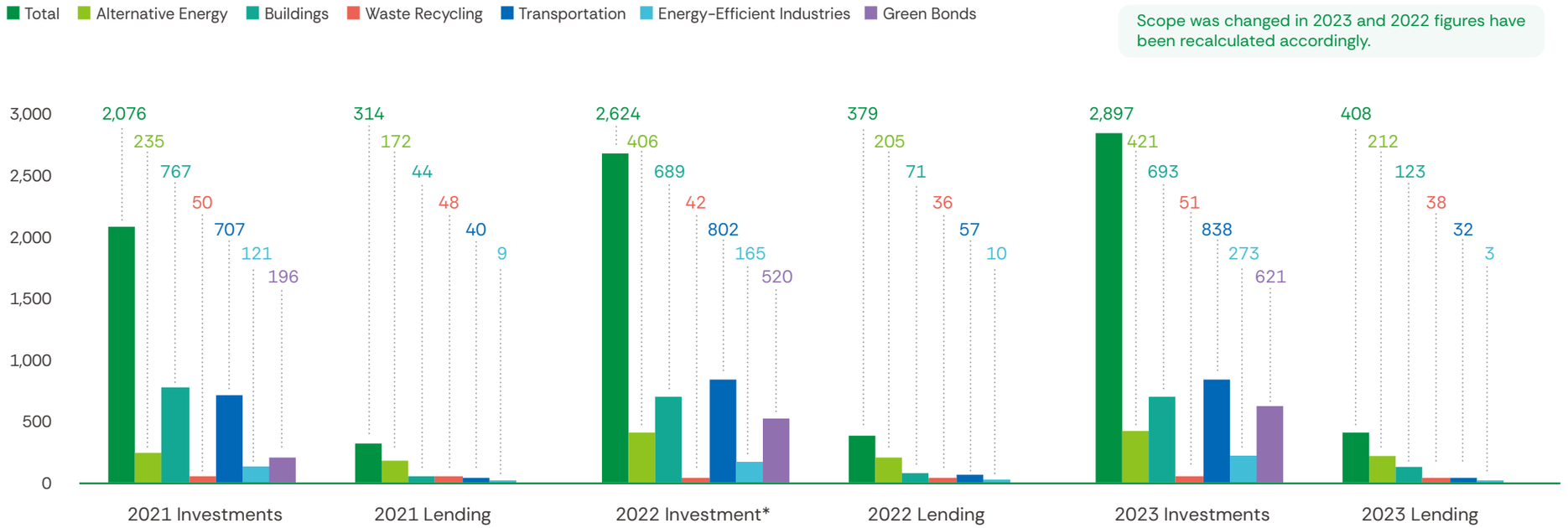
2.1.3 Comprehensive Climate Finance Solutions Provider

Cathay supports companies and industries to create opportunities for low-carbon transition or mitigate/adapt to climate change through funds or financial products and services, so that industries will become more competitive. 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 10 in the Appendix, respectively.

Low-Carbon Investment & Lending

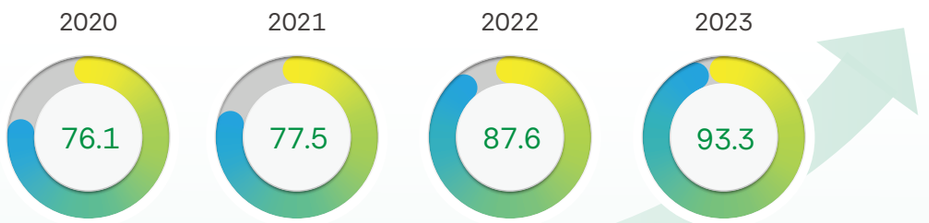
Unit: NT$100M



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 and broke records when the percentage rose to 93.3% in 2023.

Percentage of available credits for renewable energies to the electricity generation industry



As of Dec. 31, 2023 (Unit: %)

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Investments in Renewable Energy Industries



Wind Power

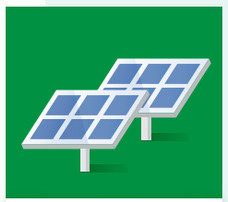
- Completes Taiwan's **1st** syndicated loan for an offshore wind farm in compliance with the Equator Principles (EPs).
- Supports the 640 MW Yunlin Offshore Wind Farm.
- Supports syndicated loan for the 605 MW Greater Changhua Offshore Wind Farm Project, spearheaded by the world's largest offshore wind developer - Ørsted A/S.

2022–2023

- Serves as financial advisor for site selection of an offshore wind project's phase 3-1, successfully helping the client secure an Energy Administration permit to develop a 500 MW offshore wind farm, increasing Cathay-funded offshore wind farm capacity to 1,373 MW.
- Underwrites 1st onshore wind farm financing project in Vietnam.

Recognized by The Asset's Renewable Energy Deal of the Year – Wind

2016 | 2022 | 2023-2024



Solar Power

Co-arranges Sunny Rich Group's NT$8.88 billion syndicated loan:

Supports phase 1 of the 130 MW fishery and electricity symbiosis project in Yizhu Township, Chiayi.

Co-arranges and supports Sunny Rich Group's syndicated loan, signed in January 2024, for phase 2 of 242 MW of their renewable energy project.

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 merged its solar power plants. The venture was renamed Cathay Power. Cathay Life increased its equity ownership of Cathay Power to 70% and became the first life insurance company in Taiwan to establish a solar power subsidiary. Cathay Life has a wealth of experience in power generation assets and operations through direct investments in solar power projects and the Cathay Power subsidiary. As of 2023, Cathay Life has invested a total of NT$4.28 billion, and the grid-connected installed capacity is now at 458.9MW. Cathay aims to play a crucial role in the government's energy transition policies and bridging the gap between supply and demand for renewable energy, thereby ensuring renewable energy access to more Taiwanese companies.

CUB provided loans for 111 solar power stations in Taiwan in 2023, with a total installed capacity of 156 MW. As of the end of 2023, loans have been approved for 2,700 solar power stations in Taiwan and abroad, with a total installed capacity of 1,045 MW and annual carbon reduction benefits of 0.63 million metric tons. [Note]

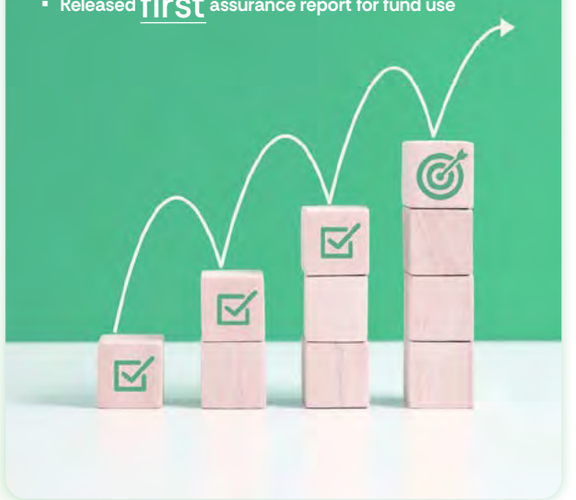
Note: Calculated based on Taiwan's average solar PV capacity factor of 13.65% in 2023 announced by the Taiwan Power Company and electricity emission factor of 0.495kgCO_2/kWh in 2022 announced by the Bureau of Energy.

Green Time Deposit Program

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 2023, over 40 companies across transportation, electronics, chemical engineering, retail, machine tool, and construction industries have carried out the Green Time Deposit Program, undertaking a total of NT$30 billion. Funds from the Program 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 green finance principles and third-party advisors, the first assurance report over use of Program funds was published in September 2023.

Achievements of the Green Time Deposit Program in 2023

- Carried out by over **40** companies
- Undertook over NT$**30** billion
- Released **first** assurance report for fund use



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Sustainability-Linked Loan (SLL)

CUB is pushing for sustainability-linked loans, customizing KPIs for enterprise customers to assess their sustainability progress and then providing loans accordingly. As of the end of 2023, CUB's approved facility amount was NT$48 billion, which is provided to nearly 60 enterprise customers across Taiwan, Hong Kong, the Philippines, Singapore, and Australia and covers industries such as electronic components, construction materials, real estate, textile, retail, F&B, medical equipment, leasing, public utilities, etc.

2023 Sustainability-Linked Loan Milestones

May	CUB Manila Branch (Philippines) extended three loans, due for renewal, as SLLs. The three lenders are affiliated companies to one of CUB's SLL customers in 2022, making it one of the most successful case studies of cross-selling sustainable financial instruments.
June	CUB Singapore Branch underwrote an SLL to a shipping company, marking the first time Cathay has served as an arranger for a syndicated SLL to a shipping vessel in Singapore. Two KPIs (carbon reduction compared to the previous period and third-party ratings) were set to measure carbon reduction outcomes.
November	CUB Hong Kong Branch underwrote two SLLs, one each for water affairs and real estate, and was recognized for "Outstanding Vision for SSL Metrics" at the "Hong Kong Green and Sustainable Finance Awards" organized by the Hong Kong Quality Assurance Agency (HKQAA), making it the first Taiwanese bank to take home the award for two consecutive years.

Case Study

CUB underwrote an SSL to a chemical producer in 2023 and established KPIs for energy consumption, water withdrawal, and waste per unit production in consideration of the company's significant energy consumption and high pollution nature. Cathay also noticed that, in recent years, the company's energy consumption and water withdrawal per unit production have been higher than peers, but that the company is taking remedial action. They have purchased several energy-efficient facilities and are reusing reclaimed water through wastewater plants. The company therefore can be realistically expected to conserve water and energy consumption, which is why Cathay has opted for more ambitious goals. In addition, the company produces less waste per unit production than its peers and also recycles and reuses most of its waste, which is why the waste goal is not as ambitious as the other two KPIs. To verify their information, the company commits to publishing its first independently assured sustainability report in the following year, which can help determine its progress toward sustainability performance targets (SPTs) and improve its communication with stakeholders.

Green Bonds

Green Bond Investments

As of the end of 2023, invested a total of NT$62.1 billion in domestic and international green bonds, a 19.4% increase from 2022.

Green Bond Underwriting

- In March and May of 2023, CUB participated in the underwriting of TSMC's green bonds listed on the Taipei Exchange. The bond issuance volume is NT$40 billion with terms to maturity ranging between five 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, and local exhaust gas treatment facilities to increase energy use efficiency.
- In June 2023, CUB underwrote green bonds for a French bank. Funds from the sale will be used for renewable energies, eco-friendly transportation, green buildings, etc.
- Cathay Securities is an active supporter of eco-friendly and green enterprises, assisting with their fund-raising efforts. In 2023, it participated in underwriting five green bonds for companies such as TSMC, Taipower, and Far Eastern New Century. The bond issuance volume reached approximately NT$1.3 billion, representing a growth of approximately 36% compared to the previous year.

Sustainability Bond Underwriting

CUB underwrote four international sustainable development bonds in 2023 - for Société Générale and Standard Chartered in February, for Société Générale in June, and for Korea Expressway Corporation in July. Société Générale's sustainability bond 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$55 million with a ten-year maturity.



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Green Insurance

Cathay Century launched Renewable Energy Industry Insurance and Bicycle Insurance to support environmental sustainability. In 2023, it introduced PCAF methodologies for insurance emissions to take stock of carbon emissions from insurance product portfolios. Milestones of Cathay Century's green insurance efforts are as follows:

Renewable Energy Industry 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, helping the renewable energy sector strengthen its competitiveness and professionalism. In 2020, Cathay Century founded the Energy Infrastructure Team to develop solar power projects and offshore/onshore wind farms, underwriting an additional NT$28.07 billion in insurance policies.
Bicycle Insurance	In June 2018, Cathay Century launched Taiwan's first "Public Bicycle Accident Insurance" and "Public Bicycle Third-party Liability Insurance." As of 2023, ten cities and counties across Taiwan - Kaohsiung, Tainan, Taipei, New Taipei, Taoyuan, Miaoli, Pingtung, Hsinchu, and Kinmen, providing coverage for over 117 million bike rides and mitigating risks for public bicycle users.
Carbon Intensity of Insurance Product Portfolio	▪ In 2022, Cathay Century incorporated the principles of the "EU Taxonomy for Sustainable Activities" and adopted the CRO Forum's methodology, researching and calculating carbon intensity for car insurance (main product) and power plants (energy sector). ▪ In April 2023, Cathay Century adopted PCAF methodologies to determine the carbon footprint for its insurance product portfolio.

Carbon Intensity of Insurance Product Portfolio

As of Dec. 31, 2023

	Item	Absolute Emissions (CO_2e/t)	Emission Intensity (tCO_2e/Unit of Currency)	Data Quality
Commercial Insurance	Commercial Fire Insurance	33,765	8.72	3.10
	Engineering Insurance	1,428	2.79	4.82
	Marine Insurance	4,844	13.60	3.62
	Liability Insurance	8,431	4.25	4.23
	New Insurance	619	1.59	4.31
	Total	49,087	6.90	3.63
Private Car Insurance		280,763	17.74	3.24
Total		329,850	14.38	3.36

Note 1: Absolute emissions, Economic carbon intensity and Data quality are calculated based on the methodology developed by the Partnership for Carbon Accounting Finance (PCAF).
Note 2: The Data quality scoring standard is 1-5 points. The lower the score (the higher the quality), the more accurate the data obtained.

Green funds

The Cathay Sustainable Development PE fund invests solely in critical industries for sustainable development in Taiwan. The fund has pledged NT$8 billion and, in 2023, reached NT$6.8 billion in actual paid-in capital, after deducting distributions from reduced capital. 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, two energy storage projects, one EV project, one new agriculture project, and one wind power supply chain project.

Investments cover 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 (incl. IoT smart machinery, 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 (estimated to generate 1,950 GWh annually) 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.
Solar Power	Estimated to generate 500 GWh annually.
Waste Resin & Waste Paint Residue Treatment	Processes up to 1,425 metric tons and 17,100 metric 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.

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Innovative Products

Sunshine Green Benefit Debt STO

In November 2023, Cathay Securities was granted approval to start a Security Token Offering (STO) in collaboration with the parent company of Sunny Founder, GRINNODOT, launching Taiwan's first Sunshine Green Benefit Debt STO. Cathay Securities collaborated with Cathay Digital and Data Development Center's blockchain team to issue security tokens, providing enterprises with alternative fund-raising channels beyond traditional listings. This initiative helped companies issue 3,000 security tokens to professional investors, raising NT$30 million in funds.

Learn More about Sunshine Green Benefit Debt STO



Preferential Mortgage Plans for ESG Company Employees

Cathay Life launched Preferential Mortgage Plans for ESG Company Employees to encourage companies to pursue ESG. Under the program, employees of outstanding ESG companies (RE100 signatories headquartered in Taiwan and the 100 businesses recognized by the CommonWealth Excellence in Corporate Social Responsibility Award) can apply for preferential mortgage plans. As of January 2024, Cathay Life has received 60 mortgage applications and approved 34.

Learn more about Preferential Mortgage Plans for ESG Company Employees

Corporate Catastrophe Services

Exchange of Experiences in Actual Losses

To increase internal risk assessor's risk awareness and professional capabilities relating to solar power system frameworks, in 2023, Cathay Century continued to use the "Solar Power Puzzle Model" to support education and training for employees. In addition, Cathay SITE collaborated with Eos Rhea Metis Ltd. (ERM) to study wind damage mechanisms on photovoltaic equipment and then developed risk potential maps based on major meteorological factors. Drawing on the damage and risk assessment practices from Typhoon Soudelor in 2014, these topics were shared at loss-control seminars to enhance disaster awareness and risk mitigation among solar industry stakeholders.

1 Strengthen employee's professional capabilities & risk control in the industry

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.

2 Exchange experiences with enterprise customers

Offers customers more credible experiences, enabling them to adopt optimal measures to prevent loss and damage.

Annual Loss Control Seminar

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. In 2023, with the pandemic easing, Cathay Century held three loss control seminars to share insights on "Composite Corporate Operational Risks," "Cybersecurity Risks," "Corporate Sustainability and Green Energy," and other trending topics.

Corporate Loss-Control Consulting

Cathay Century has applied natural disaster models since 2020 to help companies control risks and reduce operational loss from natural disasters. The models simulate scenarios of loss and damages from climate change, and help Cathay Century offer suggestions to enterprise customers for greater resilience against natural disasters.

Risk	Natural Disasters (Typhoons, Floods & Earthquakes)	Rainstorms & Floods	Solar Power Risks
Action	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.	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.	Cathay Century conducted on-site surveys and collected information to assess risks and provide suggestions on defending solar farms against typhoons.
Achievements	▪ Between 2012 and 2023, Cathay Century compiled 289 risk assessment reports on typhoons, floods, and earthquakes to help enterprise customers and internal underwriting units. ▪ Cathay Century provided 183 risk assessment data sets from internal underwriting units to enterprise customers inquiring about typhoon, flood, and earthquake insurance, providing a total of 472 data sets between 2012 and 2023.	From 2013 to 2023, 18 service cases were completed.	From 2015 to 2023, 67 solar facility risk assessments were conducted.

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Sustainable Environment - Achievements

- Cathay FHC's Chief Investment Officer Sophia Cheng attended the Climate Group Asia Action Summit to share Cathay's experience with carbon reduction
- Supported RE100's Taiwan Energy Market Briefing and was invited to a meeting with Taiwan members to share Cathay's experience with green leasing
- Supported Taiwan's carbon credit trading system by trading over US$200,000 for high-quality carbon credits from the Taiwan Carbon Solution Exchange (TCX), which accounted for one-quarter of the total amount expended for first order
- Cathay's green landlord services were recognized by the World Business Council for Sustainable Development (WBCSD), and we shared our green energy solutions with the world at COP28

Sustainability Strategy Blueprint- Sustainable Environment

Key Initiatives	2023 Achievements	Short-term Goals (2024)	Mid-term Goals (2025)	Long-term Goals (2030)
Strategy 1 » **2050 Net Zero Operations - 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**				
1. 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 2. Digital Management of Energy Data: Manage electricity use for grey and green energy and optimize energy allocation	Fulfilled RE100 commitment to increase renewable energy use to 17,950 MWh or 16.5%	Fulfill RE100 commitment to increase renewable energy use to 22.7% for all Taiwan locations	100% use of renewable energy at Cathay FHC, Cathay Life, CUB, Cathay Century, Cathay Securities, and Cathay SITE HQ	100% use of renewable energy use at Taiwan business locations, and 60% use of renewable energy at global business locations by 2030
	Compared with 2022, set up a total of 158 energy management systems (EMS) in 2023 to monitor and control 25% of total electricity consumption for better energy conservation	Enhance Power Management and Energy Conservation Efforts: Compared with 2022, set up a total of 178 energy management systems (EMS) in 2024 to monitor and control 39.4% of total electricity consumption for better energy conservation	Compared with 2022, set up a total of 193 energy management systems (EMS) in 2024 to monitor and control 54.8% of total electricity consumption	Compared with 2022, monitor and control 65% of total electricity through energy management systems
	In 2023, installed solar capacity on CUB's proprietary buildings was 270.78KW, reaching 335% of the installed capacity in 2020	▪ Cathay Life: Reach 2,000KW (or 1,000% of the installed capacity in 2020) in installed capacity from onsite self-use PV systems ▪ CUB: Reach 366.645KW (or 454% of the installed capacity in 2020) in installed capacity from onsite self-use PV systems	▪ Cathay Life: Reach 5,000KW (or 2,500% of the installed capacity in 2020) in installed capacity from onsite self-use PV systems ▪ CUB: Reach 403.99KW (or 500% of the installed capacity in 2020) in installed capacity from onsite self-use PV systems	▪ Cathay Life: Reach 7,500KW (or 3,750% of the installed capacity in 2020) in installed capacity from onsite self-use PV systems ▪ CUB: Reach 499.465KW (or 618% of the installed capacity in 2020) in installed capacity from onsite self-use PV systems
	Cathay Life, CUB, and Cathay SITE introduced internal carbon pricing (ICP) campaigns in their electricity saving competition in 2023	Influence Employee Behavior via ICP: Continue to incorporate internal carbon pricing (ICP) campaigns into electricity saving competitions in 2024 and roll out ICP across the entire group		

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Key Initiatives	2023 Achievements	Short-term Goals (2024)	Mid-term Goals (2025)	Long-term Goals (2030)
Strategy 2 » **2050 Net Zero Operations - Green Operation: Mobilize operations, digitalize services, and share workspaces in order to incorporate sharing and circulation into planning and creation of a low-carbon workplace**				
	Note 1	Stay on course with the 1.5° C scenario by ensuring annual reduction of 4.2% and 11.7% cumulative reduction from 2020, as well as linking the performances of Cathay FHC and subsidiary presidents to carbon reduction outcomes	Stay on course with the 1.5° C scenario by ensuring annual reduction of 4.2% and 21% cumulative reduction from 2020, as well as linking the performances of Cathay FHC and subsidiary presidents to carbon reduction outcomes	Stay on course with the 1.5° C scenario by ensuring annual reduction of 4.2% and 42% cumulative reduction from 2020, as well as linking the performances of Cathay FHC and subsidiary presidents to carbon reduction outcomes
	Note 1	Conduct Scope 3 (operations) GHG inventory		
	Launched Project WFH 2.0, conducted aptitude and site inventory, and completed software/hardware development, procurement, and other prep work to transition internal network equipment into virtual desktops	Complete VDI OA roll out for Cathay Life and CUB, with pilot testing in Cathay Life first; install VDI OA for 15% of eligible employees	Continue VDI OA roll out for Cathay Life and CUB; install VDI OA for 30% of eligible employees	
1. Workplace Transformation: Renovate office space to create a flexible, shared working complex; increase productivity with measures such as working from home (WFH)	Cathay Life, CUB, and Cathay Century continued to add innovative new workspaces and have now added 20 innovative new workspaces since 2020	Add 25 innovative new workplaces (compared with base year of 2020)	Add 31 innovative new workplaces (compared with base year of 2020)	Add 57 innovative new workplaces (compared with base year of 2020)
2. Digitalize operations/services to reduce carbon footprint	In 2023, Cathay Life, CUB, and Cathay Century completed carbon footprint verification for 60% of primary products, including life insurance, property insurance, unsecured consumer loans, small deposits/payments via ATMs, and residential mortgage services	Reduce carbon footprint by digitalizing services and commit to verifying carbon footprints for 66.7% of main products in 2024	Reduce carbon footprint by digitalizing services at Cathay Life, CUB, and Cathay Century and commit to verifying carbon footprints for 77.8% of main products in 2025	Reduce carbon footprint by digitalizing services at Cathay Life, CUB, and Cathay Century and commit to verifying carbon footprints for 100% of main products in 2030
	In 2023, Cathay FHC's per capita water consumption was 14.6 m^3 (Note 2)	Per capita water consumption: 12.67 m^3	Per capita water consumption: 12.5 m^3	Per capita water consumption: 11.95 m^3
	In 2023, Cathay FHC's per capita waste was 27.9 kg (Note 3)	Per capita waste: 25.6 kg	Per capita waste: 25.3 kg	Per capita waste: 22.9 kg
	In 2023, Cathay invested NT$570M in green procurement, exceeding the NT$50M criteria for recognition as an Outstanding Enterprise in Green Procurement	▪ Receive recognition from the Ministry of Environment as an Outstanding Enterprise in Green Procurement ▪ Increase investments in green procurements by 3% annually (comparing with 2023) starting from 2024		▪ Receive recognition from the Ministry of Environment as an Outstanding Enterprise in Green Procurement ▪ Reach NT$700M in green procurements by 2030
	-	Offer EV cab services to employees on company business		

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Key Initiatives	2023 Achievements	Short-term Goals (2024)	Mid-term Goals (2025)	Long-term Goals (2030)
Strategy 3 » **2050 Net Zero Operations - Green Real Estate: Furnish an ecosystem of low-carbon buildings and drive industry participation in the energy transition**				
1. Green Landlord Project: Bring in renewable energy to support customers with their transition efforts and offer accessible and local renewable energy	In 2023, Cathay Life acquired one gold LEED (U.S.) certificate. Currently, the company has 14 valid green building certificates across 12 buildings.	Secure Green Building Certification (TW) or LEED (US) certification for all new buildings after 2023		
2. 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	CUB completed green retrofitting for 41 branches, with 24% of CUB branches now meeting environmentally friendly standards	All green retrofitted branches in 2024 complies 100% with environmentally friendly standards, with 25% of CUB branches meeting environmentally friendly standards	All green retrofitted branches in 2026 complies 100% with environmentally friendly standards, with 35% of CUB branches meeting environmentally friendly standards	All green retrofitted branches in 2030 complies 100% with environmentally friendly standards, with 45% of CUB branches meeting environmentally friendly standards
	Encouraged renewable energy use at Class A Office Buildings in Taipei City's Xinyi & Dunnan commercial areas. To date, Cathay has wheeled over 13,000 MWh renewable energy and now offers green leasing contracts at 7 commercial buildings	Encourage commercial buildings in the six special municipalities to adopt green leasing practices & offer green leasing at 28 commercial buildings	Encourage commercial buildings in the six special municipalities to adopt green leasing practices and provide at least 15 GWh of renewable energy annually	Encourage commercial buildings across Taiwan to adopt green leasing

Note 1: This target is a new target for 2024, so the achievement status in 2023 has not been disclosed yet.
Note 2: Due to the expansion of the scope of operations, the expected target of 12.82 m^3 in 2023 was not achieved, and more effective control methods will be developed.
Note 3: Due to the increase in operating scope and personnel, the expected target of 26.2 kg in 2023 was not reached, and more effective control methods will be developed.

2.2 Sustainable Environment

Material Issues: Environmental Impact of Operations

IFRS	Governance	Strategy	Risk Management	Metrics & Targets
Operations environmental impact	✓	✓	✓	✓

2.2.1 Green Energy

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 11 and 12 respectively in the Appendix.

Around 90% 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.

Cathay FHC's Green Energy Achievements in 2023

Increase Use of Renewable Energies

1. In 2023, Cathay consumed 17,950 MWh of renewable energy, accounting for 16.5% of the group's total energy use in Taiwan and surpassing Cathay FHC's 2023 target of 10%
2. Cathay FHC's Chief Investment Officer Sophia Cheng attended the Climate Group Asia Action Summit to share Cathay's experience with carbon reduction
3. Supported RE100's Taiwan Energy Market Briefing and was invited to a meeting with Taiwan members to share Cathay's experience with green leasing
4. Supported Taiwan's carbon credit trading system by trading over US$200,000 for high-quality carbon credits from the Taiwan Carbon Solution Exchange (TCX), which accounted for one-quarter of the total amount expended for our first order

Deploy Energy Management Systems (EMS)

1. CUB: CUB added seven new locations and has now deployed EMS to 153 branches, managing up to 61% of total energy use
2. Cathay Life: Installed and tested EMS on five buildings

Internal Carbon Pricing (ICP)

ICP was introduced to electricity saving competition, related achievements are as follows:

1. Cathay Life
   - Energy Conserved: ~700,000kWh
   - Carbon Reduced: ~343 tCO_2e
   - Employees impacted by electricity saving competition: 29,771
2. CUB
   - Energy Conserved: ~541,854kWh
   - Carbon Reduced: ~268 tCO_2e
   - Employees impacted by electricity saving competition: 6,031

Install Solar Panels

1. Cathay Life: Installed solar panels on two buildings (TAINET Communication System Building & Taichung Wufeng Building) with installed capacities of 85.3kW and 9.9kW
2. CUB: Added 5 solar-powered branches in 2023, increasing total installed capacity to 270kW, which is 335% of 2020 levels

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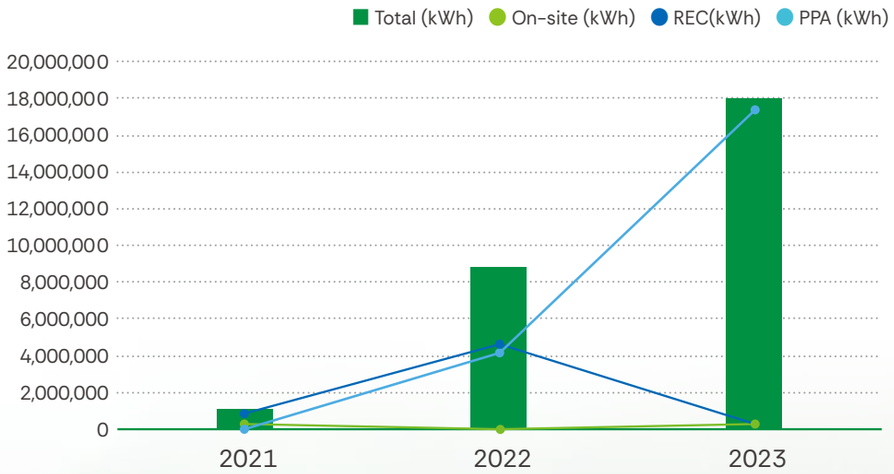
Fulfill RE100 Commitment & Increase Use of Renewable Energies

- In 2022, Cathay wheeled 100% renewable energies to six company HQs and used 8,813,652kWh of renewable energy. In 2023, Cathay consumed 17,950 MWh of renewable energy, accounting for 16.5% of the group's total energy use in Taiwan and surpassing Cathay FHC's 2023 target of 10%.



- CIO Sophia Cheng was invited to attend the Climate Group Asia Action Summit in Singapore to share Cathay's experience in carbon reduction and exchange ways to reduce emissions, showcasing Taiwan's green energy experience and history to the world



- Supported RE100's annual market report of Taiwan and was invited to a meeting with Taiwan members to share Cathay's experience with green leasing. Cathay was also a main sponsor of RE100's 2022 Taiwan Energy Market Briefing and was invited to the RE100 Annual Meeting to share Cathay's green leasing program and how it helped small and medium energy users acquire green energy.





- In 2023, Cathay purchased over US$200,000 for carbon credits, which accounted for one-quarter of the total amount expended for the first order Carbon credit is one of the ways to offset carbon emissions. In addition to reducing carbon emissions from company operations, Cathay is also seeking to leverage the impact of financial institutions to support sustainability. The company has stated that Cathay FHC is currently dedicated to empowering customers' carbon reduction initiatives and has prioritized driving the transition to low-carbon industries. In the future, Cathay will continue to capitalize on core financial functions to channel capital into low-carbon transition solutions, connect with the world, and exert influence for sustainability. To also support carbon credit trading, CUB has developed Trust Services for Carbon Credit Prices and integrated receiving, payment, and clearing mechanisms, acting as a clearing house to help bolster Taiwan's carbon credit trading system.



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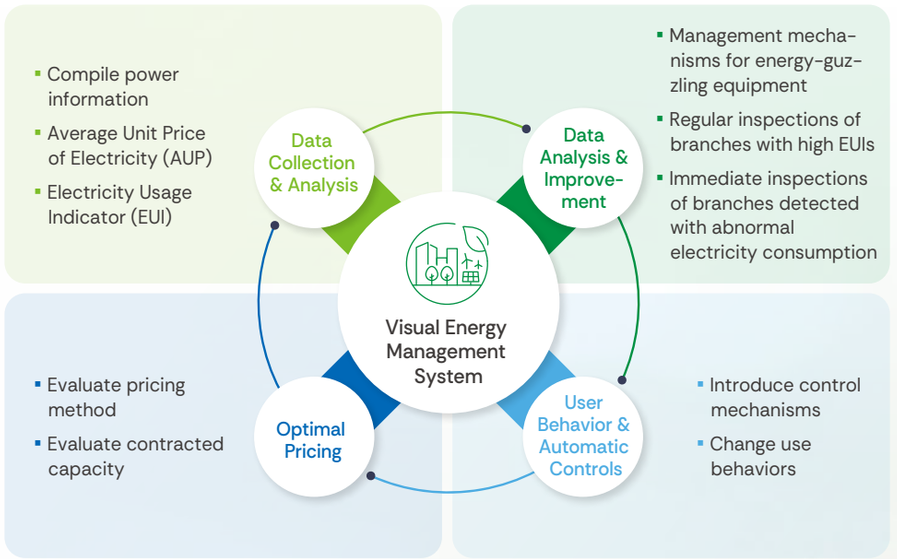
Energy Management Systems (EMS) Rollout

In 2020, CUB rolled out its first EMS. By the end of 2023, CUB has deployed EMS in over 90% of branches, allowing it to have real-time access to electricity use on the cloud and execute energy improvement plans for each branch. In the future, CUB seeks to expand EMS coverage, strengthen energy conservation awareness campaigns, and replace energy-intensive equipment. Cathay Life also kicked off their EMS plans, aiming to manage at least 60% of total electricity use by 2025.



Adopt Carbon Pricing Mechanisms

Cathay has passed the Science Based Targets (SBT) audit and sets annual GHG reduction targets. To enhance the group's carbon management, Cathay has introduced Internal Carbon Pricing (ICP) to provide a basis for carbon-related decision-making and management. Various carbon reduction strategies are developed for different scopes to support the group's decarbonization plan and encourage the gradual shift to carbon fees. These fees are then invested in a low-carbon transition fund, creating a positive cycle and increasing employee awareness of the cost of carbon emissions, thereby enhancing the overall effectiveness of Cathay FHC's sustainable development efforts.

In 2023, Cathay FHC started planning and carrying out the ICP Program; the cost of removing one metric tons of carbon emissions was calculated at USD100. The ICP Program was first rolled out in Cathay Life and will be later rolled out to affiliated companies in 2024. Cathay Life also introduced ICP mechanisms through energy conservation events, which helped reduce 343 metric tons of carbon emissions and NT$4.85 million of carbon fees. The saved carbon fees were given out as rewards to units successful with carbon reduction, encouraging all Cathay employees to adopt energy- and carbon-efficient practices in their daily lives. The carbon fees were also used to purchase carbon credits and acquire green building accreditation so that the carbon fees are reinvested into the Zero-Carbon Operation Transition Plan.

Cathay Life ICP - Energy Conservation & Carbon Reduction Campaign

- Period: April to September 2023
- Eligibility: All Cathay employees (around 500 units)
- Rewards: Carbon fees saved from energy conservation & carbon reduction efforts X Reward multiplier (%) = Cash reward
- Cash Prize: Rewarded to regional offices, business units, HQ, and service centers
- Achievements: Reduced 343 metric tons of carbon and saved NT$4.85 million in carbon fees



Install Solar Panels

CUB has acquired renewable energy certificates (RECs) by installing roof-top onsite self-use PV systems on proprietary buildings. In 2023, CUB added five more solar-powered branches (Tongde, Xinshu, Duxing, Fengyuan, and Qingshui). Since 2013, CUB has built eight solar-powered branches with a total installed capacity of 270kW that has generated 325,000kWh annually - the equivalent of reducing 160.9 metric tons of carbon emissions. In 2024, CUB plans to add six more solar-powered branches, adding the total installed capacity of solar power to 500kW. In 2023, Cathay Life also installed solar panels on two buildings - TAINET Communication System building & Taichung Wufeng Building - with installed capacities of 85.3kW and 9.9kW, respectively. With the two new solar systems, Cathay Life now has a total installed capacity of 513kW.

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2.2.2 Green Operation

Note: Includes green procurement in the upstream as well as low-carbon products and service flows in the midstream.

Cathay FHC has launched three workplace strategies - Mobilize Operations, Digitalize Services, and Share Workspaces - to echo green operation concepts. The company seeks to manage the GHG emissions of products to reduce carbon footprints by digitalizating work processes and performing Life Cycle Assessments (LCA)[Note] on products. Cathay commits to completing carbon footprint verification for 85% of major financial products and services by 2030 and will also seek to minimize per capita water consumption and waste to reduce the company's impact on the environment. For progress in green operations, please refer to Table 12 in the Appendix.

Three Workplace Strategies

Cathay FHC's Three Workplace Strategies

Digitalize Services

Actions

- Carbon Labels: Obtained ISO 14067 - Carbon Footprint of Products for main financial products and services and leveraged service digitalization to lower carbon emissions across product's life cycle.
- Digitalization: Implemented audited individual printer use, set up dual screens to eliminate need for paper-based cross checking, and digitalized administrative processes. Cathay has also adopted electronic insurance policies and now offers remote insurance enrollment services, encouraging customers to complete transactions on digital platforms (e.g., Cathay Securities' "Alpha" Chatbot)

2023 Achievements

1. Carbon Labels
   - Cathay Life: Completed the 2021 Carbon Footprint Verification for Life Insurance Services and identified carbon footprints of each life insurance policy as 2.58 $kgCO_2e$, which is the lowest among similar effective carbon-labeled products, represents a 27% reduction from the base year of 2016, and once again eligible for Ministry of Environment's Carbon Reduction Label.
   - CUB: In 2021, CUB completed ISO 14067: Carbon Footprint Verification for their unsecured consumer loans and became the first bank in Taiwan to secure Carbon Label and Carbon Reduction Label from the Ministry of Environment for this service; in 2023, they received ISO 14067: Carbon Footprint Verification for "Small ATM Deposits/Payments" and "Residential Mortgage Services," once again becoming the first bank in Taiwan to receive both the Carbon Label and Carbon Reduction Label for its "Residential Mortgage Services."
   - Cathay Century: Established "Product Category Rules for Carbon Footprints" in 2019 and became the first and only property insurance provider to secure Carbon Labels in 2020. Each property insurance policy has a carbon footprint of 1.8 $kgCO_2e$. With consistent efforts to digitalize services and work flows, Cathay Century has reduced carbon emissions by 10.3% from the base year of 2018 and once again received a Carbon Reduction Label in 2021.
2. Paper Conservation:
   - Cathay Life: Through remote and digitalized services, conserved 77.13 million sheets of paper in 2023, which is the equivalent of the length of 15.2 Taipei 101 buildings and 494 metric tons of carbon emissions.
   - CUB: Actively promoted digital finance tools, digitalized administrative tasks, audited individual printer use, and minimized printing meeting materials, saving 296.62 million sheets of paper.
   - Cathay Century: Conserved 471 million sheets of paper by offering insurance enrollment via mobile devices and digital platforms.
   - Cathay Securities: Conserved 35.49 million sheets of paper with service digitalization

Mobilize Operations

Actions

Launched Project WFH 2.0, converting internal network equipment into virtual desktops that allows external networks to connect to the Virtual Desktop Infrastructure Office Automation (VDI OA). Company information is stored in remote server rooms to prevent information leaks.

2023 Achievements

- Cathay Life: Adopted VDI devices, transforming personal computers into VDI laptops, which is estimated to reduce energy consumption by 60%. Estimated to introduce VDI OA to 15% of employees in 2024.

Share Workspaces

Actions

Defined departments suited for hybrid working models through communication, assessments, and surveys, thereby creating a new workplace model that increases employee happiness while also reducing energy consumption and carbon emissions.

2023 Achievements

- Cathay Life: Planned to develop five shared workspaces and completed all five. Shared workspaces are now available on the second, sixth, and twelfth floors of HQ; the sixth floor of the Xinyi Anhe Building, and one floor in Zhanye Annan's building, which totals five shared workspaces.
- CUB: Planned to develop six shared workspaces and completed four of them. Completed three shared workspaces (B1, 11F & 13F) in the Songren HQ Building in 2022 and completed one workspace (18F) for new working models in 2023.
- Cathay Century: Planned to develop 12 shared workspaces and completed 12 of them, including six shared workspaces in 2022. Completed renovations in six workspaces (5F, 7F & 9F of HQ; Beigang Liaison Office; South Taiwan Branch & Kaohsiung Liaison Office; and Zhongzheng Liaison Office) in 2023, which totals to 12 shared workspaces

2023 Carbon Labels

ISO 14067 Accreditation	5	CUB: 3 Cathay Life: 1 Cathay Century: 1
Ministry of Environment Carbon Labels	4	CUB: 2 Cathay Life: 1 Cathay Century: 1
Ministry of Environment Carbon Reduction Label	4	CUB: 2 Cathay Life: 1 Cathay Century: 1

Photos of Carbon Labels


bsi.
Opinion Statement
Product Carbon Footprint
Verification Opinion Statement
making excellence a habit.

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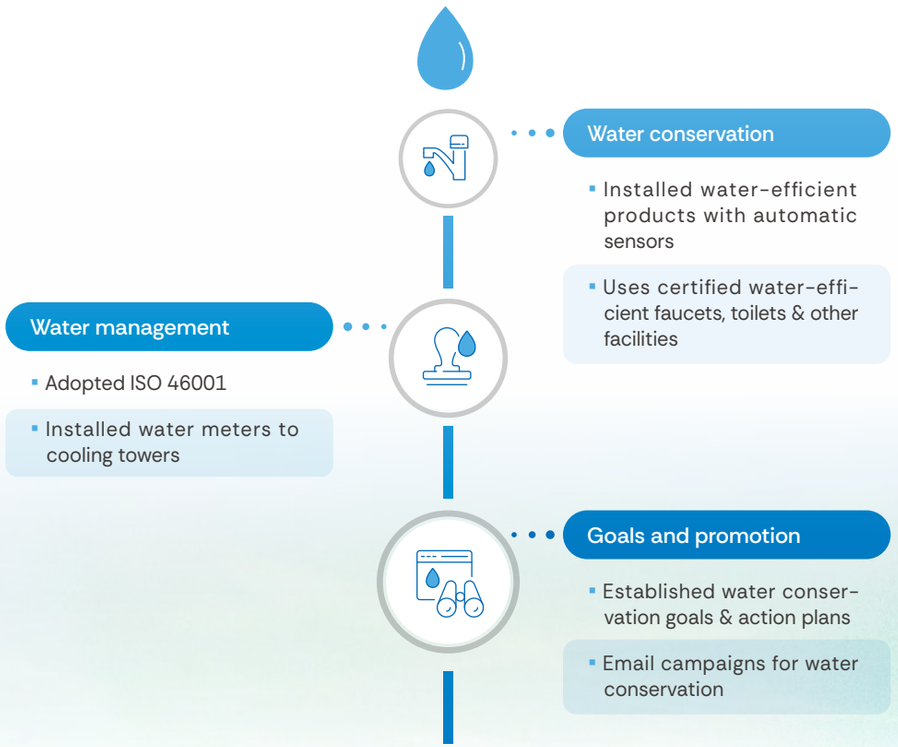
Water Management

In recent years, climate change has indirectly impacted water cycles and rainfall patterns, making water one of the critical challenges to the modern world. As such, Cathay FHC has established a per capita water consumption goal for 2024 of 12.67 metric tons. To achieve this goal, Cathay FHC has adopted ISO 46001 - Water Efficiency Management Systems and received BSI verification.

Cathay FHC's Water Management



Waste Reduction

The financial services sector produces only domestic waste and general recyclables and does not produce toxic waste. Cathay FHC commits to reducing per capita waste to 25.6kg by 2024 and is taking the following measures to reduce waste within its scope of operations and generate positive impacts on the environment:

Principles	Actions
Inventory & Reduce Use	▪ Regularly review waste spreadsheets for more insight into the collection of waste-related data and make necessary recycling changes as soon as possible ▪ Organize incentive programs to discourage the use of disposable tableware and encourage employees to bring their own reusable cups and utensils when buying beverages or eating out
Recycling & Reuse	▪ CUB has been a part of the ASUS Foundation's Recycling Computer, Project of Hope since 2017. Under the project, old computers (system units, monitors, and laptops) are donated to the ASUS Foundation, refurbished, and then donated to underprivileged communities or remote areas. The project extends the product's life cycle by preventing & reducing waste, recycling, and reusing the product, thereby ensuring sustainable consumption and production. As of the end of 2023, 13,048 computers have been donated. ▪ CUB also prioritizes leasing over purchasing for many equipment such as company cars, multi-function printers, currency-counting machines, bill-binding machines, and binding machines.

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Sustainable Procurement

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, but Cathay recognizes our responsibilities to reduce supplier impact on environmental sustainability as they provide products or services to any Cathay entities. As the first financial institution around the world to incorporate ISO 20400 - Sustainable Procurement Guidance, Cathay manages the supply chain in compliance with the Sustainable Procurement Guidelines, has developed the Cathay FHC Sustainable Procurement Policy, and ensured all Cathay suppliers have signed the Cathay Financial Holdings Statement of Sustainability Values.

Objectives

Cathay firmly believes in enforcing green procurement into its Procurement Management Regulations and prioritizes products with eco-friendly, green energy, and water conservation labels. Cathay FHC has adopted the ISO 20400 - Sustainable Procurement Guidelines since 2018 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.



Cathay FHC's 2023 Sustainability Supplier Conference

Impacts

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.

2023 Highlights from Green Supply Chain Management

Green Procurement	Statement of Sustainability Values	Sustainable Procurement	Supplier Conference
▪ NT$ 566 million ▪ Received the Taipei City Government's "Green Procurement Outstanding Enterprise" for the 13th consecutive year	▪ 100% suppliers signed the Cathay Financial Holdings Statement of Sustainability Values	▪ Offered education and training, with 100% of suppliers completing educational training in 2023. Cathay will continue to promote awareness of sustainability issues.	▪ Organized an in-person supplier conference in 2023 where Cathay explored sustainability issues with suppliers, supported the Ministry of Environment's Private Enterprises and Organizations Green Procurement Program, and encouraged suppliers to apply for green certificates

Results

Note: For sustainable procurement between 2021 and 2023, please refer to Table 13 in the Appendix.

Sustainable Supplier Management

New Supplier Selection

New suppliers are required to sign related guidelines and undergo documentary reviews
- Fill out basic information for review
- Sign the Cathay Financial Holdings Statement of Sustainability Values
- Participate in sustainable procurement training
- Complete the supplier self-assessment

Supplier Maintenance

- Supplier self-assessment survey
- Review

→ Annual supplier evaluation →

- Announce annual evaluation results & engage accordingly
- Request high-risk suppliers to take remedial action

Technical Evaluations of Major Projects

Rate solution technologies → Prioritize sustainable products

Sustainability Leader

Organize sustainability-related training → Evaluate supplier's sustainable practices

(Online) Supplier Training

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2.2.3 Green Real Estate

Cathay FHC believes that finance and sustainable development are both important considerations when investing, developing, and managing commercial real estate. As such, the company committed in 2017 to comply with green building standards and acquire Green Building Labels (TW) for any new buildings developed or invested by Cathay FHC. The company estimates that, by 2030, 45% of bank branches will be renovated to comply with environmental protection standards. We are committed to developing a low-carbon real estate ecosystem. Cathay intends to roll out the "Green Real Estate Rental Program" to all proprietary buildings in Taiwan by 2030. This will allow Cathay to offer renewable energy to SMEs in these buildings and propel us into energy transition.



New green building accreditation in 2023

- Taiwan Green Building Labels - Silver
- Taiwan Green Building Labels - Total
- LEED Certification - Gold
- LEED Certification - Total

Low-Carbon Architecture

Cathay Life established the "Responsible Property Investment and Management Policy" to ensure appropriate use of Earth's resources when investing in real estate; enhance the company's returns from real estate; control investment and operational risks; and fulfill the company's responsibility to the planet's ecosystems and environmental protection. Starting in 2016, Cathay required architects commissioned to design buildings invested in or developed by the company to comply with green building standards. Beginning in 2023, all new buildings that have acquired a building permit have also acquired the Green Building Label or the U.S. LEED certification. In 2023, Cathay Life acquired one gold LEED (U.S.) certificate. Currently, the company has 14 valid green building certificates across 12 buildings.

Green Branches

CUB now considers sustainability when renovating and refurbishing branches. This includes an assessment checklist of green construction materials that are now checked while reviewing designs to ensure that over 60% of the total area utilizes green construction materials; covering outside spaces with greenery; and installing EV charging stations. For instance, the outside walls of Mingcheng Branch is coated with thermal-insulation paint to reduce reliance on air conditioning. The Branch is also equipped with a system to water outside landscapes with recycled air conditioning wastewater. Similarly, at the Ruihu Branch, more than 65% of the outdoor area is covered in greenery and there are spaces allocated for YouBike stations. In 2023, CUB finished renovations for 13 branches, all of which were renovated in compliance with eco-friendly designs. Currently, over 24% of CUB branches have been renovated and redesigned to be more energy efficient.

CUB's Green Branch Efforts in 2023

Green Energy	Green Real Estate	Green Operations
▪ 8 solar-powered branches across Taiwan ▪ Total installed capacity (solar panels) is 270 kW, generating 325 MWh and reducing 160.9t carbon emissions a year	▪ Renovated 13 branches to full compliance with environmentally friendly standards ▪ 24% CUB branches renovated	▪ Passed ISO 14001 & ISO 50001 certification ▪ 100% LED lighting deployment ▪ Passed ISO 14067 - Carbon Footprint certification for ATM/coin deposit machine and residential mortgage services. ▪ 1st in Taiwan to secure Carbon Label and Carbon Reduction Label for residential mortgage services.

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Green Landlord

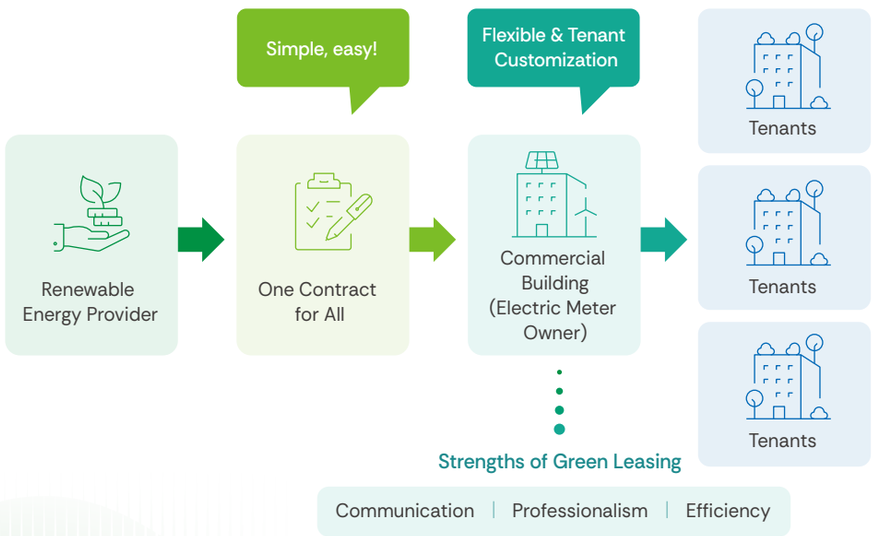
Currently, in Taiwan, renewable energy supply lags behind demand and most companies are tenants in larger buildings and, therefore, multiple users under a single electricity account number. As building tenants, these companies have to initiate three-party agreements with landlords and energy providers. To simplify this complicated process, Cathay Life collaborated with the MoEA in 2022 to offer Green Leasing Program 2.0. Under this program, Cathay Life purchases renewable energy on behalf of its tenants and then allocates renewable energy according to each tenant's annual RE100 targets, streamlining the process for acquiring renewable energies. In 2023, the company held two information sessions to promote the Green Leasing Program and successfully engaged with 18 companies (20 leased unitsNote) and they joined the program. The Program was also praised by the World Business Council for Sustainable Development (WBCSD), and Cathay was invited to share this renewable energy acquisition solution to the world at COP28.

Note: One customer with multiple leased units is still considered one customer.

2023 Green Landlord Achievements

- Welcomed 18 companies to the project & offered access to renewable energy
- Organized 2 information sessions on green leasing
- Supplied 1,349kWh in renewable energy to customers

WBCSD praises Cathay's Green Leasing Program



2.2.4 Environmental Protection Campaigns

Developing our natural environments and biodiversity are the next common challenges confronting the world after climate change. To support sustainable ecological development and fulfill SDGs, Cathay has joined international nature initiatives (e.g., TNFD, PBAF, Business for Nature). Cathay FHC's CIO Sophia Cheng has been invited to share Cathay's insights and solutions at the World Biodiversity Summit (WBS), held by the World Climate Foundation (WCF) for Climate Week NYC, for two consecutive years. Cathay has undertaken a wide range of eco-friendly efforts and inspired employees, youth, and business partners to protect our environment. For example, in 2023, Cathay FHC subsidiary - Cathay Life - created a position specifically to promote environmental education and energy conservation measures. Each month, Cathay Life screens a CSN video on environmental protection and has reached over 30,000 employees, raising their awareness of environmental protection. The company also stepped out of the office and into Taiwan's great outdoors to learn about the importance of environmental conservation and protecting our natural environments, working together to restore Taiwan's ecosystems. For more information on natural environments and biodiversity initiatives, please refer to 2.1.2 Engagement Strategies for Climate & Nature.

Initiatives & Education
- Cathay FHC and its subsidiaries supported CommonWealth Magazine's "Do One Thing for Tamsui River" campaign to restore Tamsui River
- Cathay FHC supported in Earth Hour & turned lights off for one hour
- Cathay Life screens a CSN video on environmental protection each month, which has raised sustainability awareness in over 30,000 employees.

Beach Cleanups
- 1,260 participants
- 17 cleanup sessions
- Removed 2,996.5kg of marine debris

Mountain Cleanups
Removed 164kg of alien species

Tree Planting
Planted 420 trees

Waste Reduction
Donated a cumulative total of 13,845 computers as of the end of 2023

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A beach cleanup at the North Coast National Scenic Area, organized by Cathay SITE's Fun Club, was supported by 20 employees and interns.

In 2023, CUB hosting the first event to remove small-leaf spiderwort from Yangming Mountain and carve out more space for native species.





CUB's beach cleanup & environmental education event at Keelung's Heping Island & National Museum of Marine Science and Technology.

Cathay Life supporting the Life Insurance Association's "Insure Earth" campaign, co-organizing a series of beach cleanups with 21 life insurance providers. Pictured is one of Cathay Life's campaigns across three counties (Pingtung, Kinmen, and Lianjiang).



01 Cathay FHC & its subsidiaries supporting CommonWealth Magazine's "Do One Thing for Tamsui River" campaign to restore Tamsui River.

02 Cathay FHC supports Earth Hour with affiliated businesses such as Cathay Hospitality Management, Ally Logistic Property, etc.



CUB's beach cleanup in Changhua and educational event at the Wanggong Story House. Beach cleanups and educational campaigns in Changhua and Keelung are part of CUB's efforts to support the International Coastal Cleanup's campaign to protect marine environments.

Cathay Securities & Cathay Futures' Tree Planting Event, co-organized with the Chishang Township Office and social enterprises, plants endemic stout camphor trees and Taiwan ebony seedlings to offset 5 metric tons of carbon emissions annually. Carbon reduction impacts will continue to grow with the seedlings and support sustainability.

Cathay Life's "Thank You! Beach Cleanup" has been a staple since adopting three beaches - in Longfeng (Miaoli), Budai (Chiayi) & Donggang (Pingtung) - in 2017 to support the Ministry of Environment' s Adopt-A-Beach program.

CUB & Cathay Securities have been a part of the ASUS Foundation's "Recycling Computer, Project of Hope" since 2017. Under the project, old computers (system units, monitors, and laptops) are donated to the ASUS Foundation, refurbished, and then donated to underprivileged communities or remote areas.



國泰金控
Cathay Financial Holdings

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03 Health

3.1 Health Promotion
3.2 Financial Health

According to S&P's key trends in sustainable development of 2024, the adverse health effects of climate change are expected to have direct economic impacts, such as a financial strain on healthcare systems, reduced productivity from working in hotter temperatures, and the devastating consequences of global pandemics. These impacts will draw greater attention from governments and businesses worldwide. Furthermore, COP28 has, for the first time, formally integrated health into its agenda, culminating in the signing of the COP28 UAE Climate and Health Declaration. This marks a historic global acknowledgment of the health impacts of climate change. In response, Cathay FHC leverages its core competencies to offer comprehensive services and products that address physical, mental, and financial health. The company also strives to provide its employees with safe workplaces and promotes health initiatives aimed at enhancing employee wellbeing, thus contributing to the overall societal move toward shared prosperity.



Health Promotion - Achievements

Expanding the Health Ecosystem

- In 2023, our FitBack app connected other industries part of the health ecosystem to extend health missions to a wide range of daily scenarios to better raise awareness for health management
- Partnered with ITRI to launch cognitive function testing, which has been utilized by over 280,000 individuals

Health Promotion & Charity

- In 2023, 54 billion steps were contributed to Every Step Counts, and NT$6.7 million were allocated to charity
- Through the Weight-Loss Contest, the number of employees with BMIs over 24 was reduced by 16.5%, promoting health among Cathay employees

Building a Senior Health Safety Net

- 1.75 million visits to Cathay's online platform for older adults "Splendid Life"
- Cathay Life and the University of Taipei collaborated on a USR project to help older adults with physical fitness and health. Participants above the age of 65 exhibited better cardiorespiratory endurance, lower-limb muscle endurance, and agility than 50% of their peers in the same age group

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Sustainability Strategy Blueprint- Health Promotion

Key Initiatives	2023 Achievements	Short-term Goals (2024)	Mid-term Goals (2026)	Long-term Goals (2030)
Strategy 1 »	**Expand the ecosystem of promoting physical and mental health: raise awareness for physical and mental wellbeing, as well as accident prevention; foster the ability to monitor and manage their own health among the public; reiterate the value of ex-ante "prevention" and ex-post "reimbursement"; and exert our influence for the general wellbeing of all humanity.**			
Promote the FitBack App (including spillover-effect products): introduce diverse health missions through cross-industry collaborations to create a health ecosystem, and utilize spillover-effect insurance to provide additional coverage or premium discounts.	More than 1 million members participated in health promotion projects	Reach 1.2 million participants (members) for health promotion projects	Reach 1.6 million participants (members) for health promotion projects	Reach 2.4 million participants (members) for health promotion projects
	Helped 760,000 members manage their health and provided health management services 13.33 million times per month	Help 900,000 members manage their health and provide health management services 14.64 million times per month	Help 1.2 million members manage their health and provide health management services 17.34 million times per month	Help 1.8 million members manage their health and provide health management services 24.31 million times per month
Increase health insurance coverage for citizens: Visit all customers with insufficient coverage	Extended full health insurance coverage (daily hospital indemnity ≧ NT$2,000) to 2 million people, an increase of more than 40,000 people over the previous year	Extend full health insurance coverage (daily hospital indemnity ≧ NT$2,000) to 95,000 new policyholders in a given year	Extend full health insurance coverage (daily hospital indemnity ≧ NT$2,000) to 100,000 new policyholders in a given year	
Employee Health Services Plan: Offer diverse health-promotion activities, stress monitoring and employee assistance program (EAP), and occupational safety measures	2023-2024 employee health exam implementation (once every two years)	Continue to offer health promotion activities. Help more than 50% of employees maintain a healthy BMI	Continue to offer health promotion activities. Help more than 51% of employees maintain a healthy BMI	Continue to offer health promotion activities. Help more than 53% of employees maintain a healthy BMI
	Offered emotional support programs to employees and helped 90% of employees maintain their well-being	Continue to offer emotional support programs to employees and help 80% of employees maintain their well-being		Continue to offer emotional support programs to employees and help 85% of employees maintain their well-being
	CUB and Cathay Life maintained ISO 45001 standards	CUB and Cathay Life maintain ISO 45001 standards		Cathay FHC, Cathay Life, CUB, Cathay Century, Cathay Securities and Cathay SITE obtain ISO 45001 certifications
	Note 1	Achieve a 75% cancer screening rate among general employees	Achieve an 80% cancer screening rate among general employees	Achieve an 85% cancer screening rate among general employees
1. 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. 2. Anti-Drug Campaigns on Campus: Promote anti-drug education in schools to enhance students' anti-drug insight	Hosted 410 promotional events for Accident-Free loss control projects	Host 450 promotional events for "Accident-Free" loss control projects	Host 560 promotional events for "Accident-Free" loss control projects	Host 800 promotional events for "Accident-Free" loss control projects
	Reached 87% awareness for the Accident-Free Rider Project and 79% correct response rate for the Accident-Free Bicycles Project	Reach 82.5% awareness for the Accident-Free Rider Project and 72.5% correct response rate for the Accident-Free Bicycles Project	Reach 86% awareness for the Accident-Free Rider Project and 76% correct response rate for the Accident-Free Bicycles Project	Reach 90% awareness for the Accident-Free Rider Project and 80% correct response rate for the Accident-Free Bicycles Project
	Cathay volunteers visited 1,361 schools to conduct anti-drug campaigns	Cathay volunteers aim to visit 1,450 schools to conduct anti-drug campaigns	Cathay volunteers aim to visit 1,550 schools to conduct anti-drug campaigns	Cathay volunteers aim to visit 1,600 schools to conduct anti-drug campaigns
	Anti-drug Outreach Program: Reached 2.2 million people with the anti-drug anti-drug Air Force, Army and Navy Project	Anti-drug Outreach Program: Reached 2.2 million people with the anti-drug anti-drug Air Force, Army and Navy Project	Anti-drug Outreach Program: Reach 3 million people with the anti-drug anti-drug Air Force, Army and Navy Project	Anti-drug Outreach Program: Reach 3.4 million people with the anti-drug anti-drug Air Force, Army and Navy Project

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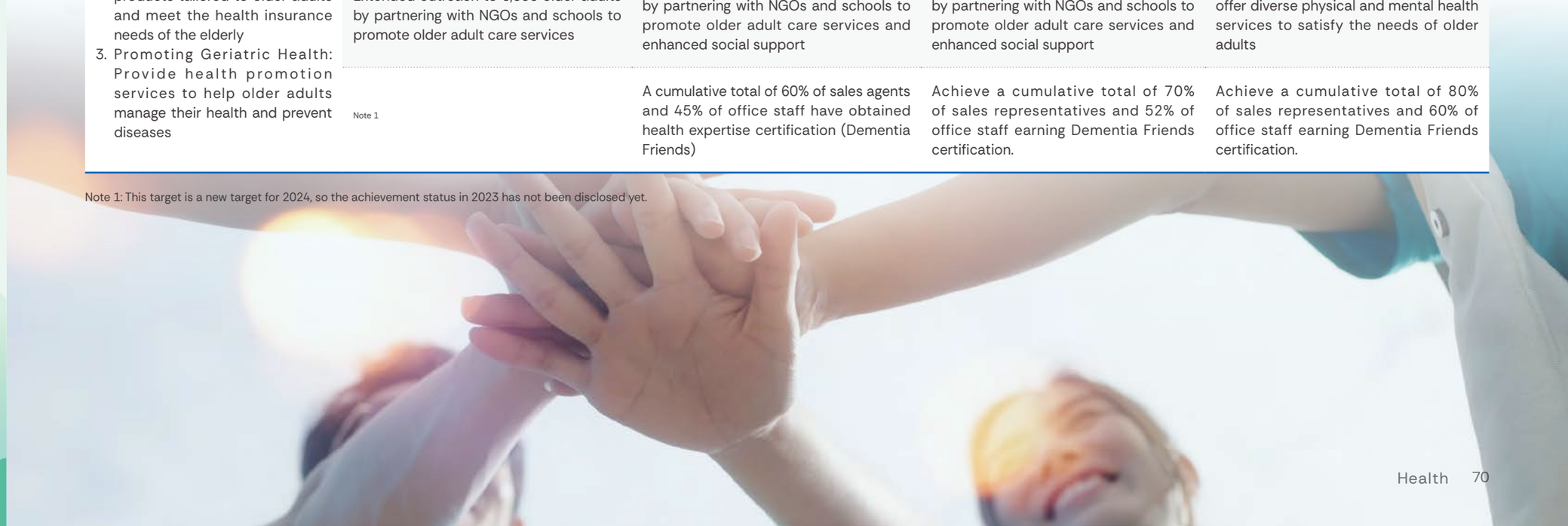
Key Initiatives	2023 Achievements	Short-term Goals (2024)	Mid-term Goals (2026)	Long-term Goals (2030)
Strategy 2 » **Support Sub-Health Reablement: Partner with healthcare providers to help clients actively regain quality health and reduce healthcare burden and costs.**				
Sub-Health Intervention: Target the three highs (high blood pressure, high cholesterol, and high blood sugar) and assist policyholders in monitoring their health regularly through localized care and new service models. Develop new types of service plans to support these efforts.	Provided health screenings and the three highs exams to more than 4,700 people	Reach a total of 5,500 individuals through local care services	Reach a total of 7,500 individuals through local care services	Expand the scope of sub-health services to assist clients in actively regaining a healthy quality of life
Strategy 3 » **Enhance age-friendly services and create a safety net to support healthy and sustainable lifestyles for older people. By 2030, enable older adults to live healthy and dignified lives through financial products and services, and create an age-friendly safety net that promotes the overall health of older policyholders.**				
1. Age-Friendly Services: Pool resources from Cathay and other industries to promote care for older adults 2. Prioritize Coverage: Introduce products tailored to older adults and meet the health insurance needs of the elderly 3. Promoting Geriatric Health: Provide health promotion services to help older adults manage their health and prevent diseases	29% of policyholders aged 55 and above have enrolled in A&H insurance policies	Achieve a 25% coverage rate of A&H insurance policies among customers aged 55 and above	Achieve a 27% coverage rate of A&H insurance policies among customers aged 55 and above	Achieve a 30% coverage rate of A&H insurance policies among customers aged 55 and above
	Extended outreach to 5,000 older adults by partnering with NGOs and schools to promote older adult care services	Extend outreach to 1,100 older adults by partnering with NGOs and schools to promote older adult care services and enhanced social support	Extend outreach to 1,300 older adults by partnering with NGOs and schools to promote older adult care services and enhanced social support	Work with cross-industry partners to offer diverse physical and mental health services to satisfy the needs of older adults
	Note 1	A cumulative total of 60% of sales agents and 45% of office staff have obtained health expertise certification (Dementia Friends)	Achieve a cumulative total of 70% of sales representatives and 52% of office staff earning Dementia Friends certification.	Achieve a cumulative total of 80% of sales representatives and 60% of office staff earning Dementia Friends certification.

Note 1: This target is a new target for 2024, so the achievement status in 2023 has not been disclosed yet.



3.1 Health Promotion

Material Issue: Health Promotion and Life Security, Occupational Safety and Health

IFRS	Governance	Strategy	Risk Management	Metrics & Targets
Health Promotion and Life Security	✓	✓	✓	✓
Occupational Safety and Health	✓	✓	✓	✓

3.1.1 Expanding the Health Ecosystem

Health Promotion Through Technology

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FitBack App

Since 2018, Cathay Life has offered health missions (i.e. walking, exercise heart rate monitoring, and sleep tracking) through the FitBack app to encourage the development of exercise habits through step counting. In 2023, Cathay Life forged 30 cross-industry partnerships (including President Chain Store Corporation, Garmin, and Decathlon) to extend the scope of these health missions into other aspects of life, giving access to promotions offered by other industries and helping users develop the mindset of actively managing their own health.

To expand the health impacts, Cathay Life released a corporate edition of the FitBack App in November 2023, which helps corporate group insurance clients organize health promotion events. Companies can customize missions and provide incentives for employees to join company events. If the health of their employees improves, companies are offered discounts on group insurance premiums, which have the dual effect of promoting health and reducing operational costs. For past achievements of the FitBack App, please refer to Table 26 in the Appendix.

Fitback App Achievements in 2023

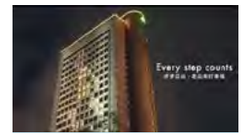
- Reached **1.02** million registered users
- Accrued a total of **1.23** trillion steps
- Conserved **175,000** tons of carbon emissions for the planet

Every Step Counts

Building on the momentum of the FitBack initiative, Cathay Life rallied employees in 2022 to launch the Every Step Counts campaign, during which users collectively amassed 20 billion steps and raised NT$6 million for rural elementary schools. In 2023, Cathay FHC coordinated with ten of its subsidiaries for the first time, collectively accruing 54 billion steps, which was in excess of the initial target of 40 billion steps. Additionally, the campaign supported two significant charity projects. Cathay partnered with the Ministry of Agriculture to install a small hydroelectric power station in Huangjin Town of Miaoli, and solar power facilities in Majia Township, Pingtung. The projects promote green energy and rural development, and reflect the campaign's spirit of "walking for charity" - magnifying the impact of each step.

Every Step Counts Achievements in 2023

- Reached over **217,000** participants
- Achieved **135%** of the step goal target
- Raised NT$ **6.7** million for charity



【Every Step Counts for Charity】 Documentary

Charity Partnerships in 2023



A small hydroelectric power station installed in Huangjin Town of Miaoli

The project fosters local renewable energy development. Profits from the green energy supply are reinvested into long-term community benefits such as children's education, nutritional programs, and elderly care.



Solar power facilities installed in Majia Township, Pingtung

The project supports the development of indigenous community industries, enhancing local employment opportunities. Energy profits contribute to local rejuvenation, women's vocational training, and the educational preservation of tribal cultures.

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Cognitive Function Testing

Partnered with ITRI in November 2023 to develop two interactive missions that test cognitive function: "Train Your Brain" and "What is Your Brain Age?" The latter was validated by the Kaohsiung Veterans General Hospital, showing how a simple 15-minute test quickly evaluates cognitive functions across four domains—memory, perceptual-motor skills, attention, and executive functioning—facilitating early detection of dementia risks.

Mission	Target Group	Description
Train Your Brain	FitBack App Users	2 minutes of interactive and fun games each week to maintain cognitive function
What's Your Brain Age?	Cathay spillover insurance policyholders	A 15-minute test each month to monitor risks to cognitive function





Cognitive Function Test Achievements in 2023

- Over **252,000** people used Train Your Brain
- Over **29,000** people used What's Your Brain Age?

Diverse Spillover Insurance

Due to heightened public awareness, increase in regular exercise, and the impact of COVID-19, people nowadays are more aware of their health. To meet individual needs, Cathay Life led the industry in 2022 by launching the second generation of spillover insurance policies, covering catastrophic illnesses, hospital indemnity, cancer, long-term care, dementia, and life insurance. This was combined with the FitBack app, which incorporates gamification into everyday life by offering rewards for completing specific missions, helping customers lead healthier lifestyles.

Spillover Insurance Achievements in 2023

- Led the industry by providing **30** types of spillover insurance

Cathay Life's Spillover Insurance

Raising Awareness on Campuses



Anti-Drug Education

Since 2019, Cathay Life has partnered with the K-12 Education Administration to promote the Sustainable Campus Project, which promotes drug prevention and awareness. The program began by partnering with PaGamO, an online learning platform to launch the Air Force, Army, and Navy Project - a game where students can expand their territories by tackling drug challenges. The goal is to help students recognize and say no to drugs. The project reached out to over 2.05 million participants. To further promote drug awareness, in 2023, Cathay Life joined forces with Play School and several social welfare organizations to create the "Path of Destiny," a situational board game based on real-life drug-related cases. Teachers and social workers across Taiwan are invited to participate in workshops, where they learn to play the game and guide students to reflect on the risks of drug addiction.

Action	Project	Efforts	Achievements
Anti-Drug Gaming	Air Force—PaGamO Online Anti-Drug Mission	Invited professors from National Taiwan Normal University and National Chung Cheng University to design questions, which were reviewed and approved by the K-12 Education Administration of the Ministry of Education. 440 questions have been added alongside detailed explanations, allowing students to develop drug awareness through gameplay.	Since 2019, over 1.811 million people have participated.
	Army—Volunteers Organize On-Campus Anti-Drug E-Sports Events	Almost 6,000 Cathay volunteers visited schools across Taiwan and organized anti-drug gaming competitions for individual classrooms.	Since 2019, Cathay has reached 1,320 schools, engaging over 189,000 participants.
	Navy—National Anti-Drug Gaming Competition	Pioneered the "Cathay National anti-drug gaming competition."	The event has been held annually since 2020, attracting 50,000 participants.
Anti-Drug Board Games	Developed situational board game titled "Path of Destiny"	By partnering with Play School, a social enterprise, and other social welfare organizations, Cathay developed a board game based on real drug-related cases and invited teachers and social workers from across Taiwan to participate in workshops, where they used real-life scenarios to build drug awareness. Educators were also prompted to explore factors that contribute to drug involvement.	98% of participants believed that the board game stimulates thinking in children. 98% agreed that it aids in promoting drug awareness in schools and social welfare institutions. 97% were willing to use the board game as a teaching tool in educational activities and home visit cases.

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Traffic Safety Project

In light of the fact that Taiwanese undergraduate students are at a higher risk of traffic accidents, Cathay Century has integrated online and offline resources to enhance traffic safety awareness. We developed articles, videos, and interactive games to convey safety concepts and visited campuses to engage students through risk mapping, workshops, and simulations of driving hazards. This helps students recognize risks and aids school authorities in identifying risky sections for traffic, thus creating a protective network for campus traffic safety.

Traffic Safety Initiatives	Efforts	2023 Achievements
Campus traffic risk map	In 2023, Cathay FHC partnered with National Chung Cheng University and Nanhua University for the first time. Student councils explained traffic safety issues to the entire student and faculty body, using Web VR 360 technology combined with real images of seven dangerous intersections to illustrate the risks and current conditions at these locations.	12 accident hotspots were identified and labeled on a campus risk map. A report with recommendations for risk improvement was also compiled.
Accident-Free Riders Project - Promoting Traffic Safety on Campuses	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. Traffic safety training courses were offered to instructors at colleges and universities nationwide.	▪ Organized 14 campus traffic safety seminars, engaging over 1,700 participants. ▪ A total of 238 events were held between 2015 and 2023, engaging over 23,000 students. When asked about how much they identified with the traffic safety information, students gave a score of over 87.
Accident-Free Bicycles Project	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, and used augmented reality (AR) technology to teach essential concepts about cycling safety.	▪ Organized 25 campus traffic safety seminars, engaging over 800 participants. ▪ A total of 172 traffic safety seminars were held between 2020 and 2023, engaging over 5,300 students and teachers, with a satisfaction score of 96.
Zero-Accident Academy	Organized the "Are You a Car Enthusiast?" sweepstakes survey in 2023 to poll driving habits. The event included an informational video to raise national awareness of driving habits. Collaborated with Alpha chatbot to launch the "Follow Me: Zero Accidents" trivia contest, transforming complex risk concepts into publicly accessible content by teaching five key roadside actions via gameplay.	▪ The Zero-Accident website has accumulated over 2.45 million views from 2014 to 2023. ▪ Over 18,000 individuals have visited the platform. ▪ 21,000 persons participated in the "Follow Me: Zero Accidents" trivia contest.





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3.1.2 Caring for Sub-Health Customers

Sub-Healthcare Services

To raise awareness for the prevention of high blood pressure, high blood sugar, and high cholesterol ("the 3 highs") amongst policyholders, Cathay Life partnered with quality local clinics to launch the I-Li-Ho Healthcare Service initiative in August 2022. The initiative aims to help policyholders get regular health checkups and provide health management services. The program began in Taoyuan and expanded to Hsinchu, Taichung, and Tainan in 2023.

I-Li-Ho Healthcare Service Initiative Achievements

- Served **4,700** persons.
- NPS of Cathay's health check service reached **86.4**
- NPS of Cathay's health management service reached **70.6**



Health Expert

Since 2022, Cathay Life has collaborated with Taipei Medical University to promote the "Cathay Health Expert" empowerment project. This initiative offers health certification courses to employees who meet specific criteria, enhancing their expertise in geriatric health, precision medicine, and disease care. Employees are encouraged to utilize their specialized knowledge to educate and influence clients, thereby expanding their professional impact and enhancing the service experience. By 2023, the program had trained 626 sales employees.

3.1.3 Creating a Safety Net of Comprehensive Solutions for the Elderly

As Taiwan enters a super-aged society, the demand for long-term care will only grow more urgent. Moreover, with the declining birthrate in Taiwan, the issue of dwindling family caregivers poses a significant challenge. Providing innovative services and products for the elderly to fill the gaps in insurance coverage is a strategic focus for the group.

Insurance for the Elderly

Cathay Life offers a range of insurance products designed for the elderly, incorporating the concept of spillover insurance to promote health. Coverage includes catastrophic illness, hospital indemnity, cancer, long-term care, dementia, and life insurance, tailored to meet the challenges associated with physical aging and the need for familial care.

Type of Care	Project Description
Retirement	To provide policyholders with new options for long-term retirement planning, Cathay Life offers a variety of investment-type insurances, annuities, and insurance products with phased payouts. This approach balances protection planning with asset allocation needs, allowing policyholders to adjust their survival benefits based on their needs and the economic environment at the time of retirement, ensuring a stable income source.
Long-term elderly care	In 2023, Cathay Life introduced an industry-first long-term care insurance product: Save for Old Age Long-Term Care Insurance. The maximum age for coverage was raised to 75 years. The policy is linked with the FitBack health app, allowing policyholders to offset some of their premiums by completing specified health tasks, thus reducing the long-term care burden for the aging population.
The Impact of Dementia	According to statistics from the Taiwan Alzheimer Disease Association, the number of people with dementia in Taiwan is expected to increase by one every 30 minutes over the next 20 years, highlighting the growing need for dementia care as the population ages. Cathay Life continues to offer premium installment insurance policies in 2023 to reduce the burden of healthcare costs on policyholders and their family members.
Ailing Health	As the elderly population faces physical aging, such as hearing loss, vision decline, or joint degeneration, the demand for surgery and medical devices increases. Cathay Life has introduced exclusive spillover insurance policies that provide coverage for hospital indemnity and surgery, along with medical device support. Additionally, the FitBack App plan offers premium discounts.

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Long-term Care

In addition to insurance and healthcare information provided through the online platform "Splendid Life," Cathay Life offers offline services tailored for the elderly. For instance, age-friendly DMs are adjusted for easier readability by seniors, and a dedicated customer service hotline and team handles elderly needs with clarity and at a slower pace. We also offer value-added services for older adults to help customers clearly understand their policy coverage.

Splendid Life - Reducing the Burden on Caregivers

- Cathay shares insurance and medical resources through articles, videos, real-life cases, and interactive games/quizzes to raise public awareness about insurance protection and encourage individuals to assess their personal needs.
- Safeguard Wellbeing for the Elderly - focuses on the four common age-related diseases: fractures, dementia, disability, and cancer. It provides educational information and care resources, explaining the causes of these diseases, preventative measures, and post-illness care through graphics and text. Cathay Life also collaborates with partners from other industries to offer specialized healthcare services to its policyholders.



- As of 2023, the initiative has garnered 1.75 million views.

Industry Partnerships for Health Promotion - Cathay's Happy Farm, University Social Responsibility for Older Adults, and Grandriders program.

- Cathay Happy Farm
  Cathay Life Insurance has responded to the Ministry of Agriculture's Green Care for the Elderly program by establishing Happy Farms in Changbin Township of Taitung County, Nandi Township of Changhua County, and Gongliao District of New Taipei City, as well as enhancing community park facilities in Dongshi Township of Chiayi County. These initiatives aim to improve the psychological well-being and social interaction of the elderly by encouraging them to engage more with their communities. For more information on the social impact and achievements of the Cathay Happy Farms, please refer to section 4.2 Social Empowerment.
- University Social Responsibility for Older Adults
  Cathay Life partnered with the University of Taipei to promote health and fitness. Seniors aged 65 and above who have consistently achieved 1,000 task points over six months using the FitBack health app are invited to participate in fitness assessments. Research results show that elderly subjects who regularly complete walking missions perform better in cardiorespiratory endurance, lower-limb muscle endurance, and agility.
- Grandriders Program
  Cathay Life supports the Hondao Senior Citizen's Welfare Foundation's "Go Grandriders" event in 2023, where elderly riders, with an average age of 75, undertake a challenging motorcycle tour across Taiwan, including the Suhua Highway and South Link Highway. This initiative provides meals and engages with nursing homes and communities, embodying the spirit of active aging and community involvement.

- University Social Responsibility for Older Adults - the average PR values of subjects across all indicators was over 50, indicating that they outperformed 50% of their peers in the same age group.
- Grandriders - helped 32 riders cover a total of 1,106 kilometers around the island

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3.1.4 Supporting Employee Wellbeing

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

Adhering to the highest goal of "zero disasters, zero accidents," Cathay FHC and its subsidiaries follow the PDCA approach by establishing the "Safety and Health Work Guidelines," the "Occupational Safety and Health Management Program," and the "Occupational Safety and Health Management Guidelines" to track workplace safety progress and outcomes. Specific "Management Guidelines for Contractor Safety and Health" have been set for contractors to ensure they are informed about joint prevention of occupational accidents and adhere strictly to relevant laws, thus establishing a safe working environment.

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. If contractors violate the "Management Guidelines for Contractor Safety and Health," penalties may be imposed, and in severe cases, contracts may be terminated to ensure workplace safety.

Cathay FHC's Policy on Occupational Safety and Health

- Provide a safe work environment for our employees and stakeholders, actively prevent the occurrence of accidents, 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 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

Occupational Safety and Health Governance

Since 2022, Cathay FHC's Corporate Sustainability (CS) Committee has been reviewing and tracking these efforts, reporting bi-annually to the board on the implementation and significant issues to enhance the management of occupational safety and health.

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 as Important SDGs	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. ▪ Continue to offer health promotion activities and help over 50% of employees maintain healthy BMIs by 2024 ▪ Offer employee emotional support programs in 2024, and enhance the physical and emotional wellbeing of 80% of our employees ▪ By 2024, the company aims to achieve a 75% cancer screening rate among general staff ▪ Cathay FHC, Cathay Life, CUB, Cathay Century, Cathay Securities, and Cathay SITE will obtain ISO 45001 certifications by 2030 For detailed quantifiable health promotion strategies within the blueprint, please refer to P69.
Performance-Based Remuneration Linked 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 employee wellbeing and occupational safety targets. These targets include employee engagement and the effectiveness of weight-loss programs, maternity health and protection, and occupational safety penalties. 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 and its subsidiaries conduct labor-management meetings in compliance with the "Guidelines for Implementing Labor-Management Meeting." Representatives from both sides fully communicate on material issues, including occupational safety and health issues, through reports and proposal discussions. The implementation process is based on meeting consensus.

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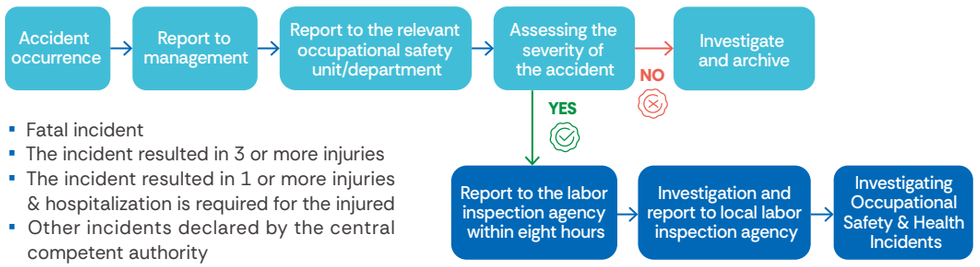
Compliance Risk Assessment

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. When employees discover major workplace safety risks, they can report to the relevant authorities to safeguard employee rights. Employee health and safety is our top priority, and we aim to protect whistleblowers and employees from punitive measures to ensure strict implementation of workplace safety and management of risks:

Management Measures	Overview
Policy on Occupational Safety and Health	Approved by the company president; all employees and contractors must 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. In 2023, there were no occupational accidents resulting in fatalities for Cathay employees and contractors. For detailed statistics on Cathay FHC's occupational safety performance, please refer to Table 24 in the Appendix.
Establish Scenario-Based Contingency Plans	In response to potential accidents or emergencies, each unit should have an emergency response plan tailored to the specifics of their business, workplace environmental hazards, and risky operations. Each unit must conduct at least one drill per year to enhance its response capabilities. Drills should cover various scenarios including fire prevention, typhoon readiness, anti-robbery measures, and riot control, among other disasters. Additionally, a comprehensive incident reporting process should be established.
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, to perfect business continuity.

Cathay FHC Investigation Procedure for Occupational Safety & Health Incidents



- Fatal incident
- The incident resulted in 3 or more injuries
- The incident resulted in 1 or more injuries & hospitalization is required for the injured
- Other incidents declared by the central competent authority

Occupational Safety & Health Risk Identification and Management Measures

In 2023, Cathay FHC introduced an enhanced employee health check-up program, offering three major benefits to promote both mental and physical wellness among staff and their families. Health checkups are now scheduled once every two years, offering three packages: comprehensive, gastrointestinal, and cardiovascular. The health check program has also been expanded to include employee family members. The goal is to help employees identify health issues for improvement and better quality of life.

Risk Issues	Health-Related Programs & Achievements
Mental Wellbeing	▪ Cathay administers an employee mental health evaluation questionnaire every year. In 2023, 93.4% of our employees completed the survey. The results indicate that there are no significant risk factors to the mental wellbeing of Cathay employees. ▪ Cathay FHC's Employee Assistance Program (EAP) has provided 106 consultations.
Health & Fitness	▪ We hold annual road runs, walks, hikes, and weight-loss competitions. Cathay FHC, Cathay Life, CUB, Cathay Securities, and Cathay Real Estate have all received the Sports Enterprise certification from the Sports Administration of the Ministry of Education in recognition of our commitment to creating a healthy workplace that cares for employee wellbeing. ▪ 100% of all new hires received health check-ups. ▪ Partner with physicians and nurses to provide on-site health services for employees ▪ The Health Promotion Administration of the Ministry of Health and Welfare (MOHW) encourages businesses to actively create smoke-free environments and systematically promote workplace health. Outstanding workplaces that demonstrate excellent performance in these areas are awarded the "Smokefree & Health Promotion" Badge of Accredited Health Workplace. In 2023, Cathay Life, CUB, Cathay Century, and Cathay SITE were honored with this accreditation. ▪ Offers free health checkups to employees every two years to monitor their health, which includes body fat percentage, blood sugar, blood pressure, and cholesterol levels. Nearly 20,000 employees received health checkups in 2023.
Occupational Safety	▪ Installed AED and other first-aid equipment per regulations; provided training to first-aid personnel. ▪ Offered regular employee safety and health training; In 2023, Cathay offered a total of 67,778 hours of occupational safety and health training. ▪ Conduct evacuation drills; Cathay held one evacuation drill and one emergency contact network drill in 2023. ▪ Regularly assess workplace environment factors, such as lighting and carbon dioxide concentration ▪ Conduct regular workplace safety audits and contractor safety assessments. In 2023, all internal audits were conducted per regulations and no significant failures were found. Note: The aforementioned safety measures and/or services are not just limited to employees, but offered to all personnel working within the specified workplace.

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Employee Health Promotion Programs

To promote health habits among employees, Cathay FHC launched two programs: the Weight-Loss Contest and the Every Step Counts challenge. The Weight-Loss Contest has been ongoing since 2015, utilizing Cathay Walker Plus to track data and offering online exercise courses. In 2023, the program reached a milestone with over 90,000 participants, achieving a total weight loss of 183,002 kilograms (30,610 kilograms in 2023 alone). The effectiveness of the weight loss is monitored using BMI, with results showing a 16.6% reduction in the proportion of the overweight population.

Note: For the origins and achievements of the Every Step Counts program, please refer to 3.1.1 Expanding the Health Ecosystem.









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Financial Health - Achievements

A friendly investment and financial environment

- Pioneered the "Pay with EasyCard" service, ensuring accessibility of fund investments
- Cathay's AI stock selection service was used a total of 346,000 times this year

Financial Inclusion for All

- Won the "Business Performance Award" and "Disability Care Award" in the microinsurance competition organized by the Insurance Bureau of the FSC

Building a Social Safety Net for Financial Health

- CUB released the 2023 Taiwan Citizen's Financial Health Report
- Partnered with the National Police Agency to organize the #Speak Up! Anti-Fraud Interactive Exhibit

Sustainability Strategy Blueprint- Financial Health

Key Initiatives	2023 Achievements	Short-term Goals (2024)	Mid-term Goals (2026)	Long-term Goals (2030)
Strategy 1 »	**Become the Best Custodian of Client Assets: Provide diverse financial planning and management tools to help the public make sound financial decisions to ensure a sense of security and happiness amidst social changes.**			
Value customer risk awareness, financial autonomy, and satisfaction. The service begins with the client's financial decision-making journey. Cathay helps clients assess their financial health and provides planning tools and financial calculation services. The goal is to encourage the adoption of ESG-focused investment products and foster long-term investment habits. This approach helps clients to steadily accumulate wealth, build financial resilience, and ultimately gain the confidence to continue entrusting their assets to Cathay.	Note 1	Achieve 150,000 cumulative total financial health assessments	Achieve 250,000 cumulative total financial health assessments	Achieve 450,000 cumulative total financial health assessments
	Note 1	Provide 870,000 users with financial planning tools	Provide 1.4 million users with financial planning tools	Enhance customer experience on Cathay's wealth management platform to provide greater consistency and improve user satisfaction
	Achieved over 80% customer satisfaction in financial services	Achieve over 80% customer satisfaction in financial services		Achieve over 90% customer satisfaction in financial services
	Increased total accumulated insurance premiums to supplement 2% of the ideal retirement amount for citizens under age 65	Total accumulated insurance premium to supplement 4% of the ideal retirement amount for citizens under 65	Total accumulated insurance premium to supplement 8% of the ideal retirement amount for citizens under 65	Total accumulated insurance premium to supplement 16% of the ideal retirement amount for citizens under 65
	CUB served 20,000 customers with investments exceeding NT$5.7 billion; Cathay SITE served 1.223 million customers with a fund size exceeding NT$250 billion	CUB to serve 21,000 customers with investments exceeding NT$6.4 billion; Cathay SITE to serve 1.26 million customers with a fund size exceeding NT$261 billion	CUB to serve 23,000 customers with investments exceeding NT$7.4 billion; Cathay SITE to serve 1.34 million customers with a fund size exceeding NT$276.9 billion	CUB to serve 26,000 customers with investments exceeding NT$9 billion; Cathay SITE to serve 1.55 million customers with a fund size exceeding NT$321.2 billion
	214,000 CUB customers used dollar-cost averaging (DCA) to contribute to funds The number of fund transactions through Cathay SITE using dollar-cost averaging (DCA) reached 103,000 The cumulative number of Cathay Securities accounts using Dollar Cost Averaging (DCA) reached 265,000	CUB/Cathay Securities: 554,000 customers use dollar-cost averaging (DCA) for investment and financial management Cathay SITE: 102,000 fund transactions through dollar-cost averaging (DCA)	CUB/Cathay Securities: 631,000 customers use dollar-cost averaging (DCA) for investment and financial management Cathay SITE: 112,000 fund transactions through dollar-cost averaging (DCA)	CUB/Cathay Securities: 780,000 customers use dollar-cost averaging (DCA) for investment and financial management Cathay SITE: 130,000 fund transactions through dollar-cost averaging (DCA)
	Cathay Century offers a variety of policies and coverages to help businesses and individuals prevent asset and financial loss. Cathay Century's services were reported to have a 98% user satisfaction rate.	Cathay Century aims to achieve over 90% satisfaction with its customer care service		
	Note 1	CUB manages investment assets totaling NT$470 billion on behalf of elderly clients	CUB manages investment assets totaling NT$510 billion on behalf of elderly clients	CUB manages investment assets totaling NT$590 billion on behalf of elderly clients

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Key Initiatives	2023 Achievements	Short-term Goals (2024)	Mid-term Goals (2026)	Long-term Goals (2030)
Implement know-your-customer (KYC) and vulnerability assessments for elderly clients, enforce various fraud detection, prevention and blocking measures, and actively protect client assets. Develop various trust products and integrate internal and external resources to help clients protect their assets and transactions.	Note 1	Implement post-sale telephone interviews for financial product purchases by the elderly (100% contact rate)		
	Note 1	Reduce the risk of fraud; anti-fraud education and awareness initiatives to reach a cumulative audience of 60 million people	Reduce the risk of fraud; anti-fraud education and awareness initiatives to reach a cumulative audience of 76 million people	Reduce the risk of fraud; anti-fraud education and awareness initiatives to reach a cumulative audience of 90 million people
	Note 1	Promote at least three new "innovative forms of fraud prevention" in cooperation with the public sector or independently	Promote at least two new "innovative forms of fraud prevention" in cooperation with the public sector or independently	
	Note 1	Ongoing enhancement of fraud deterrence capabilities at a total annual cost to CUB of no less than NT$30 million	Ongoing enhancement of fraud deterrence capabilities at a total annual cost to CUB of no less than NT$25 million	Ongoing enhancement of fraud deterrence capabilities at a total annual cost to CUB of no less than NT$20 million
	Note 1	Protection of customer assets; CUB achieves a 10% year-over-year increase in successful fraud interceptions	Protection of customer assets; CUB achieves a 6% year-over-year increase in successful fraud interceptions	
	Provided trust products to 30,000 people in 2023, 9.6% year-over-year growth	Provide trust products to 32,000 people for the year	Provide trust products to 36,000 people for the year	Provide trust products to 44,000 people for the 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 lower investment thresholds by promoting digital platforms, thereby increasing the accessibility and affordability of financial services.	Launched five innovative financial inclusion products and services in 2023	Cumulatively offer at least 6 innovative financial inclusion products or services	Cumulatively offer at least 10 innovative financial inclusion products or services	Cumulatively offer at least 15 innovative financial inclusion products or services
	Note 1	Provide the necessary funds for the operational development and growth of SMEs, reaching NT$318 billion in SME loans and supporting 7,400 businesses	Provide the necessary funds for the operational development and growth of SMEs, reaching NT$380 billion in SME loans and supporting 7,800 businesses	Provide the necessary funds for the operational development and growth of SMEs, reaching NT$508.8 billion in SME loans and supporting 8,600 businesses
	Note 1	Provide preferential loans to meet the diverse financing needs of small businesses, targeting an increase of nine new accounts and an additional loan amount of NT$23.81 million for the year	Provide preferential loans to meet the diverse financing needs of small businesses, targeting an increase of 12 new accounts and an additional loan amount of NT$32.60 million for the year	Provide preferential loans to meet the diverse financing needs of small businesses, targeting an increase of 13 new accounts and an additional loan amount of NT$34.26 million for the year
	Actively supported and provided financing capital to social enterprises, providing preferential loans to a cumulative total of 16 social enterprises in 2023	Actively support and provide financing capital to social enterprises, adding a new preferential loan account, with a total new loan amount of NT$1.92 million		
	Note 1	Offer small businesses various insurance products to protect owners against unexpected losses; increase the number of policyholders protected by the Restaurant & Dining SME Owner's Insurance by 15%	Offer small businesses various insurance products to protect owners against unexpected losses; increase the number of policyholders protected by the Restaurant & Dining SME Owner's Insurance by 25%	Offer small businesses various insurance products to protect owners against unexpected losses; increase the number of policyholders protected by the Restaurant & Dining SME Owner's Insurance by 50%
	Provided microinsurance or low-cost insurance to more than 98,000 people in 2023	Provide microinsurance or low-cost insurance to 90,000 people	Provide microinsurance or low-cost insurance to 95,000 people	Provide microinsurance or low-cost insurance to 120,000 people

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Key Initiatives	2023 Achievements	Short-term Goals (2024)	Mid-term Goals (2026)	Long-term Goals (2030)
Continue to develop financial inclusion products and lower investment thresholds by promoting digital platforms, thereby increasing the accessibility and affordability of financial services.	Note 1	Help youths and small investors invest in funds through dollar-cost averaging (DCA), with monthly deductions of NT$6,000 or less, with a target of 58,000 people	Help youths and small investors invest in funds through dollar-cost averaging (DCA), with monthly deductions of NT$6,000 or less, with a target of 64,000 people	Help youths and small investors invest in funds through dollar-cost averaging (DCA), with monthly deductions of NT$75,000 or less, with a target of 75,000 people
	Note 1	1.5 million small investors held 1 to 10,000 units of Cathay Series ETF funds	Target to reach 1.71 million small investors holding 1 to 10,000 units of Cathay Series ETF funds	Target to reach 1.77 million small investors holding 1 to 10,000 units of Cathay Series ETF funds
Cathay prioritizes the digital experience for customers, leveraging technological innovation and enhancing intelligent assistance features to improve the usability of financial services. In addition, Cathay is expanding the accessibility of financial services through financial services stations.	In 2023, the usage rate for commercial insurance reached 98% and the usage rate for mobile insurance applications reached 91%	100% usage rate for commercial insurance and 90% usage rate for mobile insurance applications		
	Note 1	Digital transactions account for >90% of customers' banking transactions 99% of customers enroll in life insurance products via mobile insurance application		
	90% of individual customers used digital securities trading accounts	Maintain the percentage of individual customers using digital securities trading accounts at 95% and optimize platform services		
	Achieved over 80% customer satisfaction with digital services in 2023	Achieved over 80% customer satisfaction with digital services in 2023		
	In 2023, intelligent assistance resolved 96% of all customer's queries within a second	Intelligent assistance aims to resolve 90% of customer's queries in less than a second		
	In 2023, financial services stations serviced 163 townships, providing a cumulative total of 124,000 services	Financial services station to serve 165 townships, providing a cumulative total of 140,000 services	Financial services station to serve 185 townships, providing a cumulative total of 200,000 services	Financial services station to serve 200 townships, providing a cumulative total of 350,000 services
Continuously promote financial education through various channels and advocate financial literacy for the general public. Establish accurate financial knowledge to prevent loss of wealth due to lack of understanding and to improve quality of life.	Provided financial education to improve the public's financial literacy; more than 90% of participants agreed in a survey that the classes enhanced their financial literacy	Provide financial education to improve the financial literacy of the public, with a goal of over 80% positive responses in improving financial literacy.		
	Note 1	Continue financial education outreach to financially underserved groups and rural schools: 1. Cumulatively reach 2.08 million people 2. Release ten financial education videos for youths 3. Hold ten financial education courses in rural schools 4. Conduct five trust promotion courses or seminars	Continue financial education outreach to financially underserved groups and rural schools, targeting 3.18 million people	Continue financial education outreach to financially underserved groups and rural schools, targeting 5.4 million people

Note 1: This target is a new target for 2024, so the achievement status in 2023 has not been disclosed yet.

3.2 Financial Health

SASB：FN-CB-240a
Material Issues: Financial Planning and Services, Digital Transition and Innovation

3.2.1 Trusted Financial Services for Our Customers

In 2023, CUB released the Taiwan Citizen's Financial Health Key Report 2023, which reveals that over 30% of Taiwanese citizens have not set financial goals, and while 60% prioritize the quality of life after retirement, they lack concrete plans. Concurrently, society faces challenges such as inflation and long-term care needs, underscoring the importance of utilizing financial tools effectively. Cathay FHC harnesses its expertise and cross-sector collaborations to actively assist clients in making sound financial decisions through fintech, digital solutions, and data analytics, thereby enhancing their financial resilience and safeguarding their financial health. For details on Cathay FHC's promotion of financial products and services, please refer to Table 27 in the Appendix.

IFRS	Governance	Strategy	Risk Management	Metrics & Targets
Financial Planning and Services	✓	✓	✓	✓
Digital Transition and Innovation	✓	✓	✓	✓

Trust for Happiness and Security



Professional Trust Team

CUB employs three main strategies: scenario-based services, product diversification, and modularized contracts. The professional team promotes trust services and develops a user-friendly trust platform, offering 24-hour trust consultation appointments. Additionally, CUB reaches out to enterprises, hospitals, and community care institutions. In November, the bank participated in the Kaohsiung Ageless Expo 2023, providing trust service consultations. The Employee Share Ownership Trust (ESOT) plan, launched in 2022, has also received recognition for ensuring financial security through comprehensive trust services.



Mutual Promotion of Insurance Claims Trust

CUB enhanced the protection of beneficiary assets through integration of trust and insurance systems. In 2022, CUB and Cathay Life launched the Mutual Promotion of Insurance Claims Trust service together, becoming the first financial institution in Taiwan to offer an all-in-one service for insurance coverage, trust management, and policy endorsement. This initiative promotes the concept of using a trust platform to handle insurance payouts, embodying the vision of "trust for all." It has also been recognized with the Wealth Magazine's Wealth Management Awards for eight consecutive years.



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. 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. Furthermore, for 11 consecutive years, CUB has partnered with the Taiwan Professional Baseball Players Association (TPBPA) on the TPBPA Giving Back Train, visiting over a hundred institutions and schools and engaging with young baseball players. In 2023, the CPBL Anti-Gambling Fund Trust held a principal amount of NT$162 million.

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Easy Investment Management

Dollar-cost Averaging for Small Investors

To lower the financial barriers for the younger generation, Cathay Securities APP launched a regular stock investment plan in 2019, allowing the youth to invest small amounts in Taiwan's top 50 benchmark companies. Starting in 2022, the minimum single transaction amount was reduced to NT$100, and regular investment in U.S. stocks can be made with as little as US$10 subscription fees for regular investments in Taiwanese and U.S. stocks were standardized. Additionally, Cathay integrated chatbot Alpha to optimize services, allowing investors to complete their regular stock investments through the APP for more convenience. In 2023, the APP had 1.78 million members, and 346,000 used AI for stock selection. For details on Cathay Securities' digital investment services, please refer to 5.2.3 Developing Sustainable Investment Products and Services.

2023 Achievements of Cathay Securities App

- **380,000** customers have signed up for regular investment contributions
- Reached over **40%** market share for the regular investment contribution to Taiwan stocks service
- The total amount of regular investment contributions exceeded NT$**38.075** billion
- The amount of regular investment contributions grew **64%** since last year

Comprehensive Expert on Financial Management

Cathay SITE promotes ESG funds (Note) and regular investment plans, providing suitable investment products for clients at different life stages or financial goals, cultivating a long-term investment habit among the public, and enabling financially vulnerable groups to steadily accumulate wealth. In 2023, Cathay SITE manages mutual funds (including ETFs) with assets totaling NT$867.8 billion and an average of 97,100 regular investment transactions annually.

Note: For detailed information on Cathay's ESG funds like the Cathay Taiwan Select ESG Sustainability High Yield ETF Fund and Cathay US ESG Fund, please refer to section 5.2.3 Developing Sustainable Investment Products and Services.

2023 Achievements of the ESG Fund

- Reached NT$**253.4** billion
- **1.223** million beneficiaries

Retirement Investment Products

Cathay SITE launched the Cathay Retirement Investment Plan series of target date funds (2029/2039/2049) in 2019 to help clients plan for retirement early on (Note). Using a lifecycle curve strategy, the fund dynamically adjusts asset allocation based on age changes, transitioning from asset growth to stability to achieve financial health goals. As of the end of 2023, the cumulative returns for Cathay's Retirement Investment Plan series of target date funds were as follows: the 2029 fund achieved a return of 33.0%, the 2039 fund recorded a return of 49.5%, and the 2049 fund reached a return of 53.4%.

Note: All three funds are denominated in New Taiwan Dollars at the P level.



Cathay Funds Proprietary Automated Financial Management Solutions

Cathay SITE offers the digital wealth management platform Cathay e-Family, which allows customers to set up their personalized automated investment portfolios in just three minutes with a minimum of NT$10,000. The portfolios include an appropriate mix of stock and bond allocations from Cathay's high-quality brand funds, and are actively monitored to reflect the latest market developments. In response to significant political and economic events, a rapid assembly of the Fund Management Committee ensures swift investment decisions to adjust the portfolio in real-time, combining human expertise with automated tools. This approach allows busy professionals to engage in passive investing, optimizing their time and investment efforts.

2023 Achievements for Cathay e-Family

- Reached **10,091** new electronic trading accounts, leading the industry
- Platform satisfaction rate grew by over **4.5%**



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Pay for Funds with EasyCard

In response to the government's initiative allowing electronic payment accounts for identity verification and fund deductions, Cathay SITE partnered with EasyCard for the first time in 2023. This collaboration enables customers to open accounts and subscribe to designated funds directly through EasyCard, linking to any bank account for deductions. This new method bypasses the previous requirement to apply for a CUB bank account, integrating electronic payment platforms to provide a more convenient micro-investment experience.

2023 Achievements of Pay for Funds with EasyCard

- 12.92 million media exposures
- Over 153,000 visits to the website



Convenient and Inclusive Financial Services Stations

In 2020, Cathay and PX Mart worked in collaboration to launch Cathay financial services stations, which extend banking services to 9 pm. Cathay offers four types of services at these stations: processes bank account applications, digital service promotion and consultations, credit card applications, rewards and offers, as well as automated machine consultation and training. From the pilot phase, Cathay observed the varied financial needs of different communities and post-launch, actively expanded into areas with fewer branches. Initially, customers would stop by the stations out of convenience to ask questions, but this gradually shifted to actively seeking out these services for in-depth consultations.

2023 Achievements of Cathay's financial services stations

- Reached 163 townships across Taiwan and its outlying islands
- 23% of these service points are located in areas designated by the Banking Bureau as needing more financial branches
- Provided service to over 120,000 persons



3.2.2 Integrated Digital Finance Solutions

Digital: Services for Greater Convenience

Cathay as a Service (CaaS) Ecosystem Service Platform

Using "Cathay as a Service" (CaaS) as the core concept, Cathay FHC established the CaaS Ecosystem Service Platform as a portal for cross-industry collaboration. The platform provides digital services for all corporate partners that seek collaboration with Cathay. Shifting focus in 2023 to SaaS (Software as a Service) providers, Cathay collaborated with Femas HR to embed the digital group insurance service, groupins+, into HR systems - a strategic expansion to merchant channels. This aids corporate clients in obtaining real-time group insurance quotes.

groupins+

Recognizing the corporate demand for group insurance, Cathay Life created the digital group insurance platform, groupins+. Utilizing insurtech, this platform provides a one-stop digital service for group insurance, offering package recommendations that businesses can customize based on their needs, and quickly generating tailored group insurance quotes. Professional consultants are also available for inquiries, improving the efficiency of corporate insurance planning, procurement, and management.

2023 Achievements of groupins+

- Over 300,000 corporate visitors
- Provided over 700 customized group insurance quotations

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

The CUBE App integrates a diverse range of financial services to fully meet users' needs for savings, financial management, and investment. Serving nearly 7 million digital users, the app offers a simple, user-friendly, and aesthetically pleasing digital finance experience. Users can manage their CUBE credit card benefits, perform transfers, mobile withdrawals, credit card services, loan applications, investments, and insurance all through one platform. Additionally, it provides financial summaries and a financial calendar, allowing users to review their financial status at any time.

Mix and Match

Cathay Life has launched the personal insurance digital platform, Mix and Match, which caters to the highly autonomous insurance needs of the digital-native generation. Policyholders can freely assemble their coverage using component-based insurance products. The products are designed to be straightforward and affordable, allowing them to plan their insurance protection flexibly according to their budget and needs.

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Data: Observe Client Pain Points to Enhance Efficiency

Cathay Century aims to create an exceptional customer experience. By harnessing data, it developed Smart Claim, a one-stop management platform that uses artificial intelligence to enhance risk identification and improve operational efficiency. Cathay Century also developed SmartBiz, an intelligent commercial insurance platform, optimizing the commercial insurance sales process. This platform assists sales personnel in quickly generating quotes and planning suitable insurance coverage for clients, making the insurance process more precise and faster.

Technology: Exploring Financial Innovation in the Future

Cloud Electronic Health Record Platform - iFHIR Center

In 2022, Cathay FHC successfully developed the iFHIR Center, an electronic health record exchange platform capable of supporting 17 different formats of electronic health records, and signed memorandums of cooperation with over 20 medical institutions. In 2023, in partnership with the Medical Image Standards Association of Taiwan (MISAT), Cathay co-hosted the four-day 2023 MI-TW Connectathon, sharing insights on integrating information and medical technology to create innovative financial services.

Cathay FHC Technology Annual Conference

Each year, Cathay FHC invites industry leaders and technology experts to explore new trends and applications in Fintech. The 2023 conference, centering on the theme of "Integrating Technology for an Inclusive New Intelligence," covered a wealth of topics including AI, Blockchain, Cloud, Data, and Ecosystems. This event showcased the directions of financial innovation and attracted more than two thousand attendees, both online and offline.

Cathay FHC Technology Annual Conference Insights

"Alpha" Chatbot

As a representative AI assistant in the financial sector, Alpha uses Natural Language Understanding (NLU) technology based on voice recognition and a three-dimensional intent framework to effectively guide customers in resolving their queries. Serving over 1.5 million customer service inquiries monthly, Alpha maintains a high satisfaction rate. Future plans include integrating cross-domain business to expand the digital customer base and launching new services such as optimizing transaction processes between banking and securities and applications for insurance-related roadside assistance.

People: Using Cloud Tech Talents to Promote Group-wide Digital Transition

To drive the group's transformation, each subsidiary uses a "situational room" as a command center. A rotational system revitalizes organizational operations, making agility, diversity, and rapid decision-making the norm. In 2023, Cathay FHC officially set up the Cathay Development Center (CDC) in Kaohsiung to serve as a hub for developing cloud tech to support the group's needs, as well as building the financial sector's largest talent pool of cloud-native technology in the south of Taiwan. Additionally, in collaboration with the Kaohsiung City Government and AWS, the group launched the Kaohsiung AWS Cathay Financial Holdings International Financial Innovation Center (KACIFIC) project, aiming to cultivate a hundred cloud talents within the next three years to boost local industry development.



Cathay FHC partnered with the Kaohsiung City Government and AWS to organize The Challenge Match of AI & Cloud Certificate in hopes of attracting more cloud talents to Kaohsiung

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3.2.3 Promote Inclusion to Build a Friendly Financial Environment

To realize inclusive finance, Cathay has established policies to strengthen its efforts, overseen by the board of directors and executed by the Corporate Sustainability Committee's Responsible Products and Services Working Group. By offering financial products and services such as insurance, bonds, and loans, and collaborating with social welfare organizations, Cathay enhances the accessibility, availability, and affordability of financial services. For details on Cathay FHC's financial inclusion efforts, please refer to Table 29 in the Appendix.

Inclusive Financial Products and Services

Product	Target Group	Description	Customer Reach	Transactional Amounts
Small Amount Whole Life Insurance	Elderly	Pioneered and launched in 2017, this insurance plan covers a broad range, and almost everyone is eligible for the policy. The product provides coverage to those who are often denied coverage due to age or poor physical health, who can benefit from the low barrier and low premium.	As of the end of 2023, the number of 243,000 people insured by Small Amount Whole Life Insurance.	As of 2023, approximately NT$880 billion in personal risk protection has been provided, with a cumulative number of policies reaching 267,000.
Microinsurance	Economically disadvantaged, indigenous people, farmers/fishermen, social welfare/charitable groups, people with disabilities	▪ Since 2009, Cathay Life and Cathay Century have led the industry in promoting microinsurance, actively collaborating with local governments and social welfare groups to provide basic protection to vulnerable populations. ▪ Won the "Business Performance Award" and "Disability Care Award" in the microinsurance competition organized by the Insurance Bureau of the FSC in 2023.	As of the end of 2023, the number of people insured by effective micro insurance policies of Cathay Life and Cathay Century was 133 thousand people.	As of the end of 2023, with a total insured amount of 474.59 billion.
Elderly-Friendly Products	Elderly	With increasing life expectancy and rising medical costs, many elderly realize that past insurance plans may not meet future needs. And yet, restrictions on health conditions make it difficult to apply for new policies. For better protection for the elderly, Cathay Life has introduced industry-first insurance products tailored for the elderly, covering cancer, hospital indemnity, surgery, long-term care, and accidents, extending insurable age up to 75 or 80 years old and relaxing health condition requirements to ensure protection for elderly in need. To ensure the rights of elderly clients in obtaining insurance, and to protect their interests, a "Suitability Assessment for Elderly Products" is performed before any sale is made.	The cumulative number of new contracts by the end of 2023 is 110,000 people.	As of 2023, 125,000 policies have been sold.
Crop Insurance	Farmers	As extreme weather patterns intensify, the risks to agricultural crop yields have also increased. Cathay Century leverages its core competencies to help different groups weather climate change risks. In 2016, it introduced the first Mango Crop Insurance (government disaster relief-linked), which covers mango losses due to typhoons, torrential rains, frost, heat (Foehn winds), and prolonged rain. Subsequent products introduced include Mango Crop Insurance (regional harvesting) and Parametric Guava Crop Insurance (for wind speed of typhoon and rainfall), which are tailored to the specific characteristics of different crops as well as climate and harvest variations. For instance, in 2017, the Mango Crop Insurance (regional harvesting) determined claims based on regional harvest volumes. If the actual harvest volume falls below the guaranteed level, compensation is made available, providing farmers with flexible indemnity conditions that better match the real circumstances of cultivation. In addition, to provide precision claims service for its crop 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. 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.	In 2023, Cathay handled four claims through the Mango Crop Insurance (government disaster relief-linked).	In 2023, the Mango Crop Insurance paid a total of NT$408,000 in compensation.

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Product	Target Group	Description	Customer Reach	Transactional Amounts
Microfinance	Those in need of funds but with limited access	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. 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.	By the end of 2023, the loan processed 32,700 borrowers.	By the end of 2023, the cumulative loan amount reached NT$14.46 billion.
Preferential Loans for Social Enterprises	Social Enterprises	To aid social enterprises in flexibly utilizing their business models to address social issues and expand their social impact towards sustainable goals, CUB has been collaborating with the Taipei City Government since 2017 to promote Preferential Loans for Social Enterprises. In partnership with the Small and Medium Enterprise Credit Guarantee Fund of Taiwan (Taiwan SMEG), the bank provides direct guarantees and low-interest loans to eligible businesses to help them secure necessary operational funds.	By the end of 2023, a total of 16 social enterprise loan applications were received.	By the end of 2023, a cumulative loan amount of approximately NT$84 million was granted.

Non-financial support for persons who do not fully benefit from inclusive financial products or services

To enhance financial literacy and awareness of financial health among specific demographics, Cathay is dedicated to spreading financial knowledge and education through diverse channels and forms, improving the welfare of these groups. Through proactive education and knowledge sharing, Cathay aims for all segments of society to be capable of making informed financial decisions, thereby enhancing the overall quality of life and financial stability of the community. For more information on financial education and anti-fraud initiatives, please refer to 3.2.4 Diverse Promotion of Financial Education.



Category		Services	Target Group	Societal KPIs
Financial or Digital Literacy Training	Financial Education	Financial Literacy Mini Courses for High School Students	Students	Reached: 8,301 persons
		Foundational Finance Seminars for Gen Y	Students	Reached: 1,706 persons
		Tutor CUB	Students, Rural Students	Reached: 164 persons
		The 368 Fraud Awareness Campaign	General public	Reached: 560 persons
	Social Media for Dissemination	Cathay Life's Insurance for Beginners Youtube Channel Informational Videos	Individuals who have never purchased insurance for themselves before	Reached: 1.648 million views
		Cathay Coffee ETF	General public	Reached: 110,000 persons
		Cathay SITE's Official FB Page	35-44 Age Group	Reached: 430,000 followers
		Cathay SITE's Official IG Account	Students, Youths under 30	Reached: 2,014 followers
	Anti-Fraud Board Game	Anti-Fraud Board Game	Students, elderly	Reached: 8,683 persons
		#Speak Up! Anti-Fraud Interactive Exhibit	General public	Reached: Over 4,000 persons
Business Management Tools or Training	Academy for Women Entrepreneurs (AWE)		Women	Reached: 95 persons

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3.2.4 Diverse Promotion of Financial Education

Fintech advancements develop at a rapid pace, which offers more convenient access to a growing range of financial products and services. Yet this also means that financial fraud is becoming ever more realistic and believable. Consequently, financial literacy is becoming increasingly important. Cathay FHC and its subsidiaries utilize innovative new methods to help raise public awareness of financial concepts to enhance sensitivity and detection of financial fraud.

Enhancing financial knowledge and building financial literacy

Promote investment and financial education among stakeholders and build the right investment and financial mindset and capabilities among different generations through informational seminars, videos, podcasts, etc.

Promoting financial education

Seminars/Forums

Achievements of Cathay SITE's Finance Seminars:
- Organized 62 seminars
- Attracted 8,308 attendees

Achievements of Cathay SITE's Foundational Finance Seminars for Gen Y:
- Organized 20 seminars
- Visited 8 universities and 5 high schools across Taiwan
- Reached a total of 1,706 persons
- Cathay SITE's Finance Seminars in 2023 covered topics such as product financial briefings, financial management and retirement planning for the elderly, Foundational Finance Seminars for Gen Y, and responsible investment promotion courses.
- Foundational Finance Seminars for Gen Y guide students to begin planning their future finances early on with easy investment tips.
- CUB organized the Global Investment Trends Forum.

Videos/Podcast

- Cathay SITE released 55 financial education videos and podcasts in 2023, reaching an audience of over 480,000.
- As of 2023, Cathay Life's Insurance for Beginners YouTube channel has uploaded 48 animated videos, reaching 1.648 million views.
- Cathay SITE uploaded a video and podcast series titled "Investments Made Easy."
- CUB released videos on financial literacy
- Cathay Life's Insurance for Beginners YouTube Channel creates animated videos to share insurance information (e.g., different types of insurance, claims, and specific insurance terms and definitions), in an effort to enhance public understanding of insurance and its protection.

Website/Social Media

- Cathay Coffee ETF reached approximately 110,000 persons in 2023.
- Cathay SITE's Official FB Page now has over 41,000 followers
- Cathay Coffee ETF: Introduced new sessions on bond products and asset allocation in 2023, providing comprehensive ETF knowledge.
- Cathay SITE established its official FB page in 2018 to introduce fund basics and ESG investing concepts. In 2021, Cathay SITE set up its corporate account on IG, targeting younger customers under the age of 30 with easily digestible and appealing financial content. Examples include "ETF in Under 1 Minute," "What are ETF premiums and discounts?" An official LINE account, which has 250,000 subscribers, was also set up to allow customers to search through the latest investment suggestions and fund conditions.

Research reports

- CUB released the 2023 Taiwan Citizen's Financial Health Report









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Enhanced Fraud Detection

As financial scams evolve and change, CUB and Cathay Life are making an active effort to expand the scope of fraud prevention and enhance consumer awareness. In addition to raising public awareness against fraud, Cathay is also partnering with the National Police Agency to develop more measures to protect consumer assets.

1 Groupwide Anti-Fraud Taskforce

In July 2023, CUB President convened the Groupwide Anti-Fraud Taskforce, which conducts regular reviews and reports to the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Committee and the Treating Customers Fairly Committee.

Successful interceptions in 2023:

- A total of **1,811** fraudulent transactions
- Approx. NT$**1.28** billion (16.9% of all financial institutions)
- Industry leader in dollar value of fraud interception

2 Supporting Gov't Initiatives

In 2023, CUB partnered with local police departments on the 368 Fraud Awareness Campaign, reaching 368 townships in 16 regions across Taiwan.

3 Anti-Fraud Board Game

Cathay Life has partnered with local police departments since 2018 to use an anti-fraud board game to enhance the elderly's ability to identify and prevent fraud.

> Over 90% of participants stated that the Anti-Fraud Board Game helped them understand different methods of fraud and how to assist friends and relatives who encounter fraud.

4 The #Speak Up! Campaign

From August to December 2023, CUB held the following events:

- The Anti-Fraud Interactive Exhibit from December 7 to 10 with the National Police Agency, attracting over 4,000 visitors.
- Media campaign with videos, social media, and EDM to increase exposure.



#Speak Up! Anti-Fraud Interactive Exhibit

To raise public awareness of financial fraud, CUB partnered with the NPA in 2023 to organize the 4-day "#Speak Up! Anti-Fraud Interactive Exhibit" at the Huashan 1914 Creative Park. Common tech, phone, investment, and shopping scams were introduced through interactive exhibits. The public was encouraged to share their own experience with fraud as well, to enhance societal awareness and prevent future victims.



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04 Empowerment

4.1 Workplace Empowerment
4.2 Social Empowerment

Developing and nurturing talent is critical to building a sustainable business. Companies that prioritize diversity, equity and inclusion (DEI) are better positioned to attract and retain top talent. According to the World Economic Forum's (WEF) Diversity, Equity and Inclusion Lighthouses 2024 report, organizations with inclusive cultures are 3.8 times more likely to maximize employee potential and experience lower turnover rates. In response to the burgeoning AI and digitalization trends, Cathay FHC is revamping and enhancing employee competencies to navigate digital transformations and evolving work paradigms. In addition, the company is committed to supporting the youth, the underprivileged, and women to acquire the necessary knowledge and skills to confidently navigate societal changes. At the same time, Cathay FHC fosters a diverse and inclusive workplace to realize the full potential of its talent pool.

Workplace Empowerment – Achievements

Listed in HR Asia –Best Companies to Work for in Asia 2023

Cathay FHC has been listed in "HR Asia - Best Companies to Work for in Asia" for the fifth year running, delivering stellar efforts in "embracing a diverse and inclusive workplace" and performing above average in "digital transformation," "employee communication channels," "workplace identity" and "after-work benefits."

ESG empowerment strategies and outline an empowerment blueprint with four focus areas

Cathay outlines talent strategies to ensure the organization possesses sufficient human resources and capabilities to meet the challenges of digital transformation and fintech trends. This includes promoting a culture of autonomous learning among employees and providing diverse learning resources, leveraging technology to empower HR transformation, and advancing a comprehensive talent development system.

Recipient of Parenting magazine's inaugural Family Friendly Workplace Award (FFWA) - Large Enterprise Category

To better support employees at different stages of their careers, Cathay FHC launched several measures to pivot the workplace culture and organization, adopting mobile work and flexible work hours. For working fathers and mothers, Cathay offers the FlexiPacing program in the hopes of creating a DEI workplace.

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Sustainability Strategy Blueprint- Workplace Empowerment

Key Initiatives	2023 Achievements	Short-term Goals (2023)	Mid-term Goals (2026)	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				
1. Promote reskilling programs to expand employees' digital skill sets 2. Cultivate managers and employees with diversified digital work management capabilities and management skills and mindset; furnish employees with digital skills	Digital capacity training: digital agility training coverage rate reached 93.4%, data literacy training coverage rate reached 74.8%	▪ Digital training: In 2024, aim for a completion rate of 50% in digital skills training programs ▪ Annual digital capacity training completion rate reached 80% ▪ Sustainability training: In 2024, achieve a 90% completion rate in foundational ESG online courses	-	
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				
1. 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 2. 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 score for questions related to educational training in the 2023 employee engagement survey was 4.18 ▪ In 2023, 94.9% of employees will achieve a score of 4 or higher on a 360-degree performance assessment	In 2024, obtain a satisfaction rate of 4/5 for annual job dedication training ▪ In 2024, 85% of employees will achieve a score of 4 or higher on a 360-degree performance assessment	▪ In 2024, 86% of employees will achieve a score of 4 or higher on a 360-degree performance assessment	▪ In 2024, 87% 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.	▪ Retention rate of key talent in the entry/mid-level talent pool: 97.1% for future stars (manager level) and 100% for key talent (senior VP level) ▪ In 2023, retain 92.6% of key Young Talent	▪ In 2024, retain 80% of key entry- and mid-level talent ▪ In 2024, 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				
1. Forging a Foundation of Diversity and Inclusion: Eliminate unconscious biases through building awareness, establishing the correct cognitive framework, and continuous feedback, communication, and advocacy. 2. Establish Diverse and Inclusive Internal and External Networks: Such as internal learning communities and external professional networks to consolidate connections and expand influence. 3. FlexiPacing Support: Help employees come up with solutions to take care of their family and provide support from within the system for their development.	▪ Implementation of Cathay's FlexiPacing program achieved an 88% retention rate for employees taking parental leave ▪ The proportion of female supervisors reached 54%	▪ Promote Cathay's group-wide FlexiPacing policy; in 2024, aim for an 80% retention rate ▪ Increase in female employee and manager makeup: 1. Female employees account for 60% 2. Female managers account for 40% 3. Female entry-level managers account for 45% 4. Female mid- to senior-level managers account for 25% 5. Women in STEM positions account for 35% ▪ In 2024, achieve a 90% completion rate for DEI online courses		

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4.1 Workplace Empowerment

GRI：2-27、401-2、401-3、404-2、404-3
Material issues: talent development, talent attraction and retention, inclusive workplace

IFRS	Governance	Strategy	Risk Management	Metrics & Targets
Talent and Skill Development	✓	✓	✓	✓
Attracting and Retaining Talents	✓	✓	✓	✓
Inclusive Workplace	✓	✓	✓	✓

4.1.1 Workforce Demographics

Cathay FHC and its subsidiaries had 45,303 full-time employees and 277 part-time employees in 2023. Part-time employees account for 0.61% of the total employees. Cathay is a Taiwan-based company that prioritizes local recruitment and aims to achieve the target of 85% local hires. The local hiring rate is approximately 99%. We comply with 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. In 2023, Cathay FHC, CUB, Cathay Century, Cathay Securities, Cathay SITE, and Cathay Futures had 90 non-binary employees who voluntarily disclosed their sexual preferences.

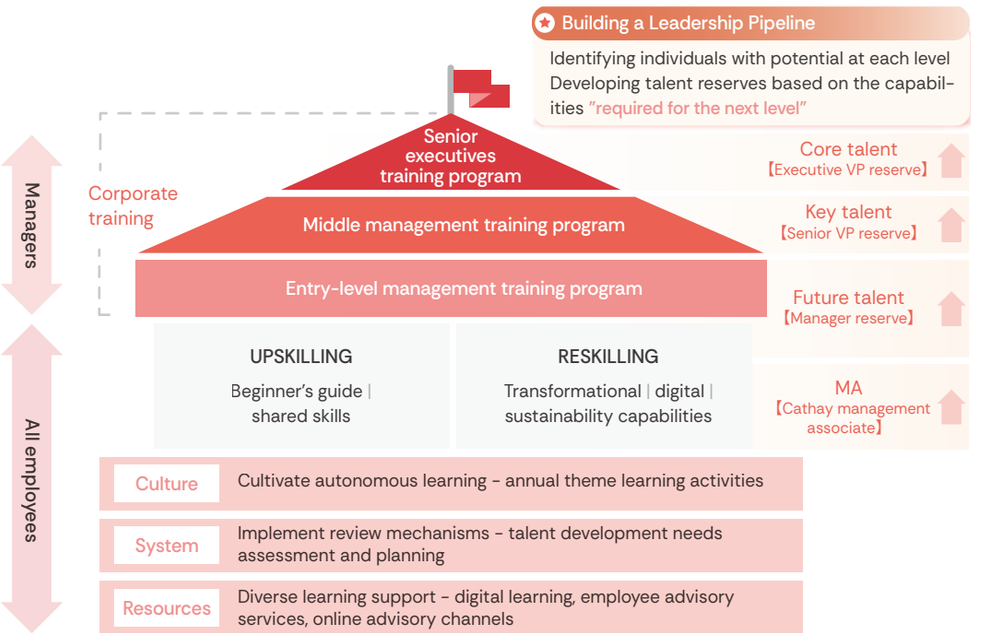
Note: For Cathay FHC's statistics on full-time employees, please refer to Table 14 in the Appendix.

Cathay also supports indigenous peoples and persons with disabilities and their right to employment. Indigenous employees enjoy "Indigenous Holiday Leave", which provides them with an additional day of leave on the special holidays of the tribe to which they belong. Cathay also provides accessible facilities in the workplace and promotes the inclusion of different cultures through newsletters, seminars, and other events. Cathay also hires locally at its global locations, where employees come from a total of 14 countries, spanning mainland China, Southeast Asia, North America, and Europe.

Note: For the number and percentage of indigenous and disabled employees, please refer to Table 15-1 in the Appendix; For data on Cathay's foreign employees, please refer to Table 15-2 in the Appendix.

4.1.2 Talent Cultivation and Development

In response to the intense competition for talent and the urgent need for internal talent development, Cathay is deepening its ESG empowerment strategy. We have identified four focus areas for workplace empowerment to provide employees with diverse and inspiring career development opportunities. Through the strategic use of technology, we are supporting talent transformation and creating personalized learning experiences. Our efforts include enhancing gamified learning, collaborative learning, personalized development, and enhanced learning experiences. These initiatives ensure that Cathay is equipped with a sufficient and skilled workforce to meet the challenges of digital transformation and financial technology trends.



Upskilling

Training Resources

To foster a culture of self-directed learning and prioritize employee development, Cathay FHC integrates internal and external resources to create customized learning experiences. These efforts include blended learning approaches that incorporate elements of gamification and competition to increase engagement. Through initiatives focused on gamified learning, shared learning, personalized development, and enhanced learning experiences, Cathay FHC is promoting a comprehensive talent development system. In 2023, the company adopted "A Journey of 10,000 Miles" as the theme of the year to promote collaborative learning. In addition, seminars centered on "ESG Sustainability X DEI" provided various resources to empower individuals across roles to continuously enhance self-realization.

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1 Digital Library

- A monthly selection of three books that cover professional competency or interdisciplinary areas; a total of 24 books were selected
- Book report submission and sharing

- No. of submissions: 2,440
- No. of e-book borrowed: 55,120 times (a 17.9% increase compared to 2022)
- Unique users: 11,415 people (a 10.1% increase compared to 2022)

2 A Journey of 10,000 Miles

Cathay's annual learning program that incorporates diversified training areas, themed seminars, tiered courses, and hybrid learning models. The program also adapts a group competition mechanism to promote collective learning.

- 20,004 people participated with a satisfaction score of 9.1
- More than 80% of participants agree that themed learning activities motivate them to learn

3 ESG with Futures

A series of seminars were organized under the theme of "ESG Sustainability X DEI," where external speakers shared their experiences to help Cathay employees gain insight into the topics.

- Five sessions were organized on: ESG concepts, cross-cultural, financial management, intergenerational, and awareness
- Average satisfaction score: 9.1
- Average attendance: 762 people

4 Customized Recommendations

Using data analytics on "personal skills gap and development" and "learning behavior" while leveraging Hahow for Business to suggest tailored learning resources.

- 1 recommended professional competency course/month, for a total of 8 courses/person; plus 5 selected topical courses/month, for a total of 40 courses
- The completion rates of Cathay's recommended courses are higher than other courses
- The usage rate of Hahow for Business is 92.5%
- Total learning hours on Hahow for Business were 9,763 hours (40% growth compared to 2022)

5 Sharing Club

- Cathay employees serve as lecturers to share their professional knowledge, expertise, and experience. The Sharing Club provides a stage for employees to showcase their talent and creates a communication platform for open interaction.
- The Tai-Xiang Award is presented to the top speaker who exemplifies role-model behavior that fosters confidence and a sense of accomplishment.

- Twelve sessions were organized on: psychology, sports, lifestyle, and professional expertise
- Average satisfaction score: 9.1
- Average attendance: 800 people

Outcome Assessment

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. In addition, Cathay regularly tracks employee training outcomes through the Kirkpatrick Model and Human Capital ROI indicators to help us further optimize our educational training.

Note: For Cathay employee training statistics, please refer to Table 21 in the Appendix.

Item	Indicator	2020	2021	2022	2023
L5 Return on Investment	Human capital ROI (Note 1)	11.39	11.06	5.68	4.33
L4 Results Assessments	Attainment of Customer Satisfaction Goals	100%	100%	100%	100%
	Retention rate of key talents (Note 2)	99%	98%	99%	98%
L3 Conduct Assessment	% of open positions filled by internal candidates	80%	82%	73%	69%
	Number of CFP® certifications obtained	555	690	702	775
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)	4.15	4.10	4.10	4.18

Note1: Human Capital ROI = Return - (Operating expense - (S alary cost + B enefits cost))/(salary cost + bene fits cost)
Note2: The key talents are those who are above (inclusive) of the internal Junior management at the end of 2023, and have a performance of 4 or above (inclusive) in 2022

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Reskilling

In response to the rapid development of big data and AI, Cathay FHC has prioritized the cultivation of data literacy as a key factor in maintaining a competitive edge. Since 2021, the company has focused on cultivating data talent to develop essential digital skills in 25% of office staff within five years, thereby transforming Cathay's digital capabilities. In 2023, the focus was on "data analytics," with workshops on Power BI data analytics, hands-on robotic process automation (RPA) programming sessions, and agility-focused Professional Scrum Master (PSM) training to enhance the practical skills of data and technical talents. In addition, to align with global sustainability standards, Cathay organized five micro-course series and two sustainability events to educate employees on the company's sustainability goals and initiatives. We are committed to fostering a culture of sustainability awareness and understanding. In addition, our subsidiary Cathay Life conducted a Chartered Sustainable Finance Manager (CSFM) training program, contributing to the systematic development of sustainable finance talent across the group.

The Three Powers of Transformation

93.4% of FTEs participating in the program

Agility

- Online foundational courses enhance employees' agility mindset.
- The completion rate of online courses within Cathay is 93.4%

Learning

- Online English lectures: Comprehensive sessions on grammar, writing, and oral communication skills tailored to workplace contexts, with a progression from foundational to advanced levels.
- Average attendance: 893 people (across 2 sessions), with a satisfaction rating of 9.2

Communication

- Satir Model: Focuses on emotional awareness, understanding needs, and analyzing common communication patterns in the workplace
- Satisfaction score: 9.4
- No. of completions: 29 people (1 physical session with limited capacity)

Cathay Digital Transformation Plan

75% of FTEs participating in the program

Digital Training

- Cathay will become a digital talent who embraces the DNA of creativity, and drive the company's business growth.
- Digital training: digital training coverage rate reached 75%.

RPA Programming Sessions

Conducted in-person courses for BA (process analysis) and PG (process development) courses, supplemented by tutoring, to help colleagues optimize their work efficiency.

- 173 people completed BA or PG courses
- Total training hours: 2,369 hours
- Average 95% satisfaction with the course
- 85 RPA processes developed

Digital Skills Seminars

Topics covered include Outlook features, ChatGPT applications, PPT presentation skills, and communicating through graphical information.

- 5 seminars were held
- Average attendance: 874 people, with a satisfaction rating of 9.2

Power Bi Data Analytics Workshop

Attendees learn to use Power BI to create reports and share their insights during a results presentation. This training was designed to facilitate the effective use of data for work tasks and decision making.

- The completion rate of online courses within Cathay is 75%
- No. of completions: 15 people
- Completed the development of 7 Power BI dashboards

Data Talent—Data Analyst and Data Manager Development Program

Participants must complete 90 hours of training to obtain certification. The program includes professional courses covering three analytics tools, four data governance practices, and AI applications, as well as practical assessments through project competitions and presentations.

- Data analyst course: 105 participants completed the program, totaling 7,791 training hours.
- Data manager course: 141 participants completed the program, totaling 1,692 training hours.
- 209 of office staff (approximately 13%) became certified.

Business Benefits

Cathay suggest the program can bring five major business benefit to the company and they are listed as below: ① Create a digital finance talent pool for Cathay. ② Strengthen Cathay's innovation abilities for product development. ③ Improve the profitability of Cathay's digital channels. ④ Increase the coverage of Cathay's digital services. ⑤ Optimize Cathay's operating processes.

Quantitative impact of business benefits

To effectively innovate digital products and improve the efficiency of financial services, see 3.2.2 Integrated Digital Finance Solutions for details.

- groupins+ provides a one-stop digital service for group insurance. Over 300,000 corporate visitors and provided over 700 customized group insurance quotations.
- The CUBE App serving nearly 7 million digital users, the app offers a simple, user-friendly, and aesthetically pleasing digital finance experience.
- "Alpha" Chatbot serving over 1.5 million customer service inquiries monthly, Alpha maintains a high satisfaction rate.
- Using Cloud Tech Talents to Promote Group-wide Digital Transition, this project aiming to cultivate a hundred cloud talents within the next three years to boost local industry development.

Sustainability

82.4% of FTEs participating in the program

Sustainability Micro-courses and Activities

Cathay organized a series of 5 micro-courses and 2 activities: the Sustainable Living Challenge (designed following the United Nations Good Life Goals) and a sustainability quiz.

- Average ESG micro-course completion rate was 82.4%
- The post-assessment score for understanding of the Cathay's sustainability efforts was 4.67/5.
- The 2 activities combined reached 329 people

Chartered Sustainable Finance Manager (CSFM) training program

Cathay Life and TAISE jointly host the CSFM training program.

- No. of completions: 60 people
- Certified participants: 58 people
- Total training hours: 2,400 hours

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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
Training Mechanism	▪ Introduced the Cathay Box App ▪ Tiered Courses for Sales Agents ▪ Worksite Marketing ▪ Managerial Competencies ▪ Recruit Talent and Optimize Orientation Training
Target Group	All sales agents
Project Benefits	▪ Improve job performance of sales agents to enhance company performance ▪ Increase the retention rate of new hires to lower recruitment costs
Project Outcomes	Return on Investment L5: ROI

2019	2020	2021	2022	2023
56.3%	49.33%	45.19%	46.37%	46.15%

Results Assessment L4: FYPE, First Year Premium Equivalent (Unit: NT$ 1K)

2019	2020	2021	2022	2023
96,312,927	62,181,535	50,996,539	42,434,095	47,415,079

Conduct Evaluation L3: Retention rate of new hires

2019	2020	2021	2022	2023
67.8%	69.0%	66.9%	66.8%	63.7%

Learning Assessment L2: Number of trainees that passed

2019	2020	2021	2022	2023
28,108	28,147	27,140	25,870	24,493

Response Assessment L1: Satisfaction Rate

2019	2020	2021	2022	2023
98.64%	95.59%	94.76%	94.4%	97.96%

Leadership Pipeline

Cathay FHC conducts regular reviews and plans for talent development programs across all job levels. Through talent development meetings, supervisors are guided to align organizational goals with talent development needs to identify key training priorities and implement training programs and succession plans at each level. This approach is designed to foster mutual growth between the company and its talent pool. In 2023, the leadership pipeline program focused on enhancing talent coaching, developing individual development plans (IDPs), and implementing talent review and development mechanisms. Using quantitative assessment tools such as learning and coaching logs, line managers gain comprehensive insight into their team's talent landscape and identify key behaviors used by participants and coaches to strengthen talent pool management.

Pipeline	Project	Overview	2023 Outcome/Highlight
Young Talent	Group/Global Management Associate (GMA)	The GMA program is an innovative cross-group rotation program in the financial industry. It involves a 2.5-year rotation across subsidiaries and is designed to build a pipeline of senior-level talent with strategic thinking and cross-functional skills.	Over the history of the program, 47% of participants who have completed the GMA program and assessment have been promoted to managerial positions or higher.
Senior VP Pipeline	Key talent	Since 2022, a two-year talent development program has been underway, facilitated by group collaboration. The program includes project-based learning, systematic skills training, and individual development plans (IDPs) with coaching and mentoring to enhance participants' readiness for advancement to the next level.	In 2023, the Net Promoter Score (NPS) for the training program among participants who completed the program was 87.5.
Manager Pipeline	Future talent	Under the group's talent reserve mechanism, potential candidates among senior staff (deputy managers, senior deputy managers) are selected for accelerated development through a two-year program to cultivate the mindset and skills required for leadership roles. This initiative aims to enhance their readiness for career advancement.	In the first year of the program, the satisfaction rating for the kick-off and workshop activities was 4.5 out of 5, and the participants' confidence level was rated 8.6 out of 10.

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4.1.3 DEI in the Workplace

At Cathay, we value the unique perspectives that our employees bring to the table and are committed to creating a workplace that embraces diversity, equity, and inclusion (DEI). Cathay FHC has established the "Cathay FHC Human Rights Policy" in accordance with the UN International Covenant on Civil and Political Rights and related initiatives to ensure that no individual is treated differently or discriminated against based on gender, sexual orientation, race, socio-economic status, age, marital and family status, language, religion, political affiliation, nationality, appearance, physical or mental disability or any other reason. To ensure that individuals can thrive at Cathy, we consistently provide policies and management mechanisms that surpass regulatory standards. We have also expanded our network and created a women's learning community to leverage external resources. In 2023, our efforts were recognized with the Family Friendly Workplace Award (FFWA) from Parenting magazine and the Diversity for Better Tomorrow Awards (DBTA) from Womany, the largest women's social media community in Taiwan. These recognitions motivate us to further strengthen our framework for fostering a diverse and inclusive workplace culture.

Workplace Flexibility

Cathay FHC has upgraded its information technology, introduced digital business processes, and redesigned management systems and organizational culture to create a more flexible, collaborative, and mobile workplace. This transformation has changed communication and collaboration patterns in the workplace. Cathay encourages supervisors to engage in dialogue with employees, establish diverse communication channels, set clear goals, and understand employees' skill development and career aspirations through formal meetings and informal gatherings. In addition, Cathay continues to optimize its digital tools through the Cathay Digital Bar to improve operational efficiency and information security in the mobile workplace. Cathay believes that a mobile workplace allows for unrestricted employee growth, retains talent through flexible work arrangements, and increases employee identification and satisfaction with the company.

Hybrid	Flex Shift	Flexwork
Cathay FHC is implementing a hybrid work model where employees work in the office for two weeks and remotely for one week. Each department has the flexibility to adjust according to business needs and employee preferences.	Employees can flexibly choose their working hours according to their needs and business requirements, with 2-4 flexible shifts available. They can also coordinate further flexible arrangements with their managers based on mobile workplace arrangements.	In addition to remote work, employees can choose their preferred workspaces in the open office. In addition, "personal focus spaces" are provided so that employees who prefer to work independently can have a quiet, undisturbed environment.

Fostering Inclusion

Cathay has a diverse workforce and is committed to promoting diversity and inclusion, starting with fostering a culture that recognizes and addresses unconscious bias to prevent unequal treatment. Cathay is also committed to ensuring human rights and gender equality for its employees. Cathay FHC has formulated the "Cathay FHC Human Rights Policy" in accordance with the UN's "International Covenant on Civil and Political Rights" and relevant initiatives. We regularly assess the level of human rights risks at all our business locations and implement mitigation measures while strengthening compensation measures. Our goal is to achieve zero human rights risks in our operations. 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." Trainings for all employees on discrimination or harassment in the 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 found to be true, the accused will be subject to disciplinary action in accordance with company policy, while the victim will receive all necessary support, including psychological counseling. Other colleagues will be asked to increase their education and training on sexual harassment to prevent such incidents in the future. In 2023, there were seven reported cases of sexual harassment or gender equality violation, all of which were appropriately addressed based on the procedures outlined. In addition, Cathay FHC is a strong advocate 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 close the pay 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 Tables 18 and 19 in the Appendix.

In 2023, Cathay FHC continued its commitment to promoting DEI, starting with the recognition and elimination of unconscious bias. This initiative aimed to enhance feedback collection, communication, and advocacy to foster an environment where employees recognize and respect each other's unique values. As part of this effort, DEI topics were integrated into both digital and in-person internal seminars, covering topics such as understanding DEI, identifying unconscious bias, and recognizing cross-cultural and cross-generational issues. In addition, external experts were invited to share their experiences, and employees volunteered to speak on topics related to mental health, communication, and physical well-being. Sessions on the DISC personality model, sports, and health averaged 900 participants with a satisfaction score of 9/10. These sessions are designed to help employees understand unconscious bias, diversity and inclusion. In 2023, the DEI courses were well attended, with 14,000 employees participating, representing approximately 80% of the office staff, with a satisfaction score of 4.51 out of 5.

2023 DEI micro-course outcomes



- **92.7%** average completion rate
- **4.54** satisfaction score on promotion of group values
- **4.48** satisfaction score on promotion of FHC values

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Internal & External Network Linking

In 2023, Cathay FHC launched the Cathay DEI Town initiative with the core concept of "Place for All." This initiative aimed to foster a work environment characterized by transparency, equity and friendliness, where all employees can thrive regardless of their background, experience or qualifications. To support this goal, Cathay FHC integrated resources to establish a 20-member project team called "FlexiPacing." Through internal in-depth interviews and monthly meetings, the team gathered insights from 35 maternity leave cases within the organization. Based on this data, the team developed a system that focuses on the needs of employees, thereby raising awareness and encouraging greater employee participation.

Supporting women in the workplace and fostering a community for women's empowerment have been long-standing priorities for Cathay. Collaborating with the Society of Taiwan Women in Science and Technology (TWiST), Cathay invites experts to share knowledge aimed at enhancing insight for project teams. In 2023, Executive Vice President and the Head of the Administration Division Emma Weng spoke at the Women in Science & Technology Convention (WiST) annual conference, highlighting Cathay's human-centric talent sustainability mechanisms and the company's support for women in STEM fields. As of 2023, Cathay had 31,303 female employees, including 1,909 in STEM positions.

Note: For featured stories on Cathay DEI Town, please refer to Sustainability Story 3; for statistics on female managers and employees, please refer to Table 18 in the Appendix.

2023 Internal & External Network Linking Outcome



- Launched Cathay DEI Town, themed "Place for All."
- Support for the Society of Taiwan Women in Science and Technology (TWiST) for the third year in a row

FlexiPacing Support

Cathay supports employees in balancing work and family responsibilities by offering flexible work arrangements and resources to manage career breaks without leaving the workforce. These resources are not limited to childcare but also extend to eldercare in the future. Employees with childcare needs have access to psychological and educational support, including professional counseling through Employee Assistance Programs (EAPs) and digital learning resources on parenting, financial planning, and re-entry skills. These comprehensive benefits ensure that employees feel supported at every stage of their careers and personal lives, enabling them to thrive personally and professionally.

Note: For statistics on parental leave and family care, please refer to Tables 22 and 23 in the Appendix.

Employee Benefit Programs	
Family	▪ Family care leave: Cathay provides seven days of family care leave, and eight hours paid flexible leave for flexible caregiving or medical appointments, 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, available for both primary and secondary caregivers ▪ Maternity allowance: Financial assistance provided to female employees and employee spouses upon childbirth ▪ Childcare services: Cathay has partnered with local daycare facilities to offer employees convenient access to childcare options ▪ Maternity program: Establishment of a maternity club and comprehensive support for pregnant employees, including workplace risk assessments, prenatal classes, prenatal and postnatal questionnaires, gifts for new parents, and lactation rooms in the workplace ▪ Menstrual/sick leave: Full pay for five days per year (Note: Taiwan laws only require companies to provide half pay) ▪ Miscarriage leave: Full pay for all employees (Note: Taiwan laws only require companies to provide half pay for those who have been employed for less than six months) ▪ Pregnancy checkup leave: Ten days of leave for prenatal checkups (Note: Taiwan laws only require companies to provide seven days) ▪ Pregnancy checkup accompaniment and paternity leave: Paternity leave has increased from five to seven days in accordance with the law since January 2022.
Learning & Development	Employee learning network, cloud library, subsidies for continuing education, professional certification subsidies, job rotations, and digital courses. For details on learning resources, please refer to 4.1.2 Talent Cultivation and Development
Work Arrangements	Flexible remote work, home-based shifts, diverse employment arrangements. For details on work arrangements, please refer to 4.1.3 Workplace Flexibility
Financial & Asset Management	▪ 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
Health & Leisure	Travel subsidies, Cathay's employee benefits website, airport pick-up and drop-off discounts, massages, health promotion activities, regular medical check-ups, healthcare subsidies, employee pandemic insurance, corporate group insurance
Social Activities	Club subsidies, movie screenings, singing contests, other contests, family day

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Feature story

Incentivize engaged and shared parenting

In 2019, Cathay launched the Cathay Pregnancy Club platform to provide full support to colleagues throughout their pregnancy, childbirth and childcare journey. Through the "Pregnancy Gift" section of the platform, female colleagues are encouraged to complete questionnaires during the pregnancy and postpartum stages to receive childcare gifts valued at approximately NT$7,000. This initiative not only promotes engagement, but also allows nurses to monitor the physical and mental well-being of colleagues and provide support as needed. In addition, the platform features the "Engaged Parenting - Parental Blessing Gift" section, which includes various tasks (posing with baby's ultrasound pictures, changing diapers, etc.) and questionnaires to encourage employees to participate in childcare activities and support their partners' well-being. In 2022, Cathay conducted a review of terminology related to marriage and childbirth benefits to ensure inclusivity. As a result, the original "Cool Dad's Gift" was renamed "Engaged Parenting - Parental Blessing Gift," reflecting the company's commitment to providing equal benefits under the childcare system regardless of gender or sexual orientation. This inclusive approach is in line with Cathay's commitment to promoting diversity and fostering a supportive work environment for all employees.

Feature story

FlexiPacing for work-life balance



Last year, a Cathay manager at a senior level welcomed a new child into her family. Initially concerned about balancing her work responsibilities with the demands of parenthood, she found support from both the company and her supervisor. With this support, she opted for flexible work arrangements during her pregnancy and after she returned to work. By using the digital tools provided by the company, she was able to effectively manage her workload while attending to her parental responsibilities. Now, as her child celebrates their first birthday, she continues to excel in her role with no interruption to her career. She credits the company's FlexiPacing program for enabling her and her colleagues who are preparing for parenthood to navigate each stage of life with confidence. This experience has deepened her appreciation for Cathay's supportive culture. The key to the success of the flexible framework lies at the heart of Cathay's DEI culture.

4.1.4 Talent Attraction and Retention

Employee Engagement

Every year, Cathay FHC conducts an Employee Engagement Survey and examines employee expectations through quantitative feedback, sample interviews, focus questionnaires, etc. The five dimensions of the survey are corporate sustainability (CS), organizational commitment, employee satisfaction, leadership management and overall job recognition. Covering Cathay FHC and its subsidiaries, the 2023 survey achieved a response rate of 87.7%. The overall employee engagement score reached 4.16, achieving the target of maintaining satisfaction above 4 points for three consecutive years. All dimensions showed improvement from 2022, with the corporate sustainability dimension showing the most significant growth, and Cathay FHC receiving the highest score in this area. For past results of the Employee Engagement Survey, please refer to Table 25 in the Appendix.

Employee Engagement Growth in 2023 (compared to 2022)

Response Rate	Satisfaction score	Satisfaction ratings of 4 or above
87.7% (↑ 2.4%)	4.16 (↑ 0.08)	83% (↑ 2.56%)

Indicators	Topic	Question	Score
Job satisfaction	Organizational Commitment	Are you proud to be part of Cathay and willing to go the extra mile to make Cathay better?	4.23
	Leadership Management	Do you have the tools and resources needed to complete your work?	4.33
Purpose	Overall Recognition	Do you believe that your work is meaningful and can find opportunities for learning and growth from your work?	4.27
	Corporate Sustainability	Do you think Cathay's commitment to sustainability helps you identify with Cathay?	4.20
Happiness	Employee Happiness	Are you satisfied with the current benefits and various employee activities organized by the company?	4.28
Stress		Do you think that the various health promotion activities organized by the company or the group contribute to your physical and mental health?	

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2023 Employee Engagement Survey Results Distribution		
Gender	Men	4.22
	Women	4.13
Position	Staff	4.13
	Managerial and above	4.36
Age	Under 30	4.19
	30-39	4.09
	40-49	4.12
	50-59	4.19
	Over 60	4.33
Location	Taiwan	4.16
	Overseas	4.18

Employee Communication Channels

To promote equality, transparency, and a friendly atmosphere, Cathay has put in place a comprehensive communication framework that is in line with its diverse corporate culture. This framework encompasses four hierarchical levels: organizational, departmental, individual, and other. In addition to established practices such as 360-degree feedback, performance reviews, and individual development plan (IDP) discussions, specific communication channels have been established at each level. These include town hall meetings at the organizational level and one-on-one conversations at the departmental level. The goal is to bridge power differentials and ensure that communication is equitable at all levels, regardless of rank, tenure, or expertise. In 2023, Cathay held 28 labor-management meetings and resolved six labor disputes, resulting in fines totaling NT$520,000. The cases were handled in accordance with regulations, with improved operational processes and effectively resolved.

Level	Mechanism	Projected Outcome
Organizational	Town hall meetings, staff meetings	Bridge power differentials, allowing employees to directly address senior management with questions and engage in dialogue.
Departmental	One-on-ones	Designed to understand each individual's current development status and career growth objectives.
Individual	Cross-departmental engagement activities	Aim to enhance cross-departmental engagement by eliminating communication barriers imposed by organizational hierarchies and departmental structures.
Other	Internal instant messaging channel	The two-way instant messaging channel allows every employee to send messages, ask questions, or provide feedback in real-time.



2023 Q4 Town Hall Meeting EDM



Quarterly staff meeting

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Performance Evaluation & Retention Mechanisms

Performance Evaluation

Cathay FHC prioritizes effective communication between employees and supervisors. Based on the "Employee Performance Management and Development Guidelines," performance reviews are conducted annually to ensure alignment with job objectives and career development plans. In 2023, all full-time employees underwent performance reviews, achieving a 100% participation rate. Cathay FHC has established an "Employee Performance Improvement Guidance Plan" to assist employees with poor performance. Employees have the right to appeal the results of the performance review. The Admin Department convenes a "performance review appeals meeting," where the appellant and their departmental or divisional supervisor participate in the discussions. Notably, no appeals were filed in 2023. In addition, Cathay FHC implements a 360-degree competency feedback mechanism for all full-time employees to assess their skills and set future development goals to improve overall job performance.

Type of Performance Appraisal	
Management by Objectives, Individual Development Plans (IDPs) & Team-based performance appraisal	Each department will formulate specific action plans and targets according to Cathay's annual development strategy; management and employees will formulate clear and measurable personal job goals and IDPs, followed by discussion meetings.
Performance Management and Development (PMD) & Agile Conversations	Progress against annual goals is discussed during mid-year performance management to help employees better understand their work progress and make timely adjustments. In addition to mid-year performance reviews, managers will also check in with employees through regular dialogues and agile feedback, and continuously monitor progress toward goals.
Year-End Review	Review progress toward individual/unit annual goals through performance reviews and year-end evaluations, and monitor implementation of IDPs.
Multidimensional Performance Appraisal	Diverse feedback is provided across six key dimensions (learning ability, agility, communication, teamwork, problem analysis & resolution, and work management), allowing employees to gain insight into their own capabilities and plan skills and learning goals for future career development based on 360-degree feedback from managers, peers, and direct reports. This also links to Individual Development Plans (IDPs), closing skills gaps and increasing productivity.

Retention Mechanisms

Cathay FHC is dedicated to fostering the long-term commitment of its employees by providing a diverse set of benefits and measures. These include annual salary adjustments based on market value to ensure competitiveness and a regular remuneration review of all Cathay office staff. Over the past four years, the company has maintained an average annual salary increase of approximately 4%. In addition, Cathay has established a "Senior Employee Incentive Program" to recognize the enduring contributions of senior staff by offering bonuses at various service milestones. Upon retirement or termination, employees are entitled to receive retirement and severance pay as mandated by law. These benefits aim to support individuals in achieving financial security following retirement or job loss. 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 level, performance, and tenure, 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%. In 2022, Cathay introduced an Employee Share Ownership Trust (ESOT) program. This initiative allocates incentive funds and encourages employees to make regular monthly investments through the trust, with the goal of improving retirement security for all participants.

Note: For salaries of full-time staff (non-managerial positions) in 2023, please refer to Table 20 in the Appendix.



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Social Empowerment – Achievements

Empower Youth to Take Innovative Sustainability Action

- Held the Cathay Climate Change Youth Forum for the fourth consecutive year in 2023 - empowering a total of 150 youths with climate knowledge
- Held Taiwan's first Impact Investment Campus Roadshow, visiting 6 universities and reaching 902 students

Diverse role models for women

- Provided long-term support for women's basketball and table tennis training, helping 82 female athletes establish themselves on the sports field
- Attended the Academy for Women Entrepreneurs (AWE) launched by the American Institute in Taiwan (AIT) and Small and Medium Enterprise and Startup Administration (SMEA), which has impacted nearly hundreds of female entrepreneurs

Empower employees to support the growth and development of different stakeholders

- Offered our new online financial education platform Tutor CUB to 12 rural elementary schools with the support of over 60 volunteers
- Established four accessible Cathay Happy Farms and recruited 90 volunteers to help improve the physical and mental health of 100 older adults

Sustainability Strategy Blueprint- Social Empowerment

Key Initiatives	2023 Achievements	Short-term Goals (2024)	Mid-term Goals (2026)	Long-term Goals (2030)
Strategy 1 » Youth Empowerment				
Youth x Flipped Classroom ▪ 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 ▪ Promote deepening cooperation between TFT members and Cathay Charity Group's project initiatives	Empower over 47,000 rural students in 2023	▪ Empower over 50,400 rural students in 2024 ▪ Examples of collaboration initiatives between TFT program members and Cathay Charity Group: 1. More than 12 TFT program members have applied for the Cathay Dream Come True Program 2. Cathay Charity Group has achieved 2 collaboration outcomes	▪ Empower over 99,800 rural students in 2026 ▪ Examples of collaboration initiatives between TFT program members and Cathay Charity Group: 1. More than 24 TFT program members have applied for the Cathay Dream Come True Program 2. Cathay Charity Group has achieved 6 collaboration outcomes	▪ Empower over 200,000 rural students in 2030 ▪ Examples of collaboration initiatives between TFT program members and Cathay Charity Group: 1. For the Cathay Dream Come True Program, at least 1/4 of the teams selected every year are from TFT partner schools. 2. Cathay Charity Group has achieved 15 collaboration outcomes
Youth x Sustainability 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	In 2024, provide empowerment to youths 3,600 times	▪ In 2024, provide empowerment to youths 6,500 times ▪ In 2024, offer 1,300 courses to a total of 50 schools	▪ In 2026, provide empowerment to youths 12,500 times ▪ In 2026, offer 2,300 courses to a total of 90 schools	▪ In 2030, provide empowerment to youths 24,500 times ▪ In 2030, offer 4,300 courses to a total of 170 schools
	Survey on youth's willingness to take action and their future goals: 93% of respondents are willing to take action	▪ Increase the number of surveyed youths that report motivation to take action (inclination) to over 70% ▪ Accumulated 150 innovative proposals; at least 10-15 volunteers took part in teaching sustainability issues every year	▪ Increase the number of surveyed youths that report motivation to take action (inclination) to over 70% ▪ Accumulated 250 innovative proposals; at least 8-10 volunteers took part in teaching sustainability issues every year	▪ Increase the number of surveyed youths that report motivation to take action (inclination) to over 70% ▪ Accumulated 500 innovative proposals; invite 1-3 empowered youth to join the Sustainability Action Advisory Group/ Lecturer Group

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Key Initiatives	2023 Achievements	Short-term Goals (2024)	Mid-term Goals (2026)	Long-term Goals (2030)
Youth x Employability 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	Achieved satisfaction score above four for courses/activities such as Career Diary, CIP/CAP, and the 7+1 Internship Program	Satisfaction score above four for courses/activities such as Career Diary, CIP/CAP, and the 7+1 Internship Program		Satisfaction score above four for courses/activities such as Career Diary, CIP/CAP, and the 7+1 Internship Program
	Reached 3.5 and above for satisfaction with Youth x Employability internship and training programs	Reach 3.5 and above for satisfaction with Youth x Employability internship and training programs		Reach 4 and above for satisfaction with Youth x Employability internship and training programs
	Achieved a score of 3.5 and above on willingness to pursue a career in the finance industry	Achieve a score of 3.5 and above 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 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	Launched 2 initiatives in 2023 that are beneficial for women's development	Organize at least one female public figure seminar and one event focused on women's empowerment	Organize at least one female public figure seminar and two event focused on women's empowerment	Organize at least two female public figure seminar and two event focused on women's empowerment
Self-Actualization Provide long-term support for domestic athletes, as well as comprehensive practice facilities, dormitories, and benefits to establish a complete support system	▪ Women's basketball: Supported one coaching team and trained 42 female players ▪ Women's table tennis: Supported one coaching team (eight members) and trained 40 female players	Support 18 members on women's basketball and table tennis coaching teams, and train 89 female athletes		▪ Construct one table tennis hall that meets specifications for international competitions ▪ Continue to support the development of women's basketball and table tennis
In conjunction with large-scale annual conferences, theme forums, etc. organized by the group, establish an evaluation mechanism for inviting experts or outstanding representatives in the female field as speakers or panelists to support the display of diverse female strengths and stages	Note1	In 2024, engage over 600 participants for female empowerment	In 2026, engage over 1,200 participants for female empowerment	In 2030, engage over 3,000 participants for female empowerment

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Key Initiatives	2023 Achievements	Short-term Goals (2024)	Mid-term Goals (2026)	Long-term Goals (2030)
Strategy 3 Supporting the Underprivileged				
Self-Affirmation 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	Volunteer lecturers served 51 people and served 466 hours	▪ Approximately 30 volunteers participated in the Cathay Dream Come True Program, contributing approximately 90 hours	▪ Approximately 38 volunteers participated in the Cathay Dream Come True Program, contributing approximately 144 hours	Combine and utilize Cathay's diverse resources and influence to help students in rural areas
		Recruit 50 volunteer instructors for the Elevated Tree Program, who will cumulatively contribute 400 hours of service		
	The program reached about 29 rural schools	Reach 15-20 rural elementary schools with the Dream Come True Program		
		▪ Elevated Tree Program: Served 10 rural primary schools, accumulating a total of 25 rural primary schools	▪ Elevated Tree Program: Served 10 rural primary schools, accumulating a total of 45 rural primary schools	
	Students' financial literacy awareness scored an average of 4.6 on the self-evaluation questionnaire	Elevated Tree Program: Students' financial literacy awareness scored an average of 3 on the self-evaluation questionnaire		
Community Involvement 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	Engage 137 volunteers to contribute 394 hours of service	▪ Engage 160 volunteers for Happy Farm and the Mixed Disabled Arts Group to contribute 320 hours of service ▪ Fun Club: Expected participation of 123 volunteers for a total of 306 volunteer hours	▪ Engage 250 volunteers for Happy Farm and the Mixed Disabled Arts Group to contribute 500 hours of service ▪ Fun Club: Expected participation of 123 volunteers for a total of 306 volunteer hours	Take the initiative and collaborate with industries, governments, and academia to develop diverse service models
	▪ The Mixed Disabled Arts Group benefited 4,000 people through in-person activities (Note 2) ▪ Reached a score of 4 and above for survey items related to self-reported inspiration	In 2024, the Mixed Disabled Arts Group will benefit 2,000 people through in-person activities		
	Note1	In 2024, organize at least two main events to engage financially disadvantaged groups who lack securities services to promote positive social development	In 2026, organize at least three main events to engage financially disadvantaged groups who lack securities services to promote positive social development	In 2030, organize at least four main events to engage financially disadvantaged groups who lack securities services to promote positive social development

Note 1: This target is a new target for 2024, so the achievement status in 2023 has not been disclosed yet.
Note 2: Cathay cannot control online participation, so there is no statistics on the number of online beneficiaries.

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4.2 Social Empowerment

Material Topic: Youth Empowerment

IFRS	Governance	Strategy	Risk Management	Metrics & Targets
Youth Empowerment	✓	✓	✓	✓

4.2.1 Youth Empowerment

Cathay FHC is committed to nurturing the next generation of leaders by becoming a facilitator who guides them through self-exploration, global connectivity, and actionable initiatives. Leveraging partnerships with government agencies, NGOs, social enterprises, and corporate resources, we've developed a comprehensive Youth Empowerment Program tailored to the developmental stages of children and young adults. This program, which includes flipped classrooms, sustainability, and employability, aims to equip youth with the knowledge, mindset, and skills needed to meet the challenges of the future. Our goal is to support their active engagement in addressing societal and environmental issues while facilitating talent transformation and reducing the gap between education and employment.

Youth x Flipped Classroom

Impact Overview		
Action	Achievements	Impact
▪ Cultivating influential teachers ▪ Life education video screening tour	▪ Organized 243 events ▪ Empowered 371 influential teachers ▪ The initiative reached 30,233 students from 251 schools. As of the end of 2023, 24 students benefited from financial education courses under the Community Empowerment Base Program.	TFT Program: ▪ 70% of students demonstrate a positive performance toward 'facing and solving problems' ▪ 80% of students have a better understanding of the importance and enjoyment of learning

Teach for Taiwan (TFT) - Training Program Recruitment of Youth Leaders to Contribute to Rural Education

Since 2016, the Cathay Charity Group has supported the Teach for Taiwan (TFT) program in recruiting young people with a passion for education and strong leadership potential. These individuals undergo comprehensive, interdisciplinary teacher training before being placed as full-time teachers in underserved rural areas for two years. Working closely with local schools and communities, TFT teachers provide quality education to children. In addition, the TFT teachers have also led students in frequent participation in Cathay Charity Foundation's Dream Come True Program. In 2023, Cathay Dream Come True Program was incorporated into TFT's 10th-anniversary celebration, which featured a stage performance by children from Shihmen Elementary School in Pingtung County and artist ZAMAKe, providing them with a platform to showcase their talents and build their confidence. In addition, as part of Cathay's commitment to reduce educational inequality, Cathay supports TFT alumni and colleagues through a "Talent Exchange Program" to help them transition into roles within Cathay FHC after their tenure with TFT. In 2023, two program participants assumed roles with Cathay FHC after completing the TFT program after completing their terms.

> Unlike some teachers who focus only on managing the classroom, she (TFT participant) is interested in learning with her students. At first, we thought she was young and perhaps lacking in principles, but later we realized that despite her youth, she was skilled in educating children and genuinely sought to understand their inner world.
>
> ~ TFT Program Parent



2023 Dream Come True Documentary Award - Shihmen Elementary School, Pingtung County

Formosa 3D Film Tour Series - Engaging Rural Students in Diverse Environmental and Social Issues

Cathay FHC joined the Formosa 3D Mobile Cinema Island Tour Project in 2022. Taiwan's marine landscapes, cultural crafts, and life stories are brought to remote areas through the 3D movie caravan tour. By harnessing the power of images, the digital divide in remote areas is narrowed. Cathay also mobilizes its employees to volunteer and accompany children to explore diverse topics, broaden their horizons, and inspire a passion for protecting Taiwan's land and oceans.



> The nearest movie theater is suuuuuper far. I can't believe there's a mini cinema for us to enjoy an outdoor movie with butterflies coming to life! We never thought this would happen, I hope the movie caravan can come back soon!
>
> ~ Rural Nantou student

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Youth x Sustainability

Impact Overview		
Action	Achievements	Impact
▪ Organizing critical thinking education camps, sustainability issue forums, creative contests, and other activities to promote sustainability	▪ A total of 897 events/hours held ▪ 94 employees volunteered (including six senior executives as instructors) ▪ 80 climate-related creative proposals were collected ▪ 43 university students trained as instructors ▪ More than 33,000 students/ public reached by the initiative	Climate Change Forum ▪ 92.7% of youth participants gained a better understanding of climate issues after the forum Impact Investment Campus Roadshow ▪ 93.5% of youth participants gained a better understanding of impact investing after participating ▪ 87.7% of youth are willing to take action and practice impact investing

Impact Investment Campus Roadshow - Bringing Impact Investing To Students Across Schools And Disciplines

Since 2022, Cathay FHC has collaborated with the Taiwan Impact Investing Association (TIIA) to organize the Impact Investment Campus Roadshow , the only event of its kind in Taiwan. The goal is to deepen students' understanding of impact investment and sustainability issues. In 2023, the forum visited six public universities across Taiwan. Senior executives from Cathay, who were alumni of each university, served as speakers. They shared insights on impact investment trends, tools, and real-life cases, aiming to develop talent with expertise in both sustainability and investment.

Note: For the action items from the Impact Investment Campus Roadshow, please refer to Sustainability Story Four for more details.

> The demand for sustainability talent in the job market is growing. Therefore, as I accumulate expertise in my field, I also need to explore the practical application of this knowledge through internships, competitions, and innovations. This seminar was my first introduction to impact investing, and it sparked my interest in further exploring its outcomes and prospects.
>
> ~ National Taipei University student



Taiwan Climate Action Expo & Cathay Climate Change Youth Forum - Inspiring Youth Climate Action and Innovative Entrepreneurship



To empower youth with climate knowledge and promote climate action, Cathay has organized the TWCAE Youth Forum for four consecutive years since 2020. Since 2021, this initiative has been combined with the Taiwan Climate Action Expo (TWCAE), often referred to as Taiwan's COP. In 2023, under the theme of Sustainability in Action & Creativity in Motion, the forum focused on impact investing and sustainable youth entrepreneurship, leveraging sustainable creativity to address local challenges. The forum also showcased the results of the Ministry of Education's Climate Change Innovation Competition, which encouraged young people to propose inventive solutions to climate-related issues such as water resources and food security.

Note: For the action items from the TWCAE & Climate Youth Forum, please refer to Sustainability Story Four for more details.

Train the Trainer - Advancing Critical Thinking Education to Extend Impact

In partnership with Lead For Taiwan (LFT) since 2022, Cathay FHC has supported efforts to promote widespread critical thinking education. Through a six-month instructor training program, university students delve into sustainability case studies and acquire critical thinking teaching skills. Upon completion, they become instructors for high school critical thinking courses. Cathay FHC aims to foster independent problem-solving skills in both college students instructors and high school students. After the training, 100% of forum participants show increased engagement in critical thinking.

> "Your thoughts are proof that you are an individual with unique values." There are many voices in society because everyone's thoughts and perceptions are different. Respecting others while recognizing oneself is the most profound learning in the process of critical thinking.
>
> ~ Lecturer from the fifth training camp



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Youth x Employability

Impact Overview		
Action	Achievements	Impact
▪ Designing financial literacy courses for high school students ▪ Organizing career exploration camps ▪ Offering programming language classes	▪ Organized a series of courses in career exploration, programming languages, and financial literacy; in particular, financial literacy courses totaled 541 hours ▪ Mobilized 34 employee volunteers ▪ Empowered 8,531 high schoolers, college students, and young adults, 14 of whom joined Cathay	▪ Guide youth to explore the financial sector and provide more information when selecting a major to reduce the mismatch between education and employment ▪ Example: In Career Diary, both activity satisfaction and brand recognition scored above 4 points

Programming Language Course - Training financial technology talents to promote talent transformation

In response to the transformative impact of digital technology on financial services, talent recruitment must focus on investing in talent development, rather than just on the skill sets already in place. To cultivate talent in financial technology, CUB began offering Java training in 2020. In 2023, CUB expanded its efforts in collaboration with Cathay subsidiaries to implement a Java talent development program. This initiative involved the formation of a joint recruitment team and the implementation of unified training across Cathay. The program consisted of a 14-week training course covering foundational topics such as SQL, Java, and JavaScript, as well as advanced topics such as Spring Boot, Angular, and Java EE, with a total of eight sessions. Exceptional performers in the program will receive formal offers of employment, contributing to the infusion of fresh talent into Cathay's information technology workforce.

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



High School Financial Literacy Courses - Exploring career options and reducing the mismatch between education and employment

To enhance young people's financial literacy, including understanding of financial management, investment analysis, knowledge of the financial industry, and awareness of sustainability issues, Cathay has partnered with Spark Taiwan and the Taiwan Financial Literacy Association to offer "High School Financial Literacy Courses" since 2021. These courses are taught by executives and colleagues from Cathay FHC, Cathay Life, and Cathay SITE. The curriculum covers industry knowledge and career preparation, aiming to help high school students develop financial concepts at an early age and inspire their interest in joining the financial industry.

> The financial literacy micro-course was very rich and informative and helped students better understand the professional image of life insurance and securities managers - which is very beneficial to future career planning.
>
> ~ Teacher at Taipei Municipal Jingmei Girls High School



Career Diary Competition - Innovative Hybrid Career Exploration Camp

Since 2017, Cathay Life has partnered with City Wanderer to organize the Career Diary challenge competition, conducting various interviews and experiential events. By introducing young people and students to different professions, we encourage them to learn more about themselves and discover their values. In 2023, we draw from the experiences of our alumni to create a series of career exploration checkpoints that guide alumni through self-assessment, establishing values, and taking actionable steps to help young people address career anxiety one step at a time.

> I'm very fortunate to have the opportunity to join Career Diary and explore the different possibilities for my future. I have also learned from many workplace experiences and it has helped me to 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!
>
> ~ Participant



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4.2.2 Women Empowerment

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.

Impact Overview		
Action	Achievements	Impact
▪ Supporting Women Entrepreneurs ▪ Creating a female-friendly environment for athletes ▪ Participating in gender equality advocacy forums to broaden impact	▪ Participation in six women's empowerment activities/ mentoring sessions ▪ Reached 692 women	▪ Empower female entrepreneurs by strengthening financial knowledge and expanding business opportunities ▪ Break with traditional gender roles and bridge the gender disparity to foster diverse gender role models

Cathay Women Table Tennis/Basketball Teams - Helping Female Athletes to Break Out of Traditional Roles

Cathay has long supported the Cathay Women Basketball Team and the Cathay Women Table Tennis Team, as part of its commitment to female empowerment. Cathay provides a wholesome training environment and encourages athletes to participate in domestic and international competitions. The Cathay Women Basketball Team has achieved a historic 13 consecutive championships, while the Cathay Women Table Tennis Team won the President's Cup in the amateur category in 2023. These achievements not only reflect the teams' hard work but also demonstrate Cathay's ongoing commitment to building a diverse, equitable, and inclusive society. Cathay Life has been honored with the Sports Activist Award for 15 consecutive years.





Academy for Women Entrepreneurs (AWE) - Empowerment through Core Financial Competencies

Cathay participated in the Academy for Women Entrepreneurs (AWE) program launched by the American Institute in Taiwan (AIT) and the Small and Medium Enterprise Administration of the Ministry of Economic Affairs. The program aims to support women entrepreneurs who have been in business for less than five years and lead them to expand to international markets. In 2023, Cathy FHC's Chief Investment Officer, Sophia Cheng, and CUB Senior VP, Ye Yu-cheng, served as instructors and mentors at the accelerator camp, helping women entrepreneurs strengthen their financial tools and knowledge, and expand their business opportunities. In addition, to create international partnership opportunities for Taiwanese women entrepreneurs, AWE organized the AWE Indo-Pacific Women in Tech Summit under the theme "Women in Tech." This summit invited participation from countries in the Indo-Pacific region such as Brunei, India, Malaysia, New Zealand, the Philippines, and Singapore. Through women's technology seminars and international women's entrepreneurship exchange activities, the summit aimed to enhance the technological capabilities of various countries. Cathay's CIO, Sophia Cheng, was one of the judges for the business presentation competition. In the future, we will continue to make efforts to help establish the entrepreneurial ecosystem in Taiwan.





Gender Advocacy Forum - Advancing Gender in STEM and on Boards of Directors

Cathay supports various forums to promote gender equality, encouraging women to share their success stories and establish diverse gender role models. In 2023, Cathay supported the Women in Science & Technology Convention (WiST) and the Taiwan Women on Boards Association to advocate for women's work-life balance and promote female leadership in companies to drive sustainable innovation. It is hoped that this will encourage more female leaders to shine in their respective fields.



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4.2.3 Supporting the Underprivileged

Recognizing issues such as unequal access to education, lack of elderly care, economic vulnerability, and inequality, Cathay actively responds to these needs. Cathay is committed to addressing societal challenges by leveraging its extensive volunteer network and diverse resources. Through self-affirmation and social participation initiatives, Cathay empowers individuals from diverse backgrounds to gain confidence and skills, and strives to improve the quality of life for all members of society.

Self-Affirmation

Impact Overview		
Action	Achievements	Impact
▪ Organizing scholarship programs that adapt to changing social needs and incorporating elements such as Dream Come True proposals, creative proposals, and financial education	▪ Awarded NT$10.94 million for the Dream Come True Program and the Cathay Youth Excellence Scholarship ▪ Hosted 55 events with the participation of 154 employee volunteers ▪ Reached 720 students from 31 schools ▪ 42 creative proposals collected	▪ Utilize Cathay's resources to continuously strive to improve learning environments and educational resources to ensure that all young people receive an equal and quality education ▪ Tutor CUB achieved a 4.6/5 impact score on students' financial knowledge awareness

Cathay Dream Come True Program - Supporting Dreams and Builds Confidence

Cathay Charity Foundation has been organizing the Dream Come True Program for ten consecutive years. Through three stages of guidance, the program encourages teachers to guide children in proposing dream projects, from setting goals to realizing them for a complete and meaningful journey. This process is designed to cultivate children's independent thinking, resilience in the face of setbacks, and problem-solving skills. Based on the unique characteristics of each proposal, up to NT$200,000 in dream funding is provided for a one-year period. As the children embark on their journey to realize their dreams, the Dream Come True Documentary Award has become a special chapter in the competition, allowing the children to share their dream fulfillment process through videos and helping them build self-confidence.

> 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.
>
> ~ Dream Come True Program Teacher

Cathay Youth Excellence Scholarship - Inspiring Youth To Address Social And Environmental Issues

Cathay remains committed to empowering young people, regardless of their economic background, to actively participate in community development, environmental sustainability, and elderly care initiatives, thereby fostering a sense of altruism and passion. In 2023, Cathay United Bank Foundation and Cathay Real Estate Foundation launched the seventh annual Cathay Youth Excellence Scholarship. The program provides financial support to outstanding students from economically disadvantaged families, encouraging them to propose innovative solutions that go beyond traditional frameworks. Each recipient receives between NT$60,000 and NT$200,000. A total of 97 students received awards totaling NT$7.49 million.

> 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.
>
> ~ Scholarship participant



Elevated Tree Program Tutor CUB - The First Online Livestream Financial Education Courses



To help rural students develop a solid understanding of finance, CUB has formed a volunteer instructor team for two consecutive years. The team has organized 12 sessions of Online/Offline Financial Literacy Courses for Rural Students to impart fundamental financial knowledge and guide students through interactive Q&A sessions to instill financial values such as taking out a loan and saving. In 2023, CUB launched the first Sustainable Finance Exploration Camp, which integrated sustainability education into the curriculum. Schools sponsored by the Elevated Tree Program were invited to participate, enabling students to visit bank branches and gain a deeper understanding of the financial industry. As of the end of 2023, 164 students benefited from financial education courses under the the Tutor CUB - Online and Physical Courses.

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Social Participation

Impact Overview		
Action	Achievements	Impact
▪ Establishing an accessible garden ▪ Collecting cash back points to support the underprivileged ▪ Empowering people with disabilities by promoting confidence and independence	▪ Invested close to NT$3 million ▪ Hosted 17 events with the participation of 230 employee volunteers ▪ 8,100 older people, underprivileged, and people with disabilities reached	▪ Encouraging the continued engagement of older people and people with disabilities in society

Sheltered Workshop Purchase with Cash Back Donation - Leveraging Core Professional Competencies to Create Dual Impact

Cathay Charity Foundation called on employees and customers to donate credit card cash back points to purchase 500 Lunar New Year gift boxes from HEARTY FARM Sheltered Workshop. The gift boxes were donated to underprivileged families in Yunlin County. Meanwhile, Mid-Autumn Festival gift boxes were purchased from Yu-Cheng Social Welfare Foundation and donated to underprivileged students from three middle schools in New Taipei City. The purchase of gift boxes from these organizations also provided independence and job opportunities for people with disabilities.



Cathay Happy Farm - Creating An Environment For Older Adults To Retire Locally

In order to strengthen the connection between the older adults and the residents of the community and to stimulate the economic development of the local community, the Cathay Charity Foundation has been working with long-term care facilities and the Department of Social Welfare on the Cathay Happy Farm project. The project can be found in areas such as Gongliao in New Taipei City, Shetou in Changhua, Changbin in Taitung, and Dongshi in Chiayi. This initiative allows older adults to experience gardening classes and planting activities. In addition, community meal events are organized at the project sites using the fruits and vegetables grown by the participants as ingredients.



I'm 70 years old. I moved back to my hometown upon retirement; the air quality is better, the soil is rich, and I grow amazing organic Chinese yams. Every harvest brings me a great sense of satisfaction.

~ Project Participant

Mixed Disabled Art Group - Performance Platform for the Disabled

The Cathay Charity Foundation supports the Mixed Disabled Arts Group, which consists of people with various disabilities, to give charity performances at juvenile detention centers and middle and high schools. Through their performances, they share life stories of resilience and perseverance. These performances not only encourage people with disabilities to showcase their talents but also inspire young people to face adversity with courage and overcome the inner turmoil and uncertainty that accompany personal growth.

Mixed Disabled Art Group Performance for Charity



After watching this performance, I realized that you should never give up on life, despite the flaws and challenges. Never look down on yourself, and it's important to believe in what you were born to do.

~ Group Member Feedback

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05 Sustainable Finance

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

According to the 2023 GIINsights released by the Global Impact Investing Network (GIIN), while challenges remain in managing impact and navagating regulatory development, impact investors believe the industry is undergoing significant changes. Zooming back to Taiwan, the 2023 Taiwan Sustainable Finance Survey released by the Business Council for Sustainable Development Taiwan (BCSD Taiwan) this year indicates that insufficient ESG quantitative information remains a major challenge for the financial industry in promoting and implementing sustainable finance. 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 keep developing its responsible investment and lending practices, establishing rigorous screening standards and management mechanisms, and implementing stewardship principles to expand the impact of sustainable finance.



International Recognition

The Investor Agenda selected Cathay Life for leading best practices in the Investment and Investor Disclosure pillars in the Investor Climate Action Plans

TWSIA Grand Slam

Cathay also received wide recognition at the Taiwan Sustainable Investment Awards (TWSIA), receiving exemplary excellence for all five categories in the Institutional Impact Award, while also securing gold for ESG innovation and corporate engagement.

ESG Investments Service Innovation

Cathay Securities combines the international concepts and practices of "stewardship" and "service providers", bridging reputable third-party rating agencies, institutional investors, and corporations to create a unique engagement model and develop an engagement ecosystem.

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5.1 Responsible Investment and Lending Framework

5.1.1 Team Management and Empowerment

Establish a Group-Wide Responsible Investment and Lending Team

	Structure of Responsible Investment and Lending Team	Responsibilities
 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 with 2 dedicated members to oversee and coordinate responsible investment at Group level.	▪ Promote and establish comprehensive responsible investment and lending management mechanism for subsidiaries ▪ Consolidate and fully disclose the subsidiaries' ESG information to meet stakeholder expectations ▪ Participate in international organizations and initiatives, bring together international investors to make an impact
 Subsidiaries	A Responsible Investment Working Group is established under the Corporate Sustainability Committee/Team of each subsidiary, headed by its president. Cathay Life and Cathay SITE's Responsible Investment Working Group are assigned nine dedicated investment staff.	▪ Research international sustainable trends, establish goals, and develop responsible investment and climate-related action plans ▪ Utilize external research and rating analysis resources, conduct training, and establish ESG databases ▪ Enhance the Equator Principles (EPs) policy and the EP case review mechanism and management, and implement the United Nations Principles for Responsible Banking (PRB) ▪ Publish annual stewardship reports ▪ Improve ESG investment review and management mechanisms and develop ESG investment research and stock selection services

Strengthen ESG Knowledge

To enable the investment team to make more comprehensive ESG investment decisions, Cathay SITE and Cathay Life have implemented international databases such as MSCI and CDP and established a sustainable information integration platform to instantly monitor the ESG performance of investment portfolios. The group also enhances expertise through courses, newsletters, seminars, and other trainings. In 2023, a total of 11,600 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 1 hours.

01 **Establishing an Integrated Sustainability Information Platform**

- Rating
- Controversial event
- Carbon emissions and carbon reduction measures
- Corporate ESG transition plan

02 **ESG Training and Insight Topics**

- ESG analysis: ESG rating methodologies, ESG analysis
- Global sustainability policy and framework trends: EU Taxonomy, SFDR, IFRS S1 & S2, TCFD, Climate Change Response Act, carbon pricing, etc.
- Industry trends: ESG fund trends, renewable energy development analysis, carbon credits, electronic wastes recycle industry, climate risk management industry, etc.
- Portfolio analysis: cost of carbon fee, financed emission, portfolio temperature, corporate governance, etc.

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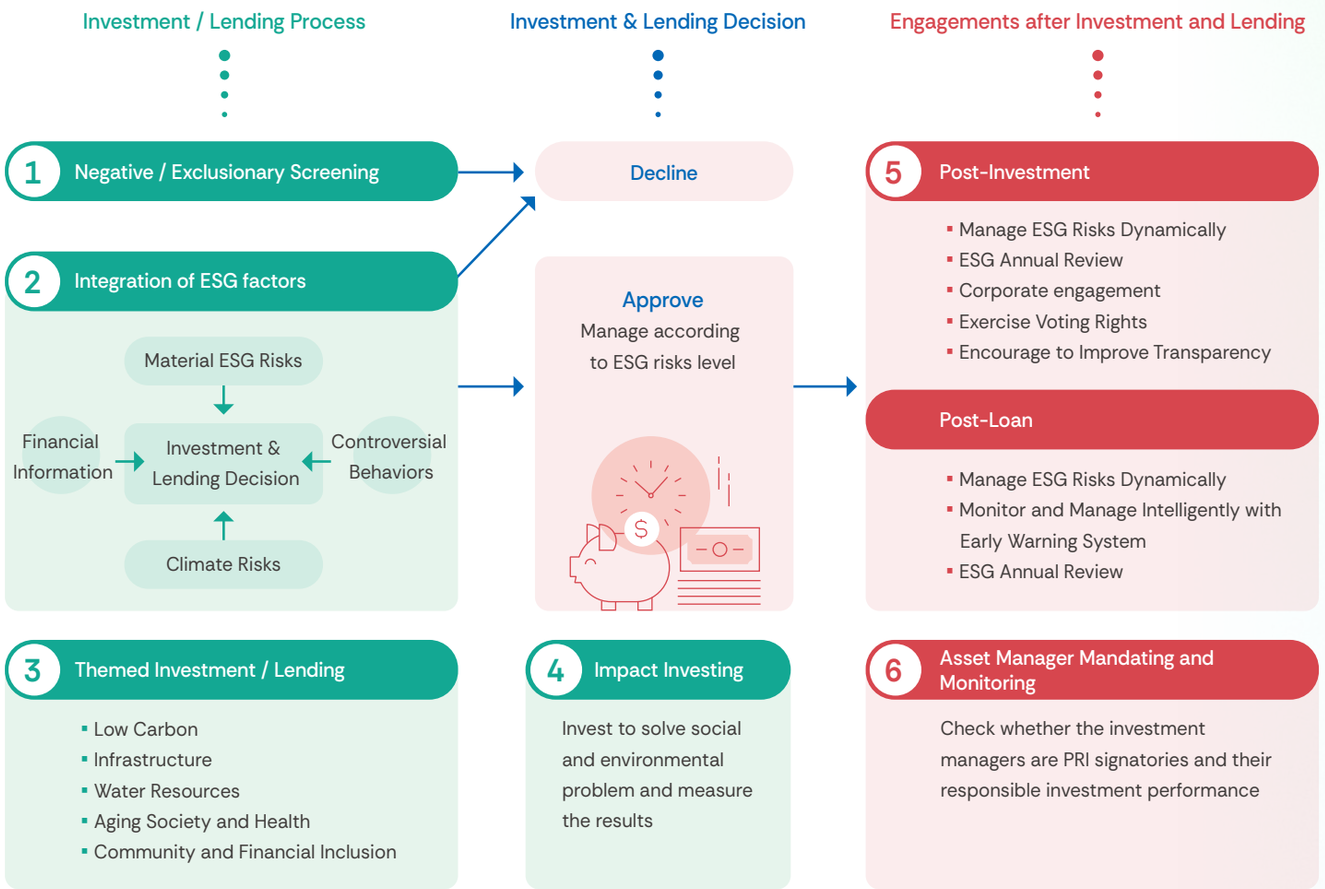
5.1.2 Responsible Investment and Lending Workflow

The "Cathay Financial Holdings Responsible Investment and Lending Policy" covers both investment and lending activities. Lending mainly focuses on corporate loans, while investment listed/OTC-traded stock investment and bond investment. It includes most active investment strategies, passive investment strategies, and investment mandates. Each subsidiary may establish management mechanisms based on business considerations. Cathay must adhere to this policy when making investments and loans to fulfill financial institutions' responsibilities to stakeholders, prudently manage ESG risks, pursue long-term investment returns, and leverage financial influence to promote continuous improvement in ESG performance of investment and financing targets.

Cathay Responsible Investment and Lending Process



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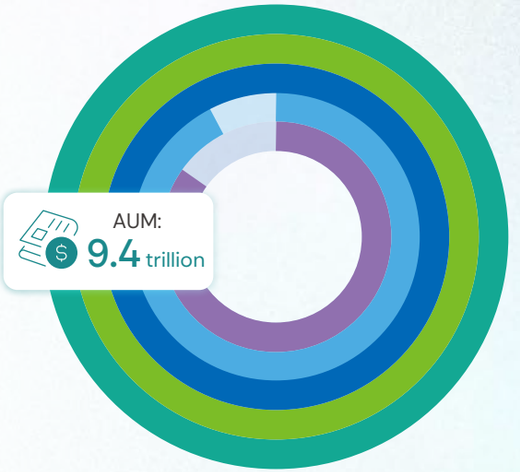
Responsible Investment/Lending Approaches and Corresponding Asset Classes

Responsible Investment/Lending Approaches	Corresponding Page Number	Listed Equity	Corporate Bonds	Government Bonds	Real Estate	Lending	Others
Exclusion	115	●	●	●		●	
ESG Review Process	115	●	●	●		●	
Sensitive Industries Management	116	●	●			●	
Annual ESG Review	117	●	●	●		●	
Responsible Property Investment and Management Policy	117				●		
Sustainability Themed investing and lending	114	●	●		●	●	
Impact investing	114		●	●			● (Funds/Private Equity)
Engagement	118	●				●	
Voting	121	●					
ESG management of funds	117						● (Funds)
Asset Manager Mandating and Monitoring	117						● (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. As shown below, more than 90% of Cathay's investment and lending portfolios are subject to responsible investment-related management mechanisms.



- 100% of corporate lending under ESG management
- 92% of stocks and bonds are applicable for exclusion policy
- 100% of funds and investment mandates under ESG management
- 93% of stocks and bonds are applicable for ESG review process
- 100% of real estate under ESG management

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5.1.3 Sustainable & Impact Investing

Note: Please refer to Table 1 in the Appendix for amounts of sustainability themed investment and lending.

Cathay have defined our investment and lending scope across five thematic sectors, namely low carbon, infrastructure, water resources, aging society & health, and community & inclusive finance. The development of these industries impacts climate, economy, and social welfare, providing long-term stable investment opportunities and aligning with the social responsibilities of financial institutions. Through investment, financial institutions not only drive industrial innovation and transformation but also promote sustainable economic development, leveraging the power of finance to create value for both societal sustainability and business. As of December 2023, Cathay's total investment in sustainable industries reached NT$1.5 trillion, while the total lending amounted to NT$114.9 billion.

Sustainability Themed Investment/Lending and the Corresponding SDGs

Theme	Actions	Corresponding SDGs	2023 (NT$ 100 million)	
			investing	lening
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.		2,897	408
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.		8,415	702
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.		4,903	437
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.		24	40
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.		67	11

Impact Investing

Impact investing encourages companies to adopt more sustainable business models by integrating social and environmental goals into their strategies to increase efficiency and competitiveness. The investees or projects for impact investing typically address social and environmental issues, such as providing education/training, access to clean water, improving public health, mitigating and combating climate change, or protecting the ecosystem. With the accelerating global trends toward net-zero and ESG, Cathay Life has been investing in green sustainable projects and social benefits initiatives to leverage impact investing. By 2023, the cumulative impact investment amounted to NT$80.7 billion.

Green bonds

Cathay Life responded to Taiwan's first green bond issuance and continues to invest. The current investment portfolio includes projects in renewable energy, energy efficiency, clean transportation, green buildings, and wastewater management. Cathay Life is committed to supporting corporate green initiatives. As of the end of 2023, the total investment amounted to NT$39.0 billion.

Social Bonds

Investing in social bonds, which include the development of basic services and a ordable housing, can help companies make a real, practical, positive impact on society. As of the end of 2023, the total investment amounted to NT$3.3 billion.

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' e orts to improve social and environmental issues. As of the end of 2023, the total investment amounted to NT$31.4 billion.

Impact Funds

Make a positive impact by investing in a companies whose products and projects have a positive impact on society and the environment. As of the end of 2023, the total investment amounted to NT$ 7.0 billion.

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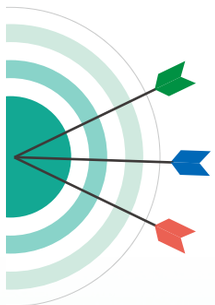
5.2 Responsible Investment

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 PRI/PRB/PSI Implementation Status.

Three Arrows of Cathay Sustainable Investment



1 ESG Investment and Decision
- ESG Review Process for Investments in Listed Equities and Bonds
- Real estate/Funds/ETFs/Mandated Investments ESG management
- Sustainability Themed Investing
- Impact Investing

2 Engagement on Corporate Impact
- Taiwan's Stewardship Principles for Institutional Investors
- Active ownership
- Corporate engagement
- Exercise voting rights

3 Sustainable Investment Products and Services
- Sustainable Rating and Stock Selection Services
- Innovative Engagement Ecosystem Services
- Sustainable Funds

5.2.1 Integrating ESG into Investment Process

Cathay integrates ESG factors into the investment process, and this provides a more comprehensive valuation of an investment target and 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.

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

Group'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.

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 2023, one company was determined to no longer be involved in the production of controversial weapons and was removed from the list, while another was added to the list due to its acquisition of a controversial weapons manufacturer. Additionally, one country was removed from 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.

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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 details on divestment strategies, please refer to 2 Climate Chapters.

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
▪ Controversial weapons ▪ Adult entertainment ▪ Coal-related industries (coal-fired power generation, coal mining, coal railway transportation, and coal ancillary services) ▪ Gambling industry ▪ Deforestation-related industries (palm oil/timber/cattle/soy bean) ▪ 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	▪ 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	▪ Tobacco manufacturing industry ▪ Gaming industry ▪ Adult entertainment industry ▪ Nuclear proliferation ▪ Biochemical weapons ▪ Ammunition and land mine manufacturing ▪ Logging in tropical rainforests ▪ Coal mining industry	▪ Palm oil ▪ Lumber ▪ Aluminum ▪ Steel ▪ Aviation ▪ Coal ▪ Oil and natural gas ▪ Construction materials ▪ Tobacco ▪ Gaming ▪ Controversial weapons ▪ Adult entertainment industry	▪ Gambling and gaming ▪ Arms trade ▪ Tobacco, alcohol, and drugs ▪ Human rights violations ▪ Violation of labor regulations ▪ Child labor ▪ Adult entertainment industry

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.

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ESG Factors Considered in the ESG Review Process

Cathay considers 33 ESG factors for comprehensive integration of ESG factors into the investment process:

Environmental				Social				Corporate governance	
Climate Change	Natural Capital	Pollution and Waste	Environmental Opportunities	Human Capital	Responsible Product	Stakeholders Opposition	Social Opportunities	Corporate Governance	Corporate Behavior
carbon emissions, product carbon footprint, financing environmental impact, climate change vulnerability	water stress biodiversity and land use raw material sourcing	toxic emission and waste packaging material and waste electronic waste	opportunities in clean tech opportunities in green building opportunities in renewable energy	labor management health and safety human capital development supply chain labor standards	product safety and quality, chemical safety, consumer financial protection, privacy and data security, responsible investment	controversial sourcing community relations	access to finance access to health care opportunities in nutrition and health	ownership and control board pay accounting	business ethics tax transparency

Annual Review Results

Cathay continuously monitors 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. In 2023, Cathay Life has reviewed all listed equity and fixed income (non-corporate bonds & corporate bonds) and 317 cases with potential risks have been reviewed through the ESG review procedure. 4 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 654 cases with potential risks have been reviewed through the ESG review procedure, and 591 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, architects commissioned by Cathay are required to design buildings invested and developed by Cathay based on green building standards. All our properties meet the designated green standards for energy and resource consumption, greenery coverage and waste management. Starting from 2023, all newly constructed buildings that obtain building permits will earn green building certification or the US LEED certification.

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
▪ 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	▪ Investment mandates contracts stipulate that investment consideration is given to whether the target entities comply with environmental protection, corporate integrity and social responsibility obligations and implement measures for anti-money laundering and countering the financing of terrorism ▪ Verify that mandated investment managers are signatories to stewardship principles ▪ Monitor mandated investment managers to avoid investing in companies or industries on the exclusion lists or related to sensitive industries ▪ Require mandated investment managers to regularly disclose and provide an overview of their ESG-related actions in investment review reports

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5.2.2 Stewardship and Engagement

Active Ownership and Stewardship

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.

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, Cathay Securities and Cathay SITE received the "List of companies with better institutional investor stewardship disclosure 2023" from the Taiwan Stock Exchange (TWSE). 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 2023, a total of 9,846 representatives from Cathay Life, CUB, Cathay Century and Cathay SITE engaged with 2,157 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

Engagement Focuses and Process

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. 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. 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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Cathays' Engagement Overview		
Focus Areas	Climate Change	ESG Rating and Disclosure
Engagement topics (examples)	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.	
2023	35 engagements	53 engagements
Objectives	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
Goals	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.

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.

Engagement Case Studies and Outcome

In 2023, Cathay undertook 99 engagements which cover 161 discussions on 18 material ESG engagement themes (multiple themes per engagement possible). The sectors of investee companies we engaged were mostly from information technology, consumer discretionary, and raw materials industries. "Climate change vulnerability" and "Carbon emissions" were the major engagement themes discussed in 2023. Overall, the engagements led to positive developments. Please refer to Appendix 7.2 Table 9 for the detailed data.

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.

Subsidiaries	Engagement Overview and Actions	2023 Engagement Outcome
CUB	Recognizing the value of ESG disclosure in enhancing the investment value of the target company, and that stocks with good performance may be included in the relevant index, CUB encourages companies to disclose their ESG efforts at shareholder meetings or investor conferences to share and reinforce corporate governance evaluation criteria.	▪ Achieved an initial MSCI ESG rating of BBB ▪ Initiated a carbon accounting in 2023, with plans to publish a sustainability report in 2024. ▪ Tracking result meets predetermined targets, and we incorporate it into investment decision assessments.
Cathay Century	Cathay Century engages in ESG activities by reviewing sustainability reports and ratings of target companies. When Cathay Century identified a lack of environmental targets in the reports, the investee company was reached out for discussions. Through these discussions, potential gaps in disclosure were identified.	▪ It was found that the investee company had established relevant goals and submitted them to third-party organizations. The company also shared its sustainability efforts and engaged in in-depth discussions with Cathay Century on sustainability issues. ▪ Cathay Century will regularly review changes in third-party ratings and monitor disclosure in the investee company's sustainability reports. The company has been placed on a watch list for further monitoring.
Cathay Securities	The engaged investee company has a capital of more than NT$2 billion and is required by law to publish sustainability reports. The company was about to undergo its first ESG assessment by Cathay and the National Taipei University (NTPU). Therefore, Cathay provided advice on sustainability development such as drafting a sustainability report, communication of information, and sustainability development approach.	▪ The investee company has published a sustainability report and initiated a GHG inventory ▪ The Bicycling Alliance for Sustainability (BAS) was formed to bring together the bicycle industry's supply chain. The alliance aims to establish sustainability standards for various segments of the bicycle industry within two years.

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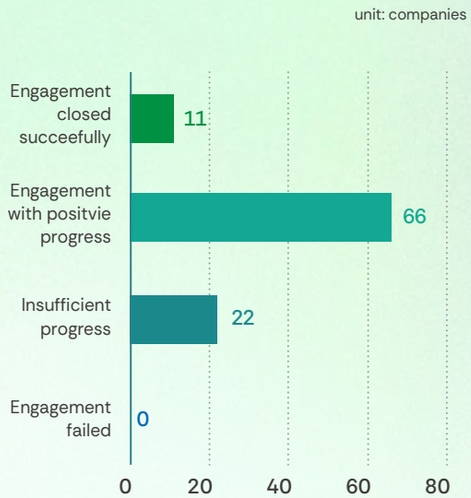
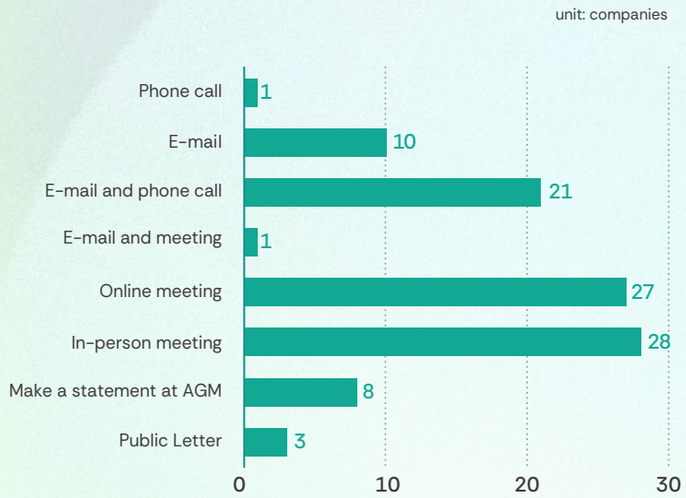
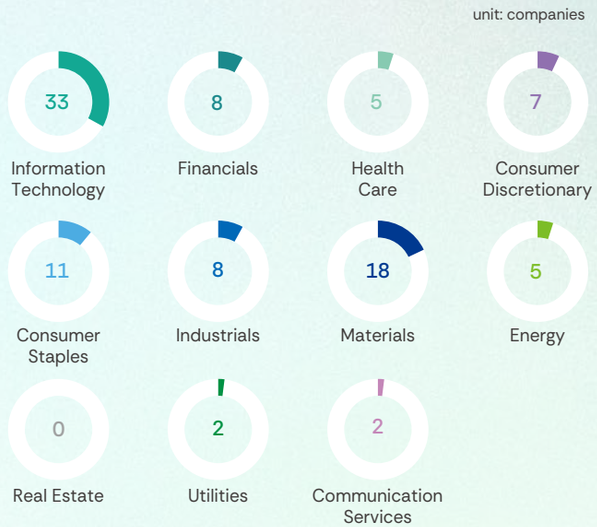
2023 Engaement outcomes



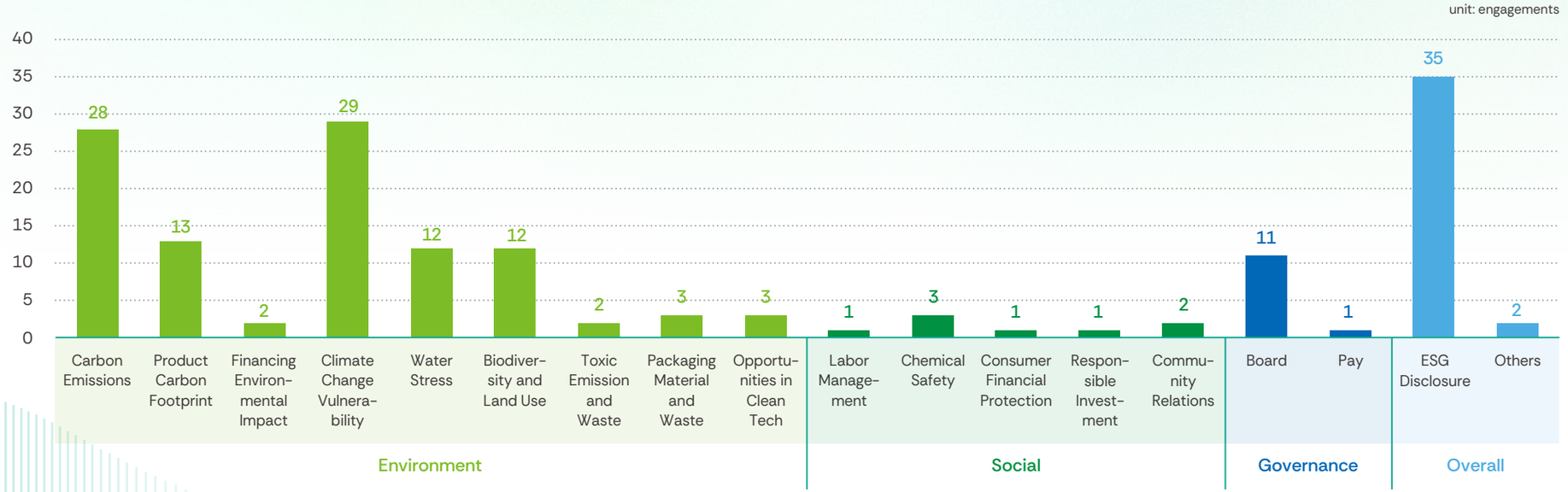
2023 Breakdown of engagement approaches



2023 Breakdown of engagements by sector



2023 Breakdown of engagement themes



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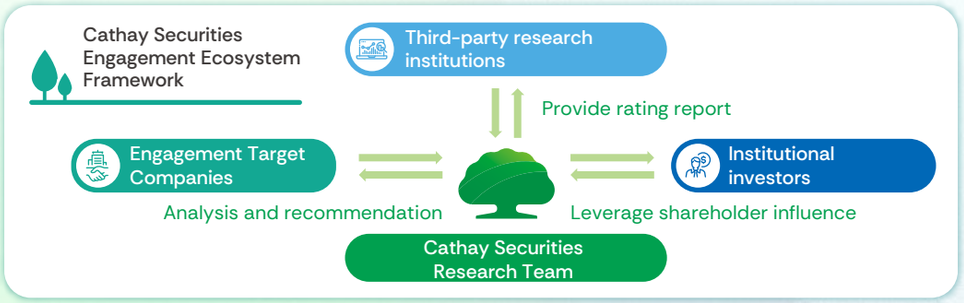
Engagement Escalation- Cathay SITE

- **Escalation approach:** Participation in shareholder meetings, moving up in engagement hierarchy
- **Engagement overview and actions:** Building on the engagement outcomes of 2022, in May 2023, Cathay SITE participated in the shareholders' meeting of the engaged investee company and proposed ESG disclosure recommendations. This effort aimed to encourage increased transparency and completeness of sustainability information. In July, discussions were held with the company's China GM to expedite actions, facilitating a comprehensive understanding of the company's efforts and achievements among investors and stakeholders.
- **2023 engagement outcome:**
  1. In July, based on an earlier recommendation, further engagement led to the initiation of the first GHG inventory and reporting, increasing information transparency.
  2. In September, the investee company's issuance of the first ESG report demonstrated Cathay SITE's professional influence on ESG issues and commitment to improving sustainable development.
  3. The company chairman responded positively and committed to improvement actions.

Innovative approach - Engagement Ecosystem

Cathay Securities has identified a lack of common engagement experience among domestic institutional investors and inconsistencies in ESG assessment data sources and rating methodologies. To address this, Cathay Securities has developed a unique engagement model based on the international concepts of "fiduciary governance" and "service provider." This model involves connecting reputable third-party rating research institutions, institutional investors, and companies to create a communication platform for companies and institutional investors. As a capital market intermediary, Cathay Securities facilitates cooperation among institutional investors and enables them to actively participate in the governance and operations of investee companies. In collaboration with National Taipei University (NTPU), Cathay Securities utilizes the most internationally aligned and locally optimized evaluation system in Taiwan to produce comprehensive and objective engagement reports. These reports provide analyzed and tailored recommendations to companies undergoing engagement to best address stakeholder concerns. Cathay Securities actively mobilizes and connects stakeholders to create an engagement ecosystem, embodying the spirit of an advisor (service provider) and stewardship, thereby transforming the influence of the single financial institution into a collective influence and fostering win-win outcomes.



Collective Engagement - ESG Rating Seminar

As the integration of the capital market with ESG considerations accelerates, investors expect companies to actively pursue sustainability. MSCI, an international rating agency, is also expanding its rating coverage of Taiwanese companies. Cathay Life, a leader in sustainable finance, aims to drive this movement with a positive and steadily progressive engagement approach. Cathay Life adopts a collaborative learning approach rather than a supervisory role, aiming to promote investee companies' understanding of the positive impact of ESG, helping them recognize the importance of ESG issues, finally leading to actively manage ESG-related risks. To this end, on December 18, Cathay Life organized a seminar titled "Key to Mastering Sustainable Business: Understanding International ESG Ratings." At the seminar, experts from MSCI shared their methodologies on ESG ratings and controversial events.

In addition to the exchange with MSCI representatives, exemplary companies also shared their experiences on how to improve ratings. The goal of the seminar was to help participants gain insight into MSCI ESG ratings and improve corporate ESG performance. The event attracted 81 companies and 125 participants. For more information, please visit the event website.



Cathay Life President Shan-Chi Liu at the seminar

Exercise voting rights

Cathay believes that 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 impact of a proposal and support companies that prioritize governance, social and environmental measures to implement stewardship and protect the public interest.

Cathay FHC and its subsidiaries have established a clear voting policy and proxy voting policy, which is applicable for all investment in listed companies, actively participate in AGMs 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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① Principles and Ethos of Voting

Cathay and its subsidiaries determine the threshold for exercising voting rights by analyzing the operational impact and adaptability of proposals and resolutions put forth by investee companies. In principle, we support proposals made by the investee company's senior management. However, 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) will not be supported. Our teams also carefully conduct an internal evaluation and analysis of each proposal before voting, and in the voting policy we specify the types of proposals and considerations we will vote against or abstain from in principle. Based on our goal to enhance the long-term value of an investee company and create a positive environmental and social impact, our subsidiaries could communicate with the investee company before voting after careful evaluation to fully exercise their active ownership.

② Definition of ESG Proposals

1. **Environmental:** climate change, water, biodiversity, carbon emissions, waste management, toxic substances, deforestation, recycling and reuse, renewable energy, etc.
2. **Social:** human rights, gender equality, racial equality, animal welfare, food safety, health, charitable donations, DEI (including equal employment opportunity, anti-discrimination, workplace harassment, gender pay gap, etc.), EEO-1 report, information security, and personal privacy.
3. **Governance:** directors and supervisors, remuneration, capital-related matters, financial reporting, operational management, mergers/acquisitions/corporate restructuring, and exercising right of disgorgement.

③ Voting Guidelines for ESG Considerations

Cathay Life carefully evaluates the proposals of the investee companies when making voting decisions, aiming to guide the investee company in implementing corporate governance and taking more concrete environmental and social actions.

1. Environmental and Social Proposals

   Cathay Life assesses proposals based on the following considerations:

   ① Enhance the company's ability to create long-term value
   ② Mitigate material environmental and social risks to the company
   ③ Align with the carbon reduction goals of the Paris Agreement
   ④ Make a substantial contribution to addressing social inequalities

Therefore, Cathay generally supports ① proposals requiring companies to set targets that are consistent with the carbon reduction goals of the Paris Agreement; ② proposals to disclose the financial risks of climate change and how companies identify and manage such risks. In addition, where appropriate: ① requiring companies to provide assessments of the impact of their operations on human rights; ② publishing proposals that promote DEI initiatives; ③ disclosure of political lobbying activities and expenditures, among other social proposals.

2. Governance Proposals

   Cathay Life considers the overall ESG performance of investee companies. For proposals that are deemed to be inconsistent with corporate governance principles or detrimental to shareholders' interests, they will be voted against. Examples of major types of proposals and considerations for dissent are as follows:

   ① **Board Structure Integrity:** Corporate governance lies at the heart of ESG, with the board of directors serving as the highest governing body. We scrutinize board members' independence, tenure, and concurrent roles. Additionally, for companies inadequately addressing climate and environmental risks in their operations or value chain, we may abstain or oppose the election of incumbent directors or management proposals to uphold climate accountability.

   ② **Reasonable Compensation and Benefits:** Compensation and benefits play a critical role in attracting and retaining the talent necessary to drive sustainable shareholder value. We evaluate whether compensation plans are aligned with long-term sustainable value drivers and pre-defined performance standards. Remuneration proposals that lack such alignment may receive a dissenting vote from Cathay.

   ③ **Fairness in Financial Reporting and Auditing:** The completeness and accuracy of financial statements depend on the independence and effectiveness of external auditors. We investigate instances where auditors lack independence or if non-audit fees account for an excessively high proportion of total audit fees, Cathay may oppose proposals related to the appointment of auditors.

   ④ **Appropriate Earnings Distribution:** In general, Cathay supports the distribution of dividends from profits or from capital and statutory reserves in the form of cash or stock dividends. However, if the payout ratio is not in the best interests of shareholders (e.g., persistently low without adequate explanation) or is detrimental to the company's financial condition for sustainable operations (e.g., excessively high relative to the company's financial condition), we will vote against it.

④ Considerations for Voting on Shareholder Proposals

In general, shareholder proposals are an effective way for shareholders to communicate their views to company management. Many shareholders bring such proposals to shareholder meetings to encourage the company's progress on ESG issues. As a result, current sustainability-related proposals are largely driven by shareholder initiatives. In addition, some companies seek shareholder feedback on their environmental, social actions or future plans through proposals to obtain shareholder approval. Cathay Life carefully evaluates the rationale behind such proposals before making voting decisions, with the aim of enhancing the long-term value of the investee company.

⑤ Managing Proxy Voting by Investment Advisers

1. If delegating voting rights to a proxy voting advisory institution, we will require their voting recommendations to align with Cathay Life's voting principles.

Cathay Life's Stewardship Principles stipulate that it may engage other professional service organizations to act as proxies. However, this is subject to agreements or supervision by Cathay Life to ensure that the delegated service organizations act in accordance with the company's requirements. Therefore, if it is necessary to delegate voting rights to a proxy advisory institution in the future, we will carefully evaluate the depth and breadth of the institution's research on proxy proposals, the suitability of its voting policies and select a proxy advisory institution that is consistent with Cathay Life's needs and voting philosophy. We will also require that their voting recommendations be consistent with Cathay Life's proxy voting policies to ensure that the spirit of responsible corporate governance is upheld.

2. Currently, 100% shareholder voting rights are exercised solely by Cathay's investment team during shareholders' meetings, and there is no delegation of voting rights to proxy voting advisory institutions.

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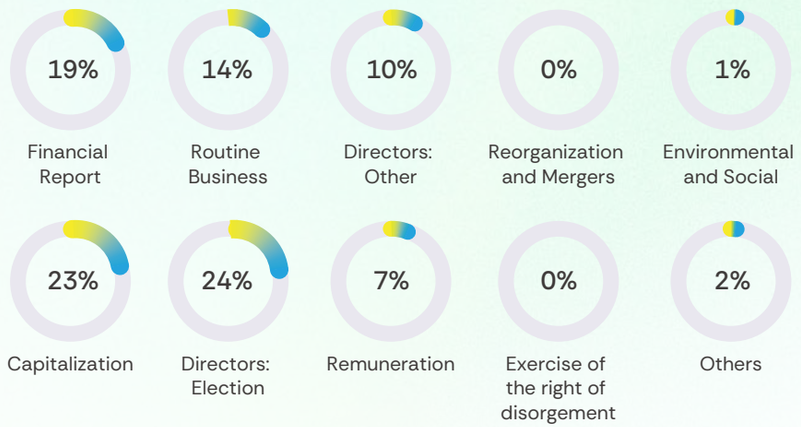
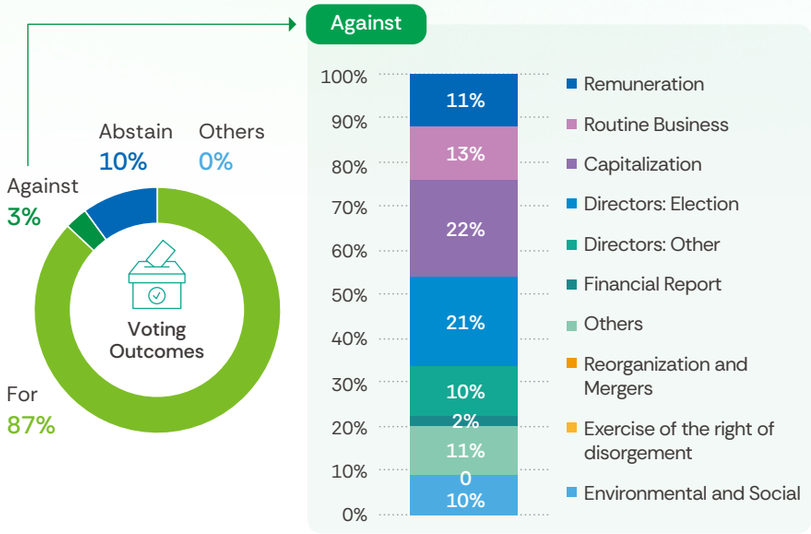
⑥ Voting Outcome

In 2023, Cathay Life, CUB, Cathay Century, Cathay Securities, and Cathay SITE participated in 800 shareholder meetings, voting on a total of 6168 proposals encompassing governance, environmental, and social matters. Of these, 87% were affirmative votes, 3% were negative votes, and 10% abstained.

Note: Under Article 146-1 of the Insurance Act, insurance companies are prohibited from voting in the election of directors or supervisors of domestic investee companies. Therefore, proposals relating to the election of directors and supervisors will be dealt with by abstention.





⑦ Voting Case Studies

Issue	Climate Change	Workplace diversity, equity, and inclusion (DEI)
Proposal	Request that the company disclose the framework used to assess the alignment of its climate change lobbying activities with climate objectives.	Request that the company disclose gender/ racial pay gaps
Background	While Company M has made significant climate commitments, it is also a member of a group that hinders climate policy advancement. Company M has not strategically utilized its significant influence to advocate for the necessary climate policies for corporate transformation.	Both the U.S. Department of Labor and the Organization for Economic Cooperation and Development (OECD) indicate that an effective way to measure pay inequality for companies is to disclose data on the unadjusted gender gap in median pay (an assessment of equal opportunity for high-paying positions) and the adjusted gender pay gap (an assessment of equal pay for equal work). While Company A has disclosed unadjusted pay gap data, it has not disclosed unadjusted median pay gap data. In addition, 44 leading companies in the industry have committed to providing such information.
Voting	Based on the background and the following considerations, Cathay Life voted in favor of the shareholder proposal for the investee company. 1. The company has not disclosed whether it evaluates the alignment of its climate goals with the policy influence activities of the organizations it participates in. 2. Despite the board of Company M indicating that the company does not always agree with the positions of the industries or associations in which it participates, Company M has not clarified its strategies for addressing any misalignment between its direct and indirect lobbying activities and its climate commitments. 3. Disclosure of the company's lobbying activities lags behind industry peers, with no disclosure of the total amount spent on lobbying or membership dues paid. Given that the shareholder proposal is not overly burdensome or prescriptive, and that shareholders will benefit from increased transparency regarding the company's direct and indirect climate lobbying activities, as well as its plans to mitigate any related risks, Cathay Life voted in favor of the proposal.	Based on the background and the following considerations, Cathay Life voted in favor of the shareholder proposal for the investee company. 1. Company A has recently faced lawsuits and fines for labor law violations, including wage theft, violations of equal pay for equal work, and discriminatory hiring practices against blacks and women. 2. Enhanced pay equity disclosure will enable shareholders to better assess the company's progress on DEI initiatives and understand how management assesses and mitigates risks associated with inequitable treatment. In addition, this is the third consecutive year that shareholder proposals have requested disclosure of median pay gaps by gender and race. These proposals received the support of 25.8%, 28.8%, and 29.2% in 2021, 2022, and 2023, respectively, demonstrating growing shareholder interest in these issues. Support for these proposals sends a strong message to Company A about the importance of taking concrete action on these issues.

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5.2.3 Developing Sustainable Investment Products and Services

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

Cathay Securities, Cathay Futures, and National Taipei University (NTPU) teamed up to publish the Taiwan Sustainable Investment Survey. This survey involves utilizing sustainability reports and public information as research materials, with a total of 864 companies researched in 2023. As part of this effort, the survey provides responsible investors with the latest ESG research reports and customized engagement reports, as well as engages in active communication with the rated companies to foster a greater appreciation for sustainability as a fundamental business value. In 2023, Cathay Securities further enhanced its sustainability services by introducing the My ESG Sustainability Power service. This enhanced APP interface includes a new feature called Insight into Stock ESG Performance, which helps customers evaluate the ESG performance of their Taiwanese stock holdings. This overview covers various indicators such as GHG emissions and energy, customer rights and experience, employee development and welfare, investor relations, and risk management.



Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF received the Benchmark Fund of the Year Awards 2023 (Best-in-Class)

- Thematic Impact Award
- The Stewardship Award



Sustainability Funds

Cathay SITE - Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF

By the end of 2023, the fund's AUM reached NT$249.4 billion. The COVID-19 crisis in 2020 highlighted the importance of corporate care for employees and supply chain management. In cooperation with MSCI, Cathay SITE offers investors the opportunity to engage in sustainable investing through international-level ESG services. In addition, the fund employs a dividend yield-weighted stock selection strategy to help investors achieve stable returns. Since its IPO, the fund has set several records in the Taiwanese stock market.

Cathay US ESG Fund

The Cathay US ESG Fund utilizes MSCI ESG ratings to evaluate US companies, with at least 70% of its investments allocated to companies rated A or above. This fund focuses on top ESG-rated US stocks while excluding controversial industries such as arms, tobacco, cannabis, and adult entertainment. Investing in companies with better ESG performance enhances portfolio stability and supports socially responsible businesses. As of the end of 2023, the fund's AUM has reached NT$3.92 billion.

Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF: Screening and Management

ESG screening: monitor portfolio's sustainability risks

- Stocks rated BB or above by MSCI ESG: Select companies with excellent ESG performance
- MSCI ESG Controversy Score of three or higher: Avoid controversial events
- Not listed on Cathay SITE'S exclusion list (e.g. gaming, arms, and adult entertainment)

Profit and dividend screening

- EPS>0 in the past four quarters
- Market value of over US$700 million
- Selection of the top 30 stocks based on dividend scores
- Dividend yield-weighted

Stewardship

- Adherence to Cathay SITE's Stewardship Principles
- Implementing stewardship through the exercise of voting rights, the monitoring of the ESG performance of investee companies, and the engagement in corporate dialogues to safeguard the long-term interests of investors.

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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.

Note: Please refer to Table 2 in the Appendix for details on the Corporate Loan ESG Review Status. For an overview of past Equator Principles-related transactions, please refer to Table 3 in the Appendix.

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

CUB has established a Corporate Sustainability (CS) Team, chaired by the President of CUB, to drive sustainable development initiatives. This team comprises six working groups, each led by senior CUB executives: Responsible Investment, Sustainable Governance, Responsible Products and Services, Employee Happiness, Green Operations, and Social Prosperity. The CS Team convenes quarterly to strategize and implement sustainability efforts, aligning with Cathay's corporate sustainability philosophy. CUB has devised short-, medium-, and long-term action plans integrating its core competencies to embed sustainable development principles into daily operations. The team presents major sustainability issues to the board of directors at least once a year. In 2023, the team presented to the board twice. In addition, to enhance oversight of corporate sustainability initiatives, CUB has established a Sustainable Development Committee. This committee consists of three to five directors, at least half of whom must be independent directors. For the implementation of corresponding actions, please refer to Appendix 7.3 PSI/PRI/PRB Implementation Overview.

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 2023, three cases reached financial close in accordance with EP regulatory disclosures.

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 e ectively 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.

Progress Toward Material Impact Objectives

	Objectives	Monitor & Tracking	Progress
High emissions industry loan	"Zero Coal Financing" : Achieve zero coal lending by the end of Q1 2027. (Note)	Quarterly tracking	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.	Annually tracking	Based on 2022, the scale of green deposit products or services in 2023 grow by 34.9%.
Sustainable loans (Note 2)	Sustainable loan to exceed $100 billion by 2030	Quarterly tracking	New goals set in 2024. With 2023 as baseline and 2030 as target, sustainable loan is projected to exceed $100 billion.

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

Note 2: Includes sustainability linked loans and green loans, which are defined in accordance with the "Principles Governing Corporate Banking Sustainable Loans."

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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.

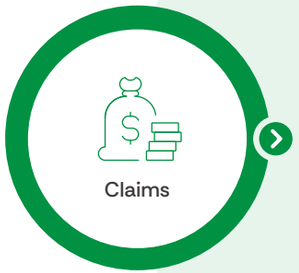
Insurance ESG Integration Management Mechanism



- 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

國泰金控
Cathay Financial Holdings

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06 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

Cathay recognizes that, as businesses are confronted with highly uncertain risks and stressors, it is important to evaluate and assess the company's sustainable development strategies to develop more resilient and systematic sustainable development plans that are able to adapt to the rapidly changing global landscape. MSCI's Sustainability and Climate Trends to Watch also names board of directors as having critical roles in a business's journey to sustainability. In 2023, we continued to comply with professional ethical standards and government regulations. We also developed strategies to respond to climate, nature, and human rights risks, monitoring and managing the whole organization to prevent/mitigate impacts from risks.



Strengthened Sustainable Governance

Strengthened board diversity by adding one female director

Robust Risk Governance

Promoted Risk Management Committee to one of the functional committees under board supervision

Bolstered Risk Response Capabilities

Became first in industry to introduce ISO 27001:2022 - Information Security Management System Accreditation

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Material Sustainability Goals

Material Issues	Short-term Goals (2024)	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	Continuously refining the group's business continuity management mechanisms (such as responses to extreme scenarios) and enhancing realistic drills to improve corporate operational resilience.	▪ 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.	
Ethics and Compliance	Strengthening Compliance Management in Digital Transformation, Cloud Development, and Financial Ecosystems	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.	
	▪ Utilizing data technology and risk models to deepen the group's anti-money laundering joint 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	▪ Comprehensive Optimization of Personal Data Control Mechanism: Introduce and verify BS 10012: Personal Information Management System to ensure Cathay's personal data management mechanism is robust, effective, and aligned with international standards ▪ Organize training to strengthen literacy and awareness of confidential information protection ▪ Conduct regular exercises of personal information breach scenarios to facilitate prompt response and mitigate losses resulting from the breach	▪ Continue to conduct scenario-based breach exercises and promote the importance of personal information protection to ensure the effectiveness of our management measures ▪ Strengthen personal information protection mechanisms for cloud and emerging technologies to ensure general personal information protection is appropriate and adequate ▪ Continue to optimize Cathay FHC's personal information protection management mechanisms to bolster the group's capacity for joint defense	
	▪ Implement a risk management mechanism for the information supply chain ▪ Improve cloud information security framework and management protocol ▪ Introduce a Zero Trust Architecture ▪ Strengthen the intensity of information security incident drills	▪ Implement a risk management mechanism for the information supply chain ▪ Improve cloud information security framework and management protocol ▪ Implement information security maturity evaluation model	Implement zero trust architecture and establish a complete identity authentication and device authentication mechanism

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Material Issues	Short-term Goals (2024)	Mid-term Goals (2025)	Long-term Goals (2030)
Customer Relationship Management	Cathay Life: R-NPS ≥20	Cathay Life: R-NPS ≥20	Cathay Life: R-NPS ≥20
	CUB ▪ Customer Service Center: Maintain tNPS at 60 or above or lower the ratio of 0-6 detractors ▪ Digital Platform: Improve rNPS from the previous period or lower the ratio of 0-6 detractors	CUB ▪ Customer Service Center: Maintain tNPS at 60 or above or lower the ratio of 0-6 detractors ▪ Digital Platform: Top main competitors from peers in rNPS ranking	CUB ▪ Customer Service Center: Maintain tNPS at 60 or above or lower the ratio of 0-6 detractors ▪ Digital Platform: Top main competitors from peers in rNPS ranking
	Cathay Century Improve NPS from the previous period or lower the ratio of 0-6 detractors	Cathay Century Improve NPS from the previous period or lower the ratio of 0-6 detractors	Cathay Century Improve NPS from the previous period or lower the ratio of 0-6 detractors
	Cathay Securities Score 60 or more on NPS for services rendered for Taiwanese stocks	Cathay Securities Score 60 or more on NPS for services rendered for Taiwanese stocks	Cathay Securities Score 60 or more on NPS for all services rendered
	Cathay SITE Score 40 in R-NPS & continue to advance effectiveness of online Q&A services	Cathay SITE Maintain R-NPS at 40 & continue to advance effectiveness of online Q&A services	Cathay SITE Maintain R-NPSS at 40 & continue to advance effectiveness of online Q&A services
Risk Management	▪ Enhancing geopolitical risk management, deepening national risk management mechanisms, and improving operational resilience. ▪ Conducting integrated scenario analysis for investment and financing to verify climate strategy resilience.	▪ Refining the group's risk management framework to ensure strategic consistency across the group. ▪ Utilizing innovative information technology and data analysis tools to integrate risk information within the group. ▪ Adjusting risk management strategies and mechanisms to align with IFRS 17 and ICS regulatory frameworks. ▪ Keeping abreast of international climate and nature trends and regulatory developments, developing risk management and scenario analysis, and improving the quantification and management of financial impacts.	
Corporate Governance	▪ Together with subsidiaries "Cathay Life Insurance" and "Cathay United Bank," participated in the "Corporate Governance System Evaluation" organized by the Taiwan Corporate Governance Association. ▪ Enhancing the diversity of director training fields. ▪ Focusing on international corporate governance best practices to improve the operation of the board of directors and other corporate governance systems.	▪ Successfully completed the 9th Board of Directors election in compliance with the law, continuing to strengthen the professionalism, independence, and diversity of the board composition. ▪ Completed the third external performance evaluation of the Board of Directors to optimize its operational mechanisms. ▪ Focused on international best practices in corporate governance to enhance the operation of the Board of Directors and other corporate governance systems.	▪ Focus on international best practices in corporate governance to enhance the operation of the Board of Directors and other corporate governance systems. ▪ Actively participate in domestic and international professional institutions' evaluations on "corporate governance" to deepen the corporate governance culture.

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6.1 Corporate Governance

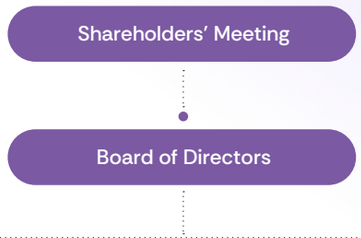
GRI：2-9、2-10、2-11、2-15、2-17、2-18、2-19、2-20、2-21

IFRS	Governance	Strategy	Risk Management	Metrics & Targets
Corporate Governance	✓	✓	✓	✓

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. Also, Cathay FHC is a constituent stock of the "TWSE Corporate Governance 100 Index" as a Corporate Governance Benchmark.

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 2023, the board of directors held 8 meetings with a board attendance rate of 92%. On average, board members have served for 10 years (five independent directors serve an average of 4.9 years). At Cathay FHC, the board of directors has established four functional committees: the audit committee, remuneration committee, corporate governance and nomination committee, and risk management 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.



	Audit Committee	Remuneration Committee	Corporate Governance and Nomination Committee	Risk Management Committee
Committee Composition and Duties	▪ Comprised of five independent Directors ▪ Establishes or reviews the internal control system and assesses its effectiveness; determines the fair presentation of Cathay's financial statements; oversees the procedures for major financial and business transactions; reviews directors' conflicts of interest; ensures Cathay's compliance with regulatory requirements; and appoints/dismisses the CPAs	▪ Comprised of three independent directors ▪ Enhances the director and senior management performance and remuneration policy/system; establishes remuneration for directors and senior management	▪ Comprised of three directors, two of which are independent directors ▪ Nominates Cathay director candidates and reviews their qualifications; evaluates the operation of the board rules and Corporate Governance Best Practice Principles; and establishes the organizational structure for the functional committees	▪ Comprised of three directors, two of which are independent directors. One of the independent directors serves as chairperson, while the Chief Risk Officer serves as the committee's executive secretary ▪ Responsible for reviewing the Risk Management Policy, risk appetite, and other risk management-related tasks
2023 Operations Overview	▪ The committee meets at least quarterly ▪ The committee met 8 times in 2023. The attendance rate was 100%	▪ The committee meets at least twice a year ▪ The committee met 4 times in 2023. The attendance rate was 100%	▪ The committee convenes whenever deemed necessary ▪ The committee met 5 times in 2023. The attendance rate was 100%	▪ The committee meets at least quarterly ▪ Became a functional committee overseen by the Board of Directors in April 2023 and convened three meetings in 2023

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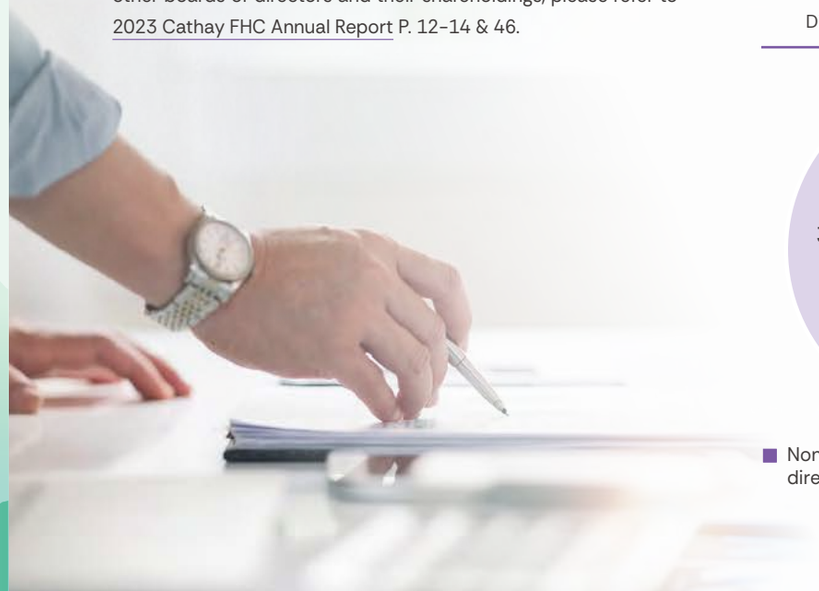
Board of Directors Recusals

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 2023 Cathay FHC Annual Report P. 12-14 & 46.



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. In 2023, Cathay added a new seat to the Board of Directors and welcomed a new female director. The new director, Grace Chen, has a background in financial holdings, banking, and financial management. Cathay believes that Chen can strengthen diversity on the board. The Risk Management Committee was established under the board as well to strengthen the board's oversight function. Cathay also established sustainability training mechanisms for the board. For information on the implementation of Cathay FHC's Board Diversity Policy, please refer to 2023 Cathay FHC Annual Report P. 24-28.

Professionalism

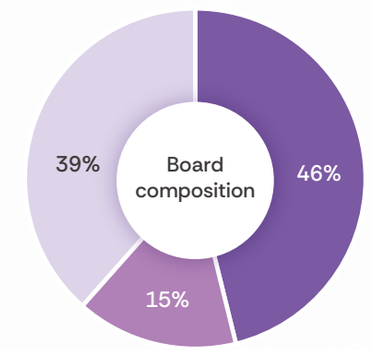
Article 30 of Cathay FHC's "Corporate Governance Best Practice Principles" clearly sets out the requirements for board composition and qualifications of directors. Directors actively participate in continuing education courses on risk management, corporate governance, corporate sustainability, Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT), and information security. In 2023, the directors completed an average of 13.6 hours of continuing education.

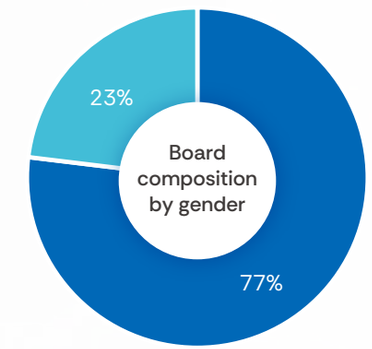
Independence

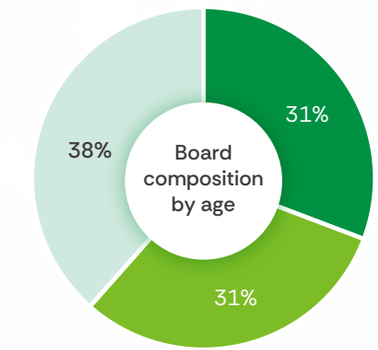
- Cathay FHC has established a "Code of Conduct for Independent Directors" that stipulates the following - "If an independent director has any objection or reservation, it should be recorded in the minutes of the board meeting." "Cathay FHC cannot hinder, refuse or prevent an independent director from 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 2023, the board added another seat for a female independent director.







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Implementation of board diversity policy at Cathay Financial Holdings

Diversity Core Item	Basic composition								Industry experience							Professional knowledge / skills							
				Age			Tenure of Independent Director																	
Directors	Nationality / place of registration	Gender	Concurrent positions in our company (and Executive Director)	51 to 60	61 to 70	71 to 79	3 years and below	3 to 9 years	9 years and above	Financial Holding	Bank	Insurance	Securities	Asset Management	Digital Finance / Financial technology	Information / Technology / Others	GICS (Note 1) (GICS Level 1)	Commerce	Finance / Accounting	Legal	Financial	Mathematics / actuarial science	IT	Overseas markets / M&A	Risk management
Hong-Tu Tsai	R.O.C.	M				✓				✓		✓					Financials	✓		✓	✓			✓	
Cheng-Chiu Tsai	R.O.C.	M		✓						✓		✓					Financials	✓	✓		✓			✓	
Chi-Wei Joong	R.O.C.	M			✓					✓	✓		✓		✓		Financials	✓	✓		✓			✓	
Andrew Ming-Jian Kuo	R.O.C.	M			✓					✓	✓	✓	✓	✓		✓	Financials, Consumer Staples, Materials	✓	✓		✓			✓	
Tiao-Kuei Huang	R.O.C.	M				✓				✓		✓					Financials	✓			✓	✓		✓	✓
Ming-Ho Hsiung	R.O.C.	M				✓				✓		✓					Financials	✓	✓		✓	✓		✓	✓
Chang-Ken Lee	R.O.C.	M	✓		✓					✓	✓	✓	✓	✓			Financials	✓	✓		✓			✓	✓
Grace Chen	R.O.C.	F	✓	✓						✓	✓						Financials	✓	✓		✓				
Feng-Chiang Miau	R.O.C.	M				✓		✓ (Note 2)		✓	✓	✓	✓			✓	Financials, Materials, Information Technology, Consumer Staples	✓	✓		✓		✓	✓	

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Diversity Core Item	Basic composition									Industry experience								Professional knowledge / skills								
Directors	Nationality / place of registration	Gender	Concurrent positions in our company (and Executive Director)	Age			Tenure of Independent Director			Financial Holding	Bank	Insurance	Securities	Asset Management	Digital Finance / Financial technology	Information / Technology / Others	GICS (Note 1) (GICS Level 1)	Commerce	Finance / Accounting	Legal	Financial	Mathematics / actuarial science	IT	Overseas markets / M&A	Risk management
				51 to 60	61 to 70	71 to 79	3 years and below	3 to 9 years	9 years and above																
Edward Yung-Do Way	R.O.C.	M				✓		✓ (Note 2)		✓	✓					✓	Financials, Materials, Consumer Staples, Information Technology	✓	✓		✓				
Li-Ling Wang	R.O.C.	F		✓				✓ (Note 2)		✓	✓	✓	✓	✓	✓		Financials	✓	✓		✓				✓
Tang-Chieh Wu	R.O.C.	M			✓			✓ (Note 2)		✓	✓	✓	✓	✓			Financials	✓	✓		✓			✓	
Pei-Pei Yu	R.O.C.	F		✓			✓				✓		✓	✓		✓	Financials, Information Technology, Consumer Staples	✓	✓		✓			✓	

Note 1: Directors' industry experience

① Mr. Hong-Tu Tsai is the Chairman of Cathay Financial Holdings and has previously served as the Chairman of Cathay Life Insurance (all of which belong to the financial industry).

② Mr. Cheng-Chiu Tsai is a Director of Cathay Financial Holdings and concurrently the Chairman of Cathay Century Insurance (all of which belong to the financial industry).

③ Mr. Chi-Wei Joong is a director of Cathay Financial Holdings and Cathay United Bank, and has previously served as the President of Credit Card Center, China Merchants Bank, the Vice President of the Consumer Finance Division of CTBC, the Chief Financial Officer of Credit Card Center, Citibank (Taiwan), and the Chief Financial Officer of Credit Card Center, AIA (all of which belong to the financial industry).

④ Mr. Andrew Ming-Jian Kuo serves as Director of Cathay Financial Holdings and Chairman of Cathay United Bank. He has previously served as Independent Director of Cathay Financial Holdings / Cathay United Bank / Cathay Securities, President of JPMorgan Chase Bank for Taiwan and Hong Kong branches (all of the aforementioned companies belong to the financial industry); in addition, Mr. Kuo also serves as an Independent Director of Huali Industrial Group Company Limited. (engaged in product development, design, production and sales of sports shoes, belonging to the daily consumer goods industry), and was formerly a director of Longchen Paper & Packaging Co., Ltd. (paper business of the raw materials industry).

⑤ Mr. Tiao-Kuei Huang is a director of Cathay Financial Holdings and has previously served as the Chairman, Vice Chairman, and President of Cathay Life Insurance (all of which belong to the financial industry).

⑥ Mr. Ming-Ho Hsiung is a director of Cathay Financial Holdings and the Chairman of Cathay Life Insurance. He has previously served as the Vice Chairman, and President of Cathay Life Insurance (all of which belong to the financial industry).

⑦ Mr. Chang-Ken Lee is a Director and President of Cathay Financial Holdings and Director of Cathay Securities. He has previously served as the Director and President of Cathay United Bank, and Executive Vice President / Senior Vice President / Manager of Cathay Life Insurance (all of the above companies are in the financial industry).

⑧ Ms. Grace Chen is the Director and CFO / Senior Vice President of Cathay Financial Holdings, Director of Cathay United Bank and Cathay Venture. She has also previously served as Senior Executive Vice President and Executive Vice President of Cathay United Bank, and Chief Auditor of Cathay Bank (all of the above companies are in the financial industry).

⑨ Mr. Feng-Chiang Miau serves as the Independent Director of Cathay Financial Holdings and Cathay United Bank, and has previously served as Independent Director of Cathay Life Insurance and Cathay Century Insurance (all of which belong to the financial industry). He is also the Chairman of UPC TECHNOLOGY CORPORATION (in the raw materials industry for production of chemicals), Director of Mitac Investment China Co., Ltd. (in the information technology industry), and Director of Lien Hwa Milling Corporation (a food manufacturer in the consumer goods industry).

⑩ Edward Yung-Do Way serves as Independent Director of Cathay Financial Holdings / Cathay United Bank / Cathay Securities (all of which belong to financial industry) / TAITA CHEMICAL COMPANY, LIMITED (in the raw materials industry for production of chemicals), and as Director of Vanguard International Semiconductor Corporation (the electronics/semiconductor industry which belongs to the information technology sector). He has previously served as an independent non-executive director of Da Chan Food (Asia) Limited (a food manufacturer belonging to the daily consumer goods industry).

⑪ Ms. Li-Ling Wang is an Independent Director of Cathay Financial Holdings and Cathay Life Insurance. She has previously served as the Chairperson / Deputy Chairperson of the Financial Supervisory Commission, Independent Director of China Life Insurance, and Director of First Life Insurance Co., Ltd. (all of which belong to the financial industry).

⑫ Mr. Tang-Chieh Wu is an Independent Director of Cathay Financial Holdings / Cathay United Bank / Cathay Life Insurance / Cathay Century Insurance and Secretary General of Taiwan Financial Services Roundtable (TFSR). He has previously served as the Chairman of Hua Nan Financial Holdings / Hua Nan Commercial Bank / Land Bank of Taiwan, the Executive Vice Chairman of Financial Supervision Commission / Director-General of Securities and Futures Bureau (the aforementioned companies and institutions all belong to the financial industry).

⑬ Ms. Pei-Pei Yu serves as the Independent Director of Cathay Financial Holdings / Cathay Life Insurance / Cathay Century Insurance (the aforementioned companies all belong to the financial industry) / Wistron Corporation (the information technology industry) and Chairman of VIGOR KOBO COMPANY LIMITED (food manufacturer of consumer staples business). He has previously served as Managing Director of Goldman Sachs Asia Investment Management (Hong Kong) Limited, President of Goldman Sachs (Asia). L.L.C., Taipei Branch, and Manager / Vice President of Goldman Sachs Asia Investment Management (Hong Kong) Limited, Assistant Vice President of UBS AG, Taipei Branch, Manager of CITIBANK TAIWAN LIMITED (all of the aforesaid companies are in the financial industry).

Note 2: As of December 31, 2023, Independent Director, Feng-Chiang Miau has served 7.5 years; Independent Director, Edward Yung-Do Way has served 6.5 years; the term of office of Independent Directors, Li-Ling Wang and Tang-Chieh Wu have served 4.5 years.

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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 these ends, 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

Board of Directors	▪ Level of participation in the company's operations ▪ Strengthen the board's ability to make effective decisions ▪ Board of directors composition and structure ▪ Election of directors and continuing education ▪ Internal control
Functional Committees (including Audit Committee, Remuneration Committee, Corporate Governance and Nomination Com-mittee and Risk Management Committee)	▪ Level of participation in the company's operations ▪ Level of understanding of the duties and responsibilities of the functional committees ▪ Strengthen the functional committees' ability to make effective decisions ▪ Functional committees' composition and members election ▪ Internal control
Board Member	▪ 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
▪ In 2023, the results of the internal performance evaluation of Cathay FHC's board and functional committee showed that the performance "exceeded expectations." ▪ In 2023, the results of the performance evaluation of Cathay FHC's directors indicated that all directors were "Qualified".	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.

Note: For detailed results of the boar d of directors and functional committee performance evaluations, please click on the link.

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.

Remuneration for Directors

- 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.

Remuneration for Senior Management

- 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 returns, relative financial metrics, operational indicators on strategic developments, corporate sustainability indicators, and internal control & compliance metrics. 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.

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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. 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 also seeks to bolster the corporate governance structure and ensure effective oversight over Cathay managers. This can further advance the company's operational capacity and serve as factors when determining remuneration, positions, rotations, and bonuses to managers. To such ends, Cathay FHC has developed the Performance Management & Development Guidelines for Cathay Managers to instruct managers to formulate personal performance targets according to annual company/department strategies, focuses, and goals; their positions and responsibilities (incl. internal control and compliance implementation results); and other spotlights for the year (e.g., Cathay's sustainable operations indicators). Their personal performance targets can ensure that Cathay managers' KPIs are tied to the company and their unit's strategic goals.

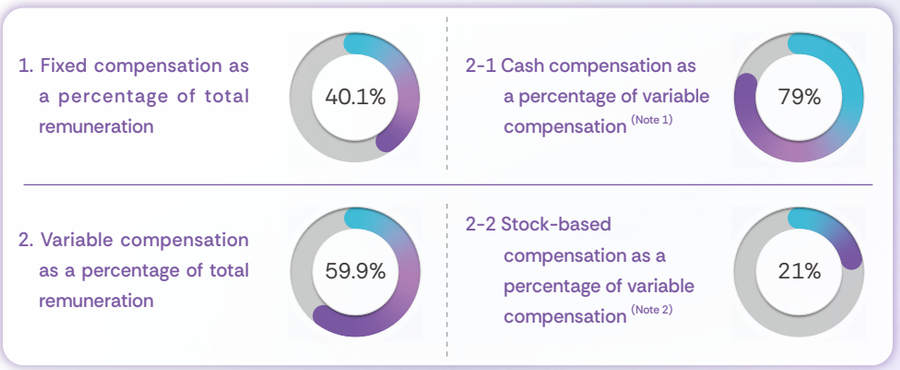
Cathay FHC President Remuneration Structure

As an example, the variable compensation of the Cathay FHC President is tied to performances in financial returns, relative financial metrics, operational indicators on strategic developments, internal control and compliance, and corporate sustainability indicators. 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. Cathay's operations are primarily based in Taiwan. The compensation of the highest-paid individual within the organization is 38.3 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 negative 14.2 times the annual median compensation growth rate of the remaining employees.

Cathay FHC President's Performance Indicators

Weight	Important Business Metrics	Details
50%	Financial returns	Return on equity (ROE), after-tax EPS of common stock, etc.
	Relative financial metrics	Changes in shareholding ratio by foreign investors (relative to other financial institutions)
	Other important financial metrics	Capital adequacy ratio, risk management, etc.
50%	Operational indicators on strategic developments	Digital transition and innovation, FinTech, corporate and brand image, etc.
	Corporate sustainability indicators	Operations environmental impact, talent and skill development, corporate governance, privacy and information security, etc.
	Internal control & compliance metrics	Internal control & compliance implementation results

Cathay FHC President Remuneration Structure in 2023



Note 1: Refers to the cash bonus f or FY2023
Note 2: Refers to stocks that have fully vested in FY2023

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6.2 Risk Management

GRI：2-12、2-25、2-26、201-2

IFRS	Governance	Strategy	Risk Management	Metrics & Targets
Risk Management	✓	✓	✓	✓
Business Continuity	✓	✓	✓	✓

6.2.1 Risk Management

Risk Management Framework

At Cathay FHC, the board serves as the ultimate governing body for our risk management framework, responsible for overseeing and approving the Risk Management Policy, risk appetites, and the risk management system. For strengthening the board's responsibilities in risk management, the Risk Management Committee of the Group has been upgraded to the board-level since April 1, 2023.

Risk Management Committee Organizational Chart

Board of Directors

Chairman

President

Chief Risk Officer

Risk Management Division

- Establishes Cathay FHC's risk management system and the group's risk management operation mechanism.
- Supervises the implementation of the risk management mechanism of the subsidiaries.
- Regularly report the progress of the group's risk management tasks to the Risk Management Committee and the board of directors.

Risk Management Committee

- Meets at least quarterly
- The Committee shall be composed of at least three directors appointed by the Board of Directors, and more than half of them are independent directors. The committee is chaired by an independent director.
- The committee is a part of the board of directors. Responsible for reviewing the risk management policies, risk appetite, and other risk management related proposals.

Business Continuity Management Committee

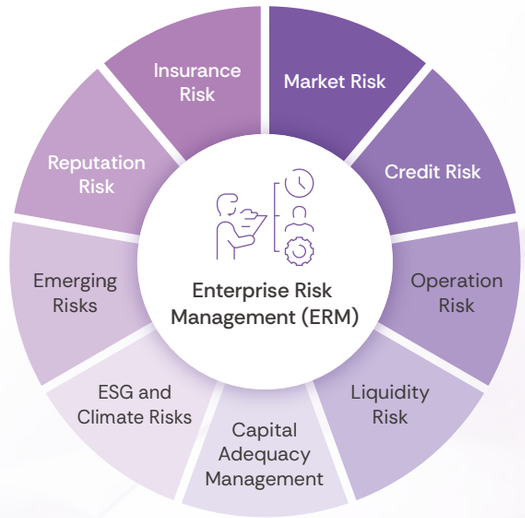
- Meets annually
- The committee is chaired by the president, while the chief risk officer serves as the executive secretary and the top executives of the relevant units serve as committee members.
- Responsible for the review, oversight and coordination of BCM.

Personal Information Management Committee

- Meets annually
- The committee is chaired by the president, while the chief risk officer serves as the executive secretary and the top executives of the relevant units serve as committee members.
- Responsible for the review, oversight and coordination of personal information management.

Enterprise Risk Management (ERM) Policy and Response

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.



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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	The Company sources information from within and outside the organization to evaluate the ESG risks of its investments/loan cases and is therefore able to enforce corporate sustainability and mitigate impacts of extreme climate on business development. The Company and subsidiaries have policies that prohibit investment and lending to undesirable parties and follow the TCFD framework to evaluate how climate change affects the Company financially.
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	To reduce the negative perception of the Company by stakeholders such as customers, counterparties, shareholders, investors or competent authorities, in the event of material incident, the Company should handle with the relevant internal measures and take defensive measures to reduce the impact of damages.

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:

<table>
<tr><th>Mechanism</th><th>Implementation</th></tr>
<tr><td>Three lines of defense in risk management</td><td>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:
<table>
<tr><th>First Line of Defense (Operational and management units)</th><th>Second Line of Defense (Risk management, compliance and information security units)</th><th>Third Line of Defense (Audit unit)</th></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></td></tr>
<tr><td>Internal self-evaluations</td><td>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.</td></tr>
<tr><td>Training and awareness promotion</td><td>▪ 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 2023.
▪ We publish a monthly periodical on regulation, risk and audit, and share resources and industry examples relevant to compliance, risk management, infor-mation security and audit issues.</td></tr>
<tr><td>Integration of performance review and risk management indicators</td><td>▪ 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.
▪ 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.</td></tr>
</table>

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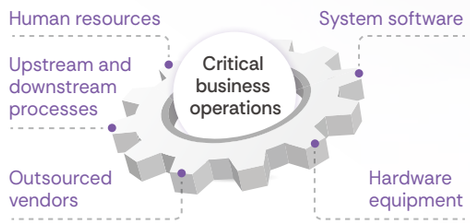
Business Continuity Management

Cathay takes a group-wide perspective in developing its business continuity management (BCM) strategy. We must strengthen our emergency response capabilities in the face of major business disruption events to ensure uninterrupted critical operations. The rights of our customers are our priority, and we will spare no effort to maintain the continuity of our operations. Cathay FHC has implemented the "Business Continuity Management Guidelines" and "Business Continuity Management Strategy" to establish a comprehensive management system across the entire group. To ensure effective communication during emergencies, the system is supported by a complete reporting mechanism. In the event of a natural disaster or other emergency, Cathay FHC will activate the appropriate emergency response procedures and business recovery measures based on the severity of the incident and its reporting levels. In addition, we regularly conduct multi-hazard drills for different scenarios each year to ensure that critical business operations remain uninterrupted and that backup mechanisms are effective in the event of a sudden disaster or force majeure.

Business Continuity Management Mechanism

BCM Objectives	Risk Scenarios	Critical Resources
Protect personnel safety	Infectious diseases	Human resources, System software, Upstream and downstream processes, Outsourced vendors, Hardware equipment
Comply with legal regulations	Human-induced risks	
Safeguard customer rights and interests	Natural disasters	
	Information security incidents	
	War	



- Emergency Response Measures:
  Control losses and protect resources.
- Business recovery procedures:
  Utilize resources effectively to quickly recover operations.

Business Continuity Management Mechanism

Risk Event Occurrence

- Natural disaster
- Infectious disease
- Information security incident
- Human-induced risk

1 Event Impact Assessment	2 Emergency Response & Recovery Procedures
Location impact	Launch remote work/WFH
Facilities impact	Activate emergency procurement/backup supplies
Personnel impact	Personnel substitution /staff dispatch
System impact	Implement IT post-incident recovery measures

On-site Drills to Strengthen Response

Ensure resources & response

Drill Items

Scenario	Human-induced risk	System information	Infectious disease	Natural disaster
Fully on-site (systems switched)	●	●	●	●
Personnel evacuation	●			●
System Crash		●		
Call Tree	●		●	●
Remote work	●		●	●

International Accreditations

Based on international practices



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Business Continuity Management Drills

At the beginning of the year, Cathay devises drills annually and organizes drills for different risk scenarios according to likelihood of risks and their levels of impact. This is to maintain continuity and effective backup systems across critical operations during emergencies or disasters.

Drills	Goals	Risk scenario				
		Natural disaster	Information security incident	Infectious disease	Human-induced risk	Liquidity risk
Emergency Drills	1. To ensure key sales personnel are familiar with emergency response and operational recovery procedures 2. To ensure ample backup resources to support normal operations	✓	✓	✓	✓	
Tabletop Exercise	To ensure key sales personnel are familiar with emergency response and operational recovery procedures	✓	✓	✓	✓	✓
Emergency Evacuation Drills	To ensure all employees are familiar with evacuation/escape routes and that evacuation routes are maintained clear at all times	✓			✓	
Emergency Contact Network Call Tree Drill	To ensure communication channels across all employees are maintained at all times	✓		✓	✓	
Remote Work Drills	To ensure accessibility of remote work environments	✓		✓	✓	
Business Continuity Drills	To ensure the integrity, reliability, and accessibility of backup systems/ environments		✓			
DDoS Attack Drills for Information Security	To ensure key sales personnel are familiar with emergency response and operational recovery procedures in the event of external DDoS attacks on Cathay		✓			



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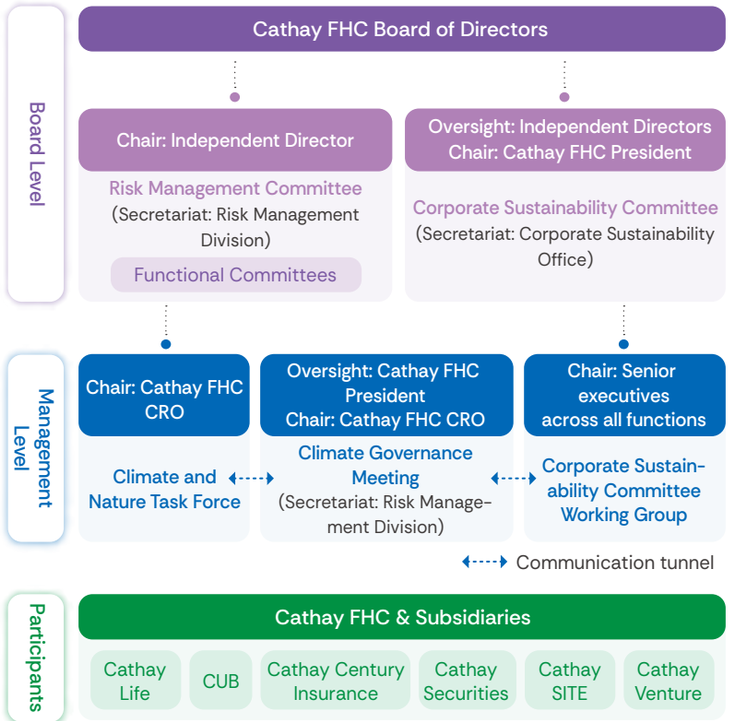
6.2.2 Climate and Nature-related Financial Disclosures

In June 2018, Cathay became a Task Force on Climate-related Financial Disclosures (TCFD) supporter and established the TCFD Task Force, spearheaded by Cathay's Chief Risk Officer, to coordinate interdepartmental efforts for controlling climate risks. Cathay also fully recognizes the importance of biodiversity and balanced ecosystems in addition to climate change. As such, Cathay joined Taskforce on Nature-related Financial Disclosures (TNFD) and the Partnership for Biodiversity Accounting Financials (PBAF) in 2022, hoping to perfect our nature-related risk assessment and explore ways to quantitatively assess biodiversity. Cathay renamed the TCFD Task Force as Climate and Nature Task Force because of the following reasons: 1. the International Sustainability Standards Board (ISSB), established by the International Financial Reporting Standards (IFRS) Foundation, took over TCFD in 2024, and 2. there is a rising focus on nature issues internationally. For a complete overview of Cathay's TCFD efforts, please see Cathay FHC's Climate and Natural Report 2023.



Governance

Cathay FHC's board of directors serves as the highest governing body of Cathay. The board oversees the progress and advancement of ESG and climate-related risks and opportunities through the Corporate Sustainability Committee and the Risk Management Committee. In addition, Cathay convenes quarterly meetings on climate governance to form a consensus among senior executives and leverages working groups to roll out climate- and nature-related strategies and risk management measures, thereby strengthening the group's resilience and ability to respond to environmental issues.

Board Level	Chaired by	Meeting Frequency	Responsibilities
Board of Directors	Chairman	Meets at least quarterly	The board is Cathay's highest governance body. It is responsible for formulating and deciding on climate-related policies and the Strategic Ambition. The Corporate Sustainability Committee and Risk Management Committee monitor the implementation status and operational advancement of climate-related risks and opportunities.
Risk Management Committee	Independent director	Quarterly	The committee reports to the board and is responsible for overseeing the management of ESG and climate risks within the Group. In April 2023, it was upgraded to a functional committee under the board and was chaired by an independent director.
Corporate Sustainability Committee	Cathay FHC President	Quarterly	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 is supervised by independent directors.
Management Level	**Chaired by**	**Meeting Frequency**	**Responsibilities**
Climate Governance Meeting	Cathay FHC Chief Risk Officer (CRO)	Quarterly	The meeting centers around climate and environmental issues, seeking alignment and consensus among senior executives. The CRO of Cathay FHC serves as the chairman, with oversight from the President of Cathay FHC regarding the committee's activities.
Cathay's Climate and Nature Task Force[Note]	Cathay FHC Chief Risk Officer (CRO)	Monthly	Responsible for discussions and collaborations regarding climate and natural risk management. The task force coordinates the expertise and resources of the subsidiaries, with the CRO serving as the chairman.
Corporate Sustainability Committee Working Group	Senior executives across all functions	Convened ad hoc meetings as needed	The Corporate Sustainability Committee has established six task-oriented working groups: Responsible Investment, Sustainable Governance, Responsible Products and Services, Employee Happiness, Green Operation, and Social Prosperity. Here is an overview of the responsibilities of the working groups with a strong climate and nature focus: ▪ Responsible Investment Working Group: Promotes the integration of ESG considerations into investment and lending processes, investor relations, and information disclosure ▪ Responsible Products and Services Working Group: Assesses risks and opportunities of ESG products and services, develops strategies and ESG-related products and services, including the development of green financial products and services ▪ Green Operation Working Group: Focuses on environmental policy and management mechanisms, daily environmental operational management of business locations, supply chain management, and participation in green initiatives

Note: The International Sustainability Standards Board (ISSB), established by the International Financial Reporting Standards (IFRS) Foundation, took over the supervision of the Task Force on Climate-Related Financial Disclosures (TCFD) in 2024. Considering the growing international emphasis on nature and biodiversity issues, Cathay's TCFD task force was renamed Cathay's Climate and Nature Task Force.

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Strategy

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

Cathay identified six major climate risks and five major climate opportunities by screening and ranking climate- and nature-related risks and opportunities. The company identified the period they would impact and potential impact levels, duration, and relevance to corresponding risks as the foundations of Cathay's response measures, strategies, and risk control efforts.

Priority	Category	Risk	Potential Financial Impact	Impact on Cathay	Duration of Impact	Corresponding Risks (Conventional)
1	Transition	Market	Changing consumer preferences	Not offering products that meet customer demands or investing in companies with poor climate adaptation strategies may reduce consumer engagement, leading to decreased revenues	Investment & Lending Insurance Operations	Short- to Long-term	Credit Market
2	Transition	Policy & Regulations	Policy and Regulatory Uncertainty	Ambiguities in climate policy may disrupt the operations of our own company and our clients, including insured businesses, preventing timely adaptation or sufficient transition and thus decreasing profitability	Investment & Lending Insurance Operations	Mid- to Long-term	Credit Market
3	Transition	Technology	Green Asset/Product Risks	Inadequately assessing the risks associated with green finance and insurance products could lead to increased exposure to client defaults and higher claims, adversely affecting profits	Investment & Lending Insurance	Mid- to Long-term	Credit Market Insurance
4	Transition	Market	Risks from carbon-intensive investment portfolios	High-emitting industries facing transformation pressures may incur increased financial stress or higher default risks, resulting in reduced returns on investment portfolios	Investment & Lending	Mid- to Long-term	Credit Market
5	Physical	Acute/Chronic	Climate-related Physical Risks	Climate-related disasters such as typhoons, floods, and extreme temperatures can cause significant financial, personnel, and operational losses to our operations, investment subjects, and insured companies, negatively impacting profitability	Investment & Lending Insurance Operations	Short- to Long-term	Credit Insurance Operational
6	Physical/Transition		Nature-related Physical/Transition Risk	Investments or insured entities facing degradation of natural ecosystem services or incurring costs for environmental transition may experience reduced returns on investments and insurance revenues	Investment & Lending Insurance	Mid- to Long-term	Credit Market Insurance

Definition of time frames: Short-term means likely to occur within 1 year; Mid-term means likely to occur in 1-3 years; and Long-term means likely to occur after three years or more.

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Priority	Type	Opportunity	Potential Financial Impact	Impact on Cathay	Duration of Impact
1	Products & Services	Innovative Green Services	Develop innovative green services in the strive towards net-zero operations, while simultaneously fulfilling the diverse needs of our customers, increasing engagement	Operations	Short- to Long-term
2	Resilience	Management Mechanism for Sustainability Commitment	Establish mechanisms to fulfill our sustainability commitments ensures that these pledges are met, thereby increasing client engagement and trust	Operations	Mid- to Long-term
3	Resilience	Advocacy and Engagement Initiatives	Through advocacy and engagement actions, we leverage our financial influence and engage in dialogue with stakeholders along the financial value chain, fostering the development of innovative financial solutions in climate and nature, thereby enhancing profitability	Investment & Lending Operations	Mid- to Long-term
4	Market/ Products & Services	Carbon-Related Opportunities and Services	Develop carbon-related opportunities and services to expand the scope of our services and increase revenue	Operations	Mid- to Long-term
5	Products & Services	Climate Innovation and Nature-Related Financial Products and Services	Expand portfolio to include climate innovation and nature-related investment opportunities, insurance products/services, and funds, which will diversify the range of products available and boost profits	Investment & Lending Insurance	Short- to Long-term

Definition of time frames: Short-term means likely to occur within 1 year; Mid-term means likely to occur in 1-3 years; and Long-term means likely to occur after three years or more.

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 "Climate and Natural Report 2023." This report summarizes the relevant scenario analysis results for investment and lending assets, insurance products, and proprietary real estate assets as described below:

Business Scope	Value Chain	Scenario Overview	Category	Analysis Time Frame[Note 1]	Scope	Duration	Scenario
Financial Assets	Downstream/ Clients	A. Scenario analysis of impact on lending positions from increased regulation and natural disasters	Physical - Acute and chronic	2030 and 2050	Global	Annually	RCPs
			Transition - Policy and regulations	2030 and 2050	Global	Annually	NGFS
		B. Expected credit losses on specific investment positions due to water stress	Physical - Chronic	-	Specific countries	-	Drought lasts five years for every 100-year return period
Products & Services	Downstream/ Clients	C. Climate change impact on typhoon and flood insurance claims	Physical - Acute	Near future, mid-century, end of the century	Taiwan	Annually	RCP 2.6、4.5、6.0、8.5
Business Operations	Cathay's Operations	D. Impact of typhoons and floods under climate change on Cathay-owned real estate repair costs	Physical - Acute	Near future, mid-century, end of the century	Taiwan	Annually	RCP2.6、4.5、6.0、8.5

Note 1: "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.

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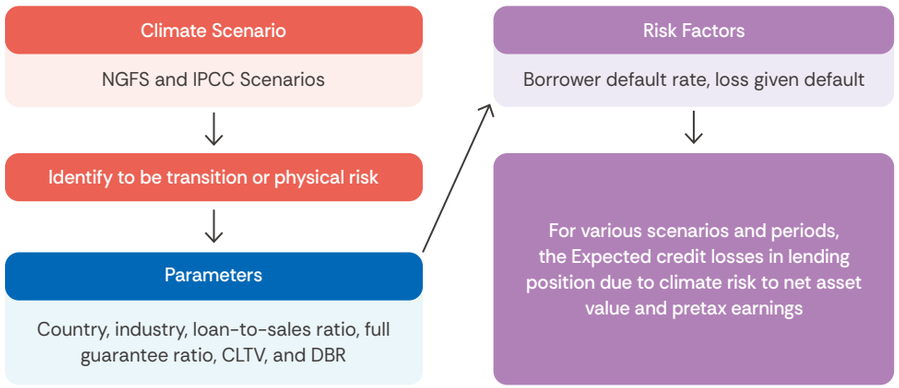
A. Impact on Lending Positions from Increased Regulation and Natural Disasters

Background

CUB conducts scenario analysis of climate change based on the "Plan for Climate Change Scenario Analysis of Domestic Banks." CUB utilizes scenarios from the NGFS and IPCC to consider both transition and physical risks. CUB classifies industries and administrative areas in Taiwan into different risk categories. The analysis evaluates the Expected credit 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 its lending strategy.

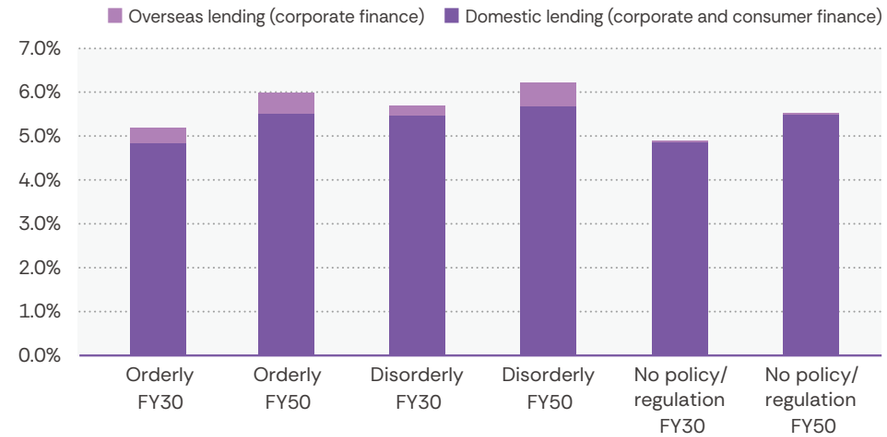
Analysis Procedure



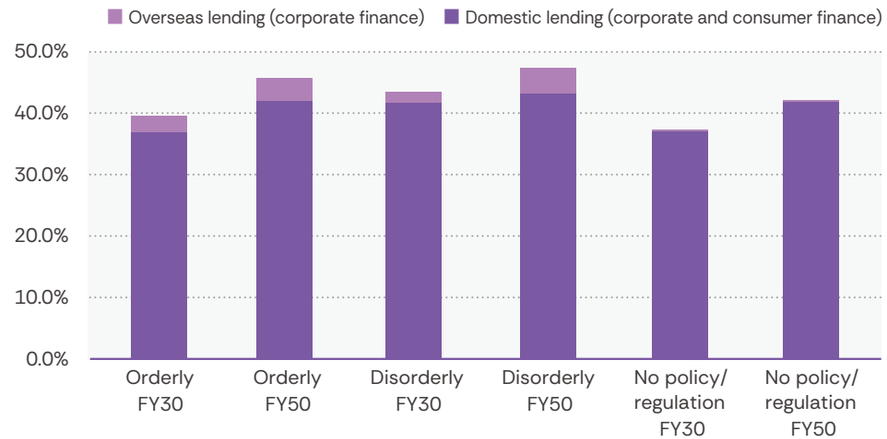
Analysis Results

For various scenarios and periods, the Expected credit losses in lending position of CUB due to climate risk as a percentage of net assets and pretax earnings average 5.6% and 42.6%, respectively.

Lending position - Expected credit losses to net equity



Lending position - Expected credit losses to pretax earnings



Note: In 2023, CUB's net asset was approximately NT$271.9 billion, with pre-tax earnings of NT$35.7 billion.

Risk Response Measures

Cathay regularly conducts resilience verification and monitors the utilization of portfolio exposure limits for highly sensitive industries. Cathay also tracks the concentration of physical risks associated with corporate and consumer financing real estate collateral. On the other hand, Cathay has also established a "Coal-Exit Action" plan for the coal industry and a "Coal Divestment" target. The goal is to achieve zero coal lending by the end of Q1 2027. Additionally, there will be a focus on promoting financing for decarbonization and transformation, with timely adjustments to strategies to ensure resilience in asset allocation against climate and natural-related risks.

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B. Expected credit losses on specific investment positions due to water stress

Background

Referring to TNFD recommendations, Cathay applies the LEAP (Locate, Evaluate, Assess, and Prepare) approach to analyze key industries' investment and financing positions related to dependencies and impacts on nature to facilitate relevant scenario analysis.

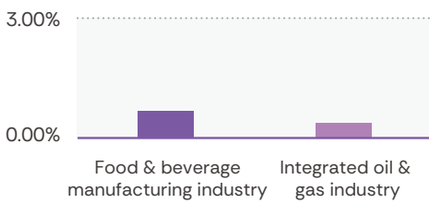
Analysis Procedure

Cathay has identified the food & beverage manufacturing and integrated oil & gas industries as highly dependent on water resources through the ENCORE tool. Therefore, it uses the Drought Stress-Test Prototype Tool developed by the United Nations Environment Programme Finance Initiative (UNEP FI) to conduct quantitative analysis and assess drought risks in countries where it has investment exposure. These countries include Brazil, China, Mexico, and the United States, under the scenario of a five-year drought during a 100-year return period to determine the expected magnitude of loss.

Analysis Results

The scope of the assessment covers the investment position of Cathay Life, CUB, Cathay Century, and Cathay Securities in the food & beverage manufacturing and integrated oil & gas industries. The assessment concludes that the risk of drought has a limited impact on the investment position of the relevant industries.

Expected credit loss to net equity



Note: The combined net worth of Cathay Life, CUB, Cathay Century, and Cathay Securities at the end of 2023 was used as the denominator.

Risk Response Measures

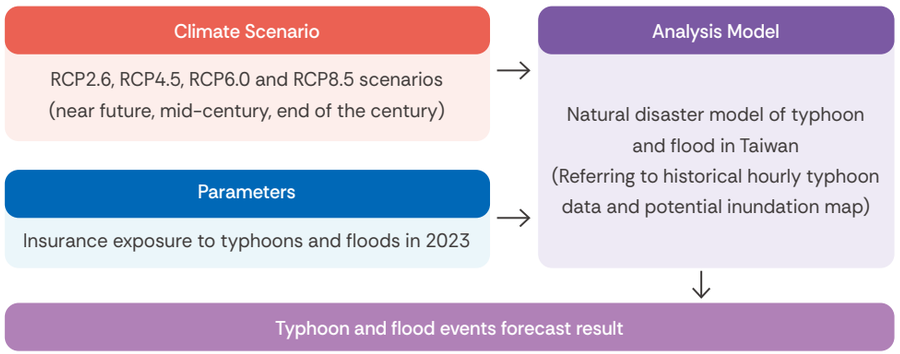
Cathay has included the food & beverage manufacturing and integrated oil & gas industries in the sensitive industry management mechanism (for more details, please refer to Cathay FHC's Climate and Natural Report 2023) to regularly monitor the exposure limits and adjust the strategy whenever necessary to ensure that the asset allocation remains resilient to climate- and nature-related risks.

C. Climate Change Impact on Typhoon and Flood Insurance Claims

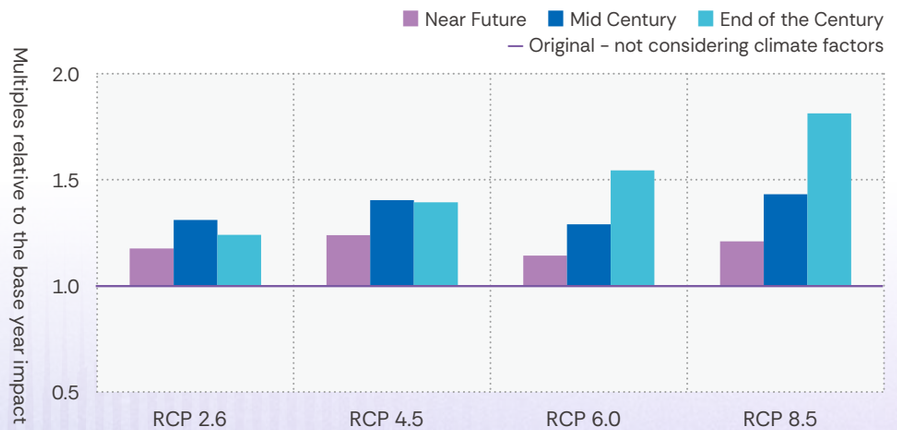
Background

Cathay Century Insurance 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 Taiwan NATCAT Model 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.

Analysis Procedure



Simulated Average Loss Multipliers for Different Scenarios



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Analysis Results

Simulated average loss from exposures to typhoons and floods under various RCP scenarios is expected at 1.4 times the base year (2023).

Risk Response Measures

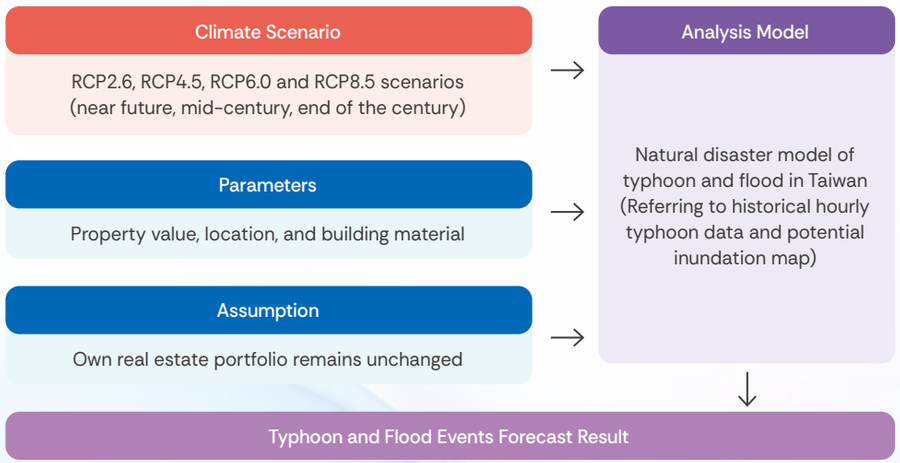
Cathay regularly reviews the expected changes in typhoon and flood losses under various climate change scenarios as a reference for long-term planning of future underwriting and reinsurance considerations; at the same time, stress tests are conducted to incorporate climate change factors to examine the 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

Background

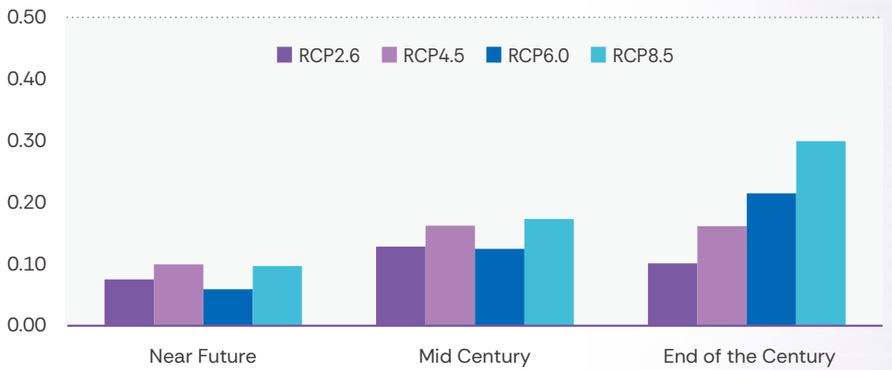
To fully understand climate impacts, Cathay used scenarios RCP2.6, RCP4.5, RCP6.0, and the most severe RCP8.5 proposed in the IPCC Fifth Assessment Report (AR5) to conduct scenario simulations. We also used natural disaster models developed in collaboration with academic institutions to simulate typhoon 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 in the near future (-2035), mid-century (2046-2065), and end of the century (2081-2100). The results form an important basis for formulating our BCM planning and asset allocation strategies.

Analysis Procedure



Scenario-Based Financial Impact on Cathay-Owned Real Estate Properties

Unit: NT$100M



Analysis Results

Under the RCP8.5 scenario, the group's average annual loss from typhoon and flood damages to buildings will increase by less than NT$50 million at the end of the century from the base year (2023).

Risk Response Measures

- We consider the potential impact of climate risk factors such as 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.
- Since 2020, Cathay FHC and its major subsidiaries have implemented Business Continuity Management framework that incorporates all business continuity priorities. This system addresses physical risk adaptation, including natural disaster scenarios, creating backup and recovery business continuity plans(BCPs), conducting regular drills, and enhancing resilience to climate change.

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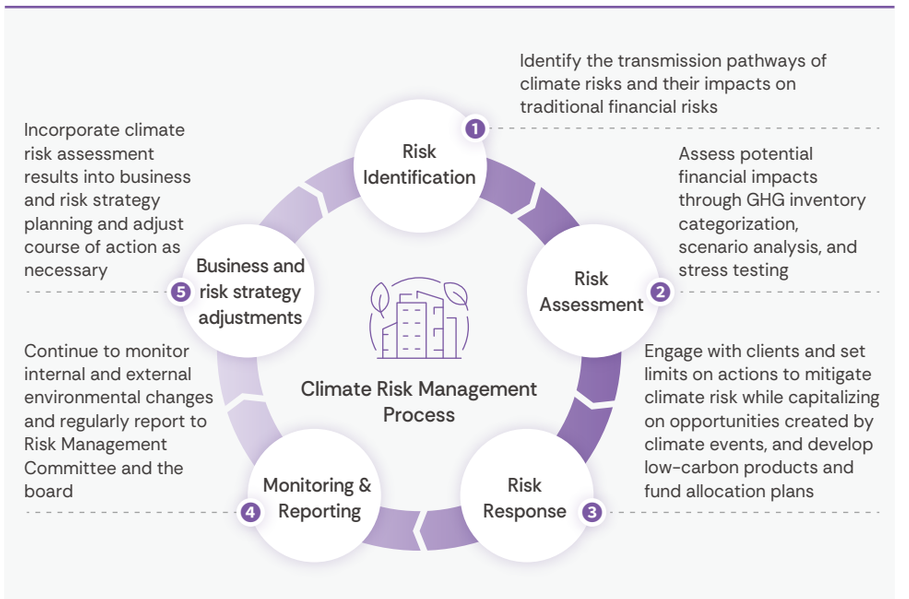
Risk Management

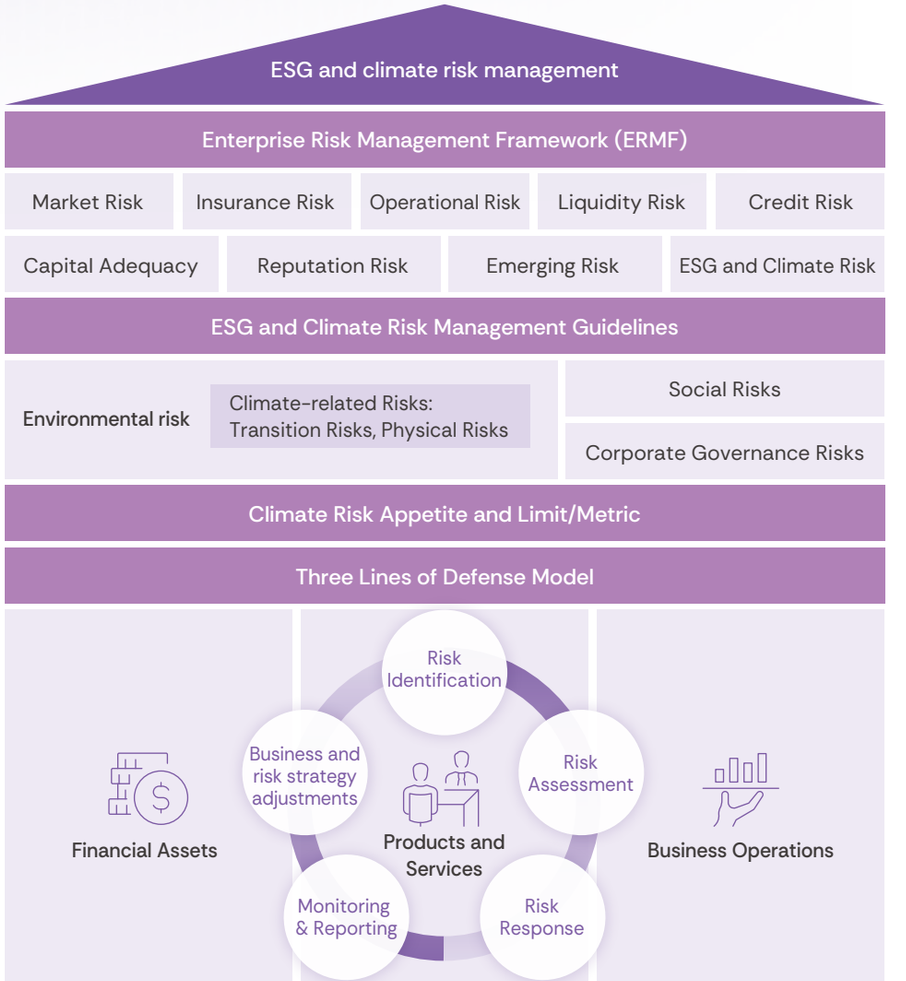
Climate Risk Management Framework

Cathay adheres to the Enterprise Risk Management Framework (ERMF) to establish the Risk Management Policy, which governs various key risks. It sets guidelines for managing market, insurance, operational, liquidity, credit, capital adequacy, reputation, emerging, ESG, and climate risks, while controlling industry concentration risks. In addition, it identifies, measures, and analyzes climate-related risks through the Three Lines of Defense Model based on the responsibilities of each line. The assessment includes the impact on business operations, products and services, financial assets, etc., and develops control measures and response strategies.

The Fundamentals and Actions of Climate Risk Management

Cathay declared a Risk Appetite Statement to announce the company's tolerance to climate risks. The Statement was compiled in reference to information from external agencies and sets limits on industries sensitive to ESG risks such as climate change, natural capital, and human rights. The goal is to set concentration risk limits and regularly monitor any changes in risk exposure. In addition to climate risk management, Cathay is also developing business continuity management (BCM). The company has received certification for ISO 22301 - Business Continuity Management to strengthen emergency response against serious emergencies such as natural disasters.





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 CH2. Climate.

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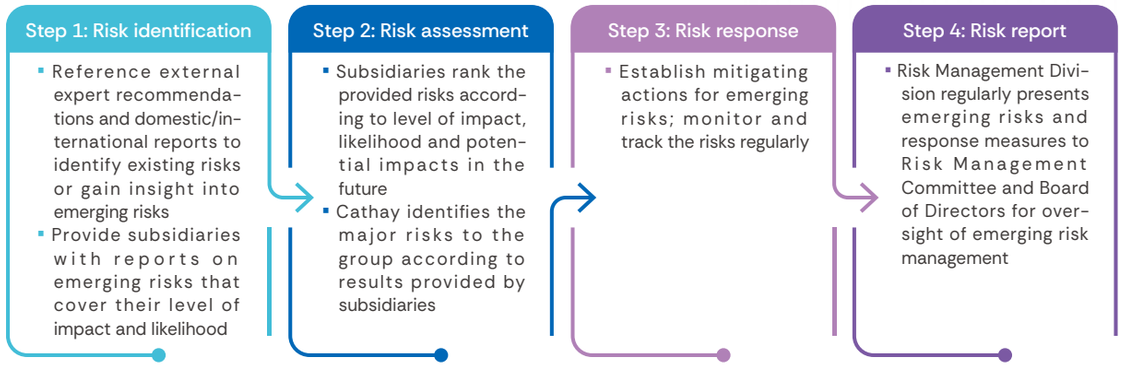
6.2.3 Emerging Risks Management

Facing the increasingly complex global financial operating environment, as well as the increasing issues such as technological development and population aging with rising probability of occurrence. In response, Cathay FHC regularly identifies and assesses material risks confronting the company's future with the help of reports from authoritative organizations and benchmark companies, 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. We identified emerging risks include the Geopolitical risk and regional confrontation, Talent management and retention. Cathay FHC evaluates the potential impact the risks may pose on the company's operation and establishes the mitigating actions.

Risk Identification Process



Operational Impact from the Top Two Emerging Risk Categories and the Corresponding Mitigating Actions

Risk/Description	Risk Category	Impact	Mitigating actions
Geopolitical risk and regional confrontation: Economic risks arising from political changes in the countries or regions where the Group's investment assets are located, causing risks to the macro economy, financial markets, central bank policies, supply chains, and business operations.	Geopolitics	As Cathay Financial Holdings is the largest financial institution 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: ▪ Short-term impacts: Intensifying geopolitics, such as U.S.-China relations, Israel-Gaza conflicts, the tensions in the Middle East, and the cross-strait relation, that affect the global economy, financial markets, and monetary policies of central banks. Economic growth declines leading to rising corporate credit risks affecting the Company's profitability. ▪ Medium and long-term impacts: 1. The rise of supply chain risk caused by political and economic risks may lead to shortage of key components, increase operating costs, reduce profits, and impact related business returns. If the geopolitics turmoil continues, the refinancing and solvency of the countries and related companies subject to economic and financial sanctions deteriorates, resulting in an increase in default risk and impact on the Company's profits. 2. If the geopolitical risk rises in the Company's operation bases, it may cause international trade disruption, or damage the infrastructure such as transportation, electricity, and the internet. At the same time, the impact on market confidence will lead to a decline in financial asset prices and an increase in liquidity risk, which affecting the Company's operations.	① Country Risk Management: 1. The Company has established country risk management mechanism and review regularly sovereign risks, and closely monitor global political and economic risks, in order to diversify cross-border business and concentration risks. 2. Participating in the geopolitical workshops and forums and enhance the Company capability to manage geopolitical complexities and risks. ② Business Continuity Management: The Company has established the Business Continuity Management (BCM) framework and conducted Group-level war scenario tabletop exercises in order to strengthen business resilience.
Talent management and retention: The high turnover rate of personnel results in a lack of professionalism, and the Company is faced with the development of the new economy, the demand for technologically innovative talents and advances in cultivating talents have an impact on the Company.	Society	Cathay Financial Group has more than 40,000 employees. Talent development and cultivation is critical for the Company's sustainability. If the relevant risk occurs, the potential impacts on the Group are as follows: ▪ Short-term impacts: The high turnover rate of personnel results in a lack of professionalism, and the Company is faced with the development of the new economy, the demand for technologically innovative talents and advances in cultivating talents have an impact on the Company. ▪ Medium and long-term impacts: Personnel skillsets and position mismatch: With technology evolution and fintech innovative transformation, talents' capabilities to manage technology and adapt to environment changes may affect business development and market competitiveness.	① Reshaping and upgrading employee skills: Implement the Group's Upskill & Reskill strategy and promote the 360-degree ability feedback system, therefore employees could understand their strengths and weaknesses, career development paths and abilities. ② Build Leadership Pipelines: Regularly hold talent development meetings and review talent salaries and welfare standards to maintain the talent attraction and retention. ③ Develop diversity, equity, inclusion(DEI) workplace: Promote a DEI culture in the workplace and improve talent management.

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6.2.4 Management of Human Rights Risks

To ensure human rights protection, Cathay complies with relevant human rights regulations of 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 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 upholds internationally recognized human rights policies by complying with local labor laws and ensuring human rights protection within the group. 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

Employee Happiness Working Group	Sustainable Governance Working Group	Green Operation Working Group	Responsible Investment Working Group	Responsible Products and Services Working Group	Social Prosperity Working Group
▪ Employees ▪ Joint ventures	▪ Employees	▪ Suppliers	▪ Investee/ Borrower Companies	▪ Customers	▪ Customers/ Youth

Human Rights Due Diligence Workflow

Cathay has established a human rights due diligence workflow. We regularly conduct impact assessments and improve the management of 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.

Step 1
Identify risk issue
Conduct an annual review and identification of material human rights issues and affected stakeholders related to Cathay's operations, value chain and business models

Step 2
Risk Assessment
Regularly assess the impact of our actions on human rights to gain insights into the level of risk exposure concerning our employees, suppliers, customers, and services

Step 3
Establish management plan
Establish corresponding action plans and mitigation measures based on the regular assessment of the level of human rights risk exposure

Step 4
Review outcome
Track the implementation and effectiveness of action plans, while maintaining an open channel of communication to ensure effective management of human rights protection.

Step 5
Enhance management plan
Regularly review the implementation status of the action plans; enhance action plan for high-risk human rights issues

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Prevention and Compensation of Human Rights Violation

Risk Issues	At-Risk Groups	Risk Assessment Approach & Results	Risk Mitigation Measures	Compensation Measures for Affected Groups	Mitigation and Compensation Measure Implementation Outcome
Forced labor/ work hours	▪ Employees ▪ Female ▪ Indigenous people ▪ Immigrant workers ▪ Employees with disability/ disabilities ▪ Interns	▪ Those whose overtime hours exceed 45 hours per month are considered highly at-risk individuals; 0.56% employees were identified as high risk in 2023	▪ 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	▪ 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	▪ 93.4% response rate to mental health evaluation questionnaire in 2023 ▪ 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		▪ Cathay FHC offers company-wide free health check-ups every two years ▪ Analyze employee health risks based on health check-up results	▪ Implement occupational safety training ▪ Free employee health check-ups ▪ Administer musculoskeletal disorders questionnaires ▪ Administer occupational safety and health inspection ▪ Ensure first-aid equipment and AED access ▪ Hold health promotion activities	▪ Implement occupational disaster reporting and response mechanism ▪ Assist with group and labor insurance enrollment ▪ Provide professional consultation	▪ Offers free health checkups to employees every two years to regularly monitor blood sugar, blood pressure, cholesterol, and obesity in employees; 20,000 employees received health checkups in 2023 ▪ 66.3% response rate to musculoskeletal disorders questionnaire in 2023 ▪ 80,000 employees participated in the 2023 weight-loss content, losing a total of 152,392kg (22,982kg lost in 2022)
Diversity, Inclusion and Equal Opportunities		▪ Workplace discrimination and harassment: number of employee complaints filed, and number of cases tracked annually (including sexual & non-sexual harassment); Cathay handled and closed (following due process) all 7 cases in 2023 ▪ 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 Labor-Management Meetings in compliance with the "Guidelines for Implementing Labor-Management Meeting." Representatives from both sides fully communicate on material issues. The implementation process is carried out based on meeting consensus; 28 employer-employee communication meetings held in 2023	▪ 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 target for hiring locally at overseas markets	▪ Establish reporting and complaint response mechanism ▪ After committee review, disciplinary action will be taken against the offending employee ▪ Ensure access to follow-up consultation services for the victim	▪ The Code of Conduct for Employee training coverage was 100%, with a 100% completion rate ▪ 325 indigenous peoples of Taiwan & 453 employees (1% of total workforce) with disability/disabilities in employment at Cathay in 2023 ▪ Cathay's workforce consists of 14 different nationalities ▪ 27 students from the second annual talent incubation project for Southeast Asia returned in 2023 to overseas locations in Cambodia, Vietnam, Myanmar, and Laos

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Risk Issues	At-Risk Groups	Risk Assessment Approach & Results	Risk Mitigation Measures	Compensation Measures for Affected Groups	Mitigation and Compensation Measure Implementation Outcome
Customer Rights	Corporate finance and consumer finance clients	▪ Improve Net Promoter Score (NPS) for customer service ▪ Treating Customers Fairly	▪ Establishment of Service Quality Committee ▪ Implement employee training ▪ Incorporate "The Principles of Treating Customers Fairly" into Cathay's corporate culture	▪ 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.	▪ Cathay Life rated outstanding in "Treating Customers Fairly" by FSC for five consecutive years & rated in top 25% in the financial sector in 2023 ▪ Cathay FHC subsidiaries continue to provide training to raise compliance awareness in employees and enforce fair customer treatment ▪ 97.76 in 2023 satisfaction ratings across Cathay FHC subsidiaries
Personal Information Protection		Track regulatory enforcement actions for personal information breaches each year	▪ Establish Personal Information Management Committee ▪ Establish comprehensive personal information management mechanism ▪ Obtained the certification for BSI 10012:2017 - Personal Information Management System ▪ Implement personal information protection training	▪ Establish the "Protocol for Responding to Personal Information Breaches" ▪ Establish regular contingency plan exercises	▪ 100% personal information training completion rate in 2023 across Cathay FHC & subsidiaries
Labor Rights	Investees, borrowers & respective industries	▪ Percentage of high-risk corporate lending ▪ High-risk/sensitive industries: controversial weapons, adult entertainment, industries with serious human rights violations, coal mining, petroleum, natural gases, coal-fired/ nuclear energy, tobacco, gambling and betting, logging in tropical rainforests, gillnet production & gillnetting	▪ 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	▪ 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	▪ 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
Occupational Safety and Health Personal Information Protection	Supplier-side employees	▪ 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.	▪ 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	▪ 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	▪ All Cathay suppliers have signed the Cathay Financial Holdings Statement of Sustainability Values ▪ All Cathay suppliers have completed the sustainability training ▪ All 2,336 supplies have signed the Cathay Financial Holdings Statement of Sustainability Values as of the end of 2023
Diversity, Inclusion and Equal Opportunities	Joint venture employees	All joint ventures have signed the Cathay Financial Holdings Statement of Sustainability Values (including the human rights pledge)	Investigate how joint ventures implement human rights by conducting questionnaires	Request improvements based on questionnaire results	Strengthen engagement with joint ventures through the use of the Cathay Overseas Network

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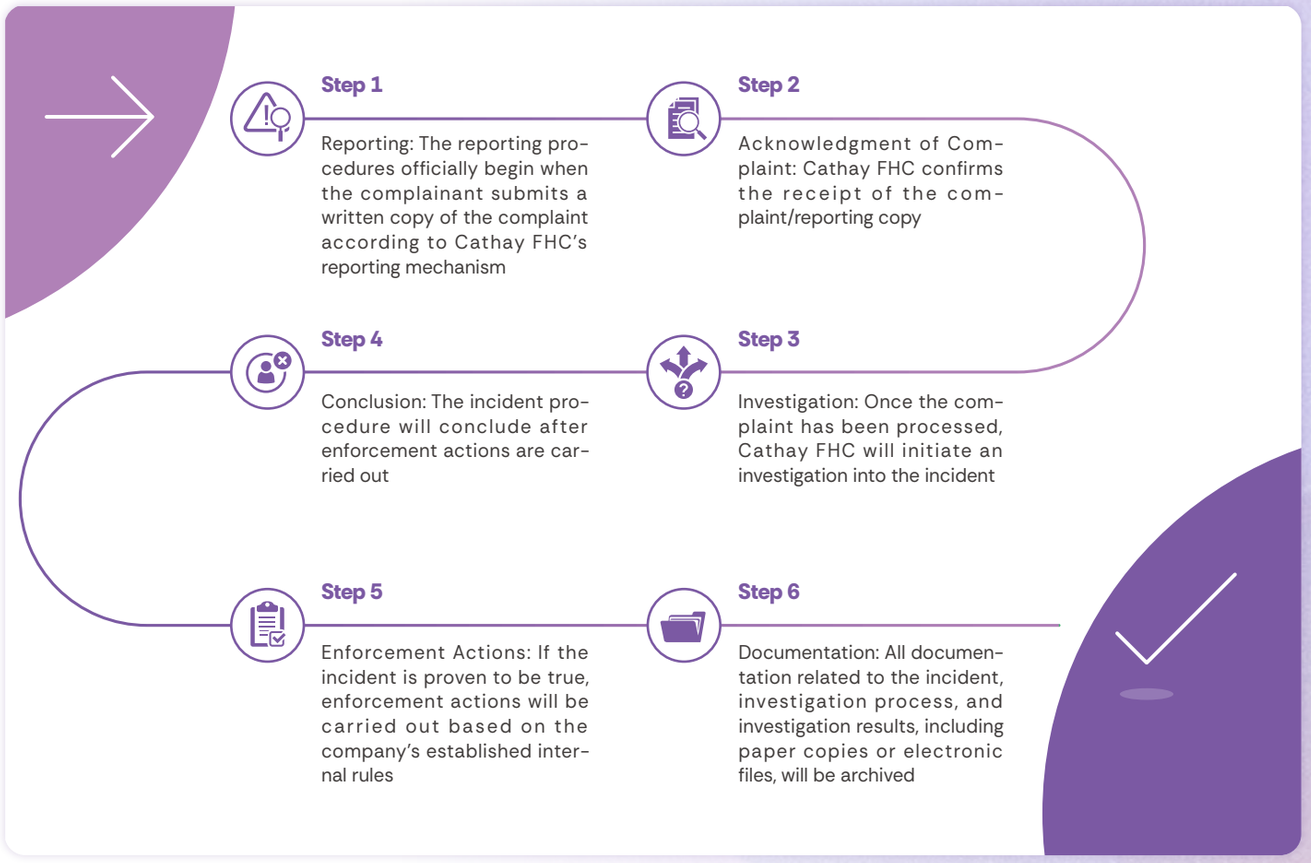
Complaint Filing Mechanism and Reporting Channels

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. 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. In 2023, Cathay handled 7 incidents of sexual harassment or gender equality violations. All cases were closed following due process. For more information, please refer to 4.1.3 DEI in the Workplace.

Complaint/Reporting Procedures



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6.3 Ethical Corporate Management

GRI：2-23、2-24、2-27、2-28、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 director of the Bankers Association of Taipei. President of Cathay Life, Shan-Chi Liu, is the current Managing Supervisor of the Life Insurance Association of the Republic of China. 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 "Policy and Code of Operation Integrity". We implement the following management mechanism to review the implementation status of ethical corporate governance:

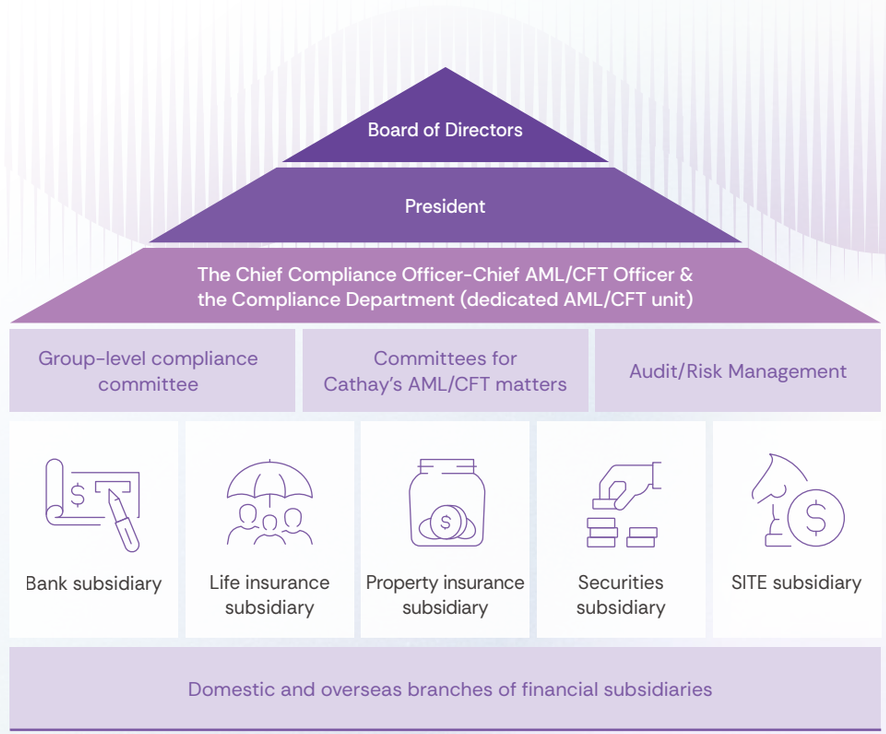
Management Mechanism	Results
Conduct regular self-evaluations and review for unethical risk behavior	▪ We conduct an annual ethical management risk assessment. Items evaluated include offering or accepting improper benefits (offering/accepting bribes), illegal political contributions, unethical charitable 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 2022 in 2023 and presented the assessment results to the board; the same assessment for 2023 was conducted in Q1 of 2024.
Training	Employee ethics and code of conduct training is a required annual course. The training lasts one hour. The training completion rate for 2023 was 100%.
Whistleblower Mechanism & Reporting Channels	We have established clear reporting channels following our "Procedure for handling cases of reporting unethical or dishonest conduct" 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 2023, there were no reported cases of insider trading, antitrust, monopoly and market manipulation violations, or unethical or dishonest cases.

IFRS	Governance	Strategy	Risk Management	Metrics & Targets
Ethics and Compliance	✓	✓	✓	✓

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 2023.



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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.



Strategy	Execution
Group Compliance Management Mechanism and Performance Enhancement	▪ 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 2023 are as follows. For full details, please refer to 2023 Cathay FHC Annual Report P. 156-163.
Group Mid- to Long-Term Compliance Focus	▪ Oversee implementation of compliance risk management by subsidiaries based on the risk characteristics of the industry; actively promote the group's compliance alignment with international standards, while keeping abreast of international regulatory trends to strengthen compliance management for the group's overseas businesses. ▪ Ensure compliance of the group's digital transition and strategic responses for digital scenarios/management while maintaining control of important company regulations and optimization programs targeting internal control and management.
Cathay Financial Group Whistleblowing Program	▪ 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 2023, the group received nine non-compliance complaints. Of the nine complaints, two were aimed at Cathay FHC and four at domestic subsidiaries. All six of the above complaints were found to be unproven and closed accordingly. Three were aimed at overseas branches, and two of which were found to be unproven and closed accordingly. One of the three complaints was verified and internal penalties were imposed accordingly. Cathay also increased advocacy to raise awareness, strengthened management, and regularly conducted random inspections.

Major Penalties and Remediation Measures in 2023

Subsidiaries	CUB
Reason	CUB incurred an NT$12 million fine for a flawed oversight mechanism over the flow of funds between financial advisors and their customers; a flawed oversight mechanism over online banking logins at the same IP address; failure to ensure employee compliance with the Code of Conduct; and failure to enforce internal control systems.
Remediation	Completed partial remediation, including setting risk control over designated transfer accounts, requiring loan divisions to set control over designated transfer accounts, monitoring cash flow, and strengthening tracking and oversight mechanisms over online banking logins at the same IP address. CUB has yet to complete remediations for regular reconciliation sheets, which are expected to be completed before 2024 Q2.

Note: As of April 2024, there are two 2024 major penalties that are currently being handled internally and will be disclosed in detail in Cathay FHC's Sustainability Report 2024.

	2021	2022	2023
No. of Major Penalty (Note)	1	2	1
Penalty Amount	NT$ 1.44 million	NT$ 14 million	NT$12 million

Note: Major penalties refer to cases handled in compliance with Article 2 of FSC's Regulations Governing Public Disclosure by the Financial Supervisory Commission of Material Enforcement Actions for Violations of Financial Legislation.

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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.

Promoting Diverse Compliance Training and Cultivating Technology Compliance/AML Talent

To enhance employees' compliance awareness and cultivate talent in technology compliance/AML, Cathay FHC provides diverse compliance/AML training aligned with existing tech trends. The themes include basic compliance awareness, virtual asset development, relevant regulations and disputed cases in property insurance, cybercrime patterns and security awareness, AI legal issues in the digital economy, risks in the VASP ecosystem and group policies, and analysis and case studies of emerging money laundering patterns. 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.

Cathay FHC compliance training hours in 2023

- General compliance courses 352 sessions (A total of 843,626 hours)
- Group compliance sharing club courses 7 sessions (A total of 1,181 hours)
- Compliance courses for new recruits 110 sessions (A total of 6,218 hours)
- Senior executive compliance courses 58 sessions (A total of 291 hours)
- Group AML/CFT training courses 194 sessions (A total of 34,678 hours)
- Director (supervisor) compliance courses 113 sessions (A total of 514 hours)

Strategy	Execution
Management Mechanism and Effectiveness Improvement	1. We established the "AML/CFT Management Guidelines," group-level risk methodologies, risk factors, and risk alert mechanisms and monitoring indicators. 2. 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. Cathay Subsidiaries' Customer Due Diligence Framework: Develop business relations → Verify names (Risk assessment module) → Risk assessment & risk classification → Due diligence on customers → Enhanced Due Diligence (High risk) / General Due Diligence (Not high risk) Continued Review：New business transactions/regular reviews/major changes to customer status 3. Hold group-level AML/CFT meetings at least every six months; assist key subsidiaries in implementing AML/CFT management by assigning dedicated staff to various projects. 4. Virtual Assets Service Providers (VASP) Program: In support of the latest National Money Laundering, Terrorist Financing and Proliferation Financing Risk Assessment Report, Cathay added VASP assessment to respond to potential emerging risks. Third-party advisors have been commissioned to assist with perfecting response measures and adjust the group's policies. We aim to support subsidiaries in assessing VASPs as customers and carefully evaluating risks and mitigation measures. 5. Group AML/CFT information sharing: ▪ Establish group-level information sharing regulations and platform based on best practices recommended by the Financial Action Task Force (FATF) and the Bankers Association. ▪ 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. 
Group Mid- to Long-Term Development Focus	Cathay AML Joint Risk Defense" project: 1. In recent years, the impact of digital technology and the emergence of mobile devices have transformed the roles, profiles, and behaviors of financial market participants. The convenience and diversity of financial services have also led to complexity in regulating financial services. Leveraging digital technology effectively against risks, optimizing oversight, and effectively managing resources are important aspects of the group's overall efforts in anti-money laundering and countering the financing of terrorism. 2. The project was initiated in 2022 to support the group's gradual shift from traditional to digital operations and from decentralized to centralized service channels. The project encompasses anti-money laundering compliance, data analysis, algorithm modeling, risk prediction, and visual experience design. In the future, the project will continuously engage in self-learning in response to changes in external regulatory environments or the evolution of emerging technologies. This rolling self-learning approach aims to optimize the group's risk prevention mechanism, effectively supervise and manage, and maximize the synergies of the group. 3. In 2023, Cathay continued to roll out the Cathay AML Joint Risk Defense project, with specific subsidiaries having optimized and introduced data on suspicious transaction patterns into visual dashboards. With the project, Cathay also developed a group-wide AML/CFT business management platform that could be applied to Cathay FHC's KYC, customer affiliation networks, group-wide digital security, and cross-industry affiliation diagrams, aiming to strengthen the group's AML efforts.

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6.4 Information Security

SASB：FN-CB-230a.1、FN-CB-230a.2

6.4.1 Information Security Governance

In compliance with the "Financial Cyber Security Action Plan" published by the Financial Supervisory Commission (FSC) of Taiwan, Cathay Financial Holdings Co., Ltd. (Cathay FHC) continues to strengthen information security and protection to deliver secure, convenient, and uninterrupted financial services. Cathay FHC and its subsidiaries have established chief information security officers or information security units, in compliance with regulations, to plan, monitor, and carry out information security management as well as report on information security in the last year to the Board of Directors. The Information Security Committee, a group-wide committee, with the chief information security officer serving as the convenor and inviting the president to attend and provide guidance. It is responsible for formulating information security policies and promoting management systems at the group level. Meetings are held regularly every six months, and submit a report on the overall implementation of information security for the previous year to the board of directors of the current year. Among them, Mr. Feng-Chiang Miau, a member of the board of directors, was the chairman of MiTAC-SYNNEX Group. Mr. Miau has long focused on IT R&D and manufacturing, software development, system integration, information security and other fields. His experience helps Cathay FHC manage information security and development. To 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 commit to information security and control and quality enhancement.

Strengthening Cyber Resilience

Measures	Action Plans
Formulate Information Security Policies	▪ Cathay FHC and its subsidiaries have all formulated information security policies approved by the board. We regularly review our policies each year to ensure the confidentiality, integrity, accessibility, and compliance of information assets
24/7 Security Operation Center (SOC)	▪ In 2020, Cathay FHC established the Security Operation Center (SOC) to provide 24/7 services. The SOC monitors and enables immediate action against information security risks, conducting associative analysis of cyber-security equipment, network equipment, and operating system logs to alert and identify information security incidences, abnormal connections, and other actions as well as develop tracking and response mechanisms to enforce measures to control and manage information security risks
Information Security Incident Response (IR)	▪ Integrated Cathay FHC resources to assemble group-wide Information Security Emergency Response Team to participate and assist with incident response and monitor information security incidences in Cathay FHC and subsidiaries through incident reporting and emergency response procedures ▪ Developed drills to practice information security IR under different scenarios to familiarize employees with IR processes and ensure rapid response in the event of information security incidents ▪ Leveraged IR experiences from third-party experts, advisors, and IR teams to provide applicable, expert suggestions and IR support
Adoption of ISO 27001 - Information Security Management (ISM) System	▪ As of the end of 2023, a total of 98.8% of IT systems at Cathay FHC hold ISO 27001 certificates. The certification process has been an opportunity for us to perfect information security governance frameworks and ISM systems and bolster early warning, reporting, and IR processes to deliver secure financial services. ▪ Cathay FHC passed ISO 27001:2022 verification in 2023 ▪ Major subsidiaries under Cathay FHC have all received international ISO 27001 accreditation and continue to hold valid certificates. Details of certificates, including versions and expiration dates, obtained by subsidiaries are as follows:

Company	Cathay FHC	Cathay United Bank (CUB)	Cathay Life	Cathay Century
Version	2022	2013	2022	2022
Expiration Date	2023/10/04 ~ 2026/10/03	2023/11/26 ~ 2025/10/31	2022/02/27 ~ 2025/02/26	2023/01/16 ~ 2025/10/31

Company	Cathay Securities	Cathay Futures	Cathay Securities Investment Trust	Cathay SITE
Version	2013	2013	2013	2013
Expiration Date	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 information security awareness and culture in employees 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 34 in the Appendix.



❶ "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

❷ Information Security Training

- All employees are required to complete at least 3 hours of Information Security Training. In 2023, 100% of employees at all subsidiaries fulfilled the 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 network attacks, malware, and other major information security incidents are detected, Cathay FHC and subsidiaries will initiate the Information Security Incident Reporting & Emergency Response Mechanism. Each company's information security emergency response team will respond to the incident in compliance with the "Major Information Security Incident Reporting & Emergency Response Management Guidelines for Cathay FHC & Subsidiaries." Cathay FHC will then compile material information security incidents (from all subsidiaries) for reporting to the Information Security Committee. In 2023, there were zero cases of material information security incidents. For information leaks, please refer to 6.5.4 Personal Information Protection.

Measures	Action Plans
Cyber-attack Drills	▪ Cathay Life, CUB, Cathay Century, Cathay Securities, and Cathay SITE commission experts as white hat hackers to conduct annual cyber-attack drills ▪ 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	▪ Cathay FHC and subsidiaries commission thirty-party vendors to conduct information security assessments for computer systems, evaluating items such as information framework, network activity, vulnerability assessment, penetration testing, security settings, and compliance. The assessment allows us to monitor system safety, institute changes, and complete remediation for 100% of material risks identified from information security assessments
Threat Intelligence Sharing & Analysis Mechanism	▪ "Group Information & Threat Intelligence Sharing Mechanism" established to report and share material cyber threat intelligence for mitigation and protection ▪ Signed the "Memorandum of Understanding on National Cyber-security Protection & Intelligence Sharing" with the MOJ Investigation Bureau and "MOU to Jointly Combat Fraud & Safeguard Information Security" with the Criminal Investigation Bureau to strengthen the scope and depth of information security protection at Cathay FHC and establish a public-private information security cooperation framework to develop a cooperative protection mechanism

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6.5 Service Quality & Customer Rights

SASB：FN-IN-270a.4

IFRS	Governance	Strategy	Risk Management	Metrics & Targets
Privacy and Information Security	✓	✓	✓	✓
Customer Relationship Management	✓	✓	✓	✓

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.

Company	Customer Support Channels & Units	Organization/Operations	Key Actions in 2023
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. ▪ Customer Complaint Channels: 1. 24H toll-free hotline: 0800-036-599 & hotline for cell phones: 02-2162-6201 2. Additionally, the company has introduced a customer support hotline at 02-2162-6205 to optimize the handling of customer complaint 3. Fax: 02-2700-9161 4. Online: Official website or email to service@cathaylife.com.tw	▪ Governance: Established the Treating Customers Fairly Committee in compliance with the "Treating Customers Fairly Committee Charter." The president and senior executive VP of the Customer Relationship Enhancement Department serve as the chairperson and vice chairperson, respectively ▪ Treating Customers Fairly Committee meets every six months with active involvement from independent directors. Related indicators are tracked to assess efforts and improvements and then reported to the board ▪ Senior executives convene Service Quality Team meetings each quarter to gain insight into consumer experiences. Responsible units are then tasked to optimize and regularly track improvements to effectively improve and enhance customer experiences ▪ Senior executives convene Complaint Team meetings each quarter to review root causes of complaints and improve/assess areas non-compliant with the treating customers fairly principles. The results are presented at the Conference of Treating Customers Fairly to effectively resolve insurance disputes and protect rights of policyholders	▪ Uphold principles of treating customers fairly through four pillars: "Friendliness & Empathy," "Empowerment & Capacity Building," "Safeguarding with Technology," and "Sustainable Governance." 1. Friendliness & Empathy ① Acted as professional "families" of policyholders & cultivated 700 Cathay Health Experts ② Certified 14,000 Dementia Friends and 65 dementia-friendly locations ③ Dialogue on accessible services with disability organizations to understand the needs of customers with disabilities and improve accessibility 2. Empowerment & Capacity Building ① Actively helped identify, prevent, and stop scams to safeguard customer assets, hosting 108 Anti-fraud Sessions for 8,683 participants in 2023. Cathay locations also assisted in stopping 64 scams and protected NT$48.296 million of customer assets ② Supported financial education with MDRT CARE, working with seven institutions/schools on financial education and continued to provide financial literacy courses to high schools per commission from the Taipei City Government to share insurance practices and financial management 3. Safeguarding with Technology ① Established service reminder systems to remind customer service staff to safeguard consumer rights ② One-stop online service counter to help customers remotely with purchasing insurance policies ③ Leveraged AI technologies to convert text to speech so that customers, unable to read, are able to understand the documents 4. Sustainable Governance ① Upheld ethical governance by mapping it into the organization's responsibility map early on ② Strengthened professional competency of employees through comprehensive insurance and financial training systems ▪ Continued to pursue excellence each year with honors including: ① Obtained dual certification for ISO 9001 Quality Management System and ISO 10002 Customer Complaint Management System, ensuring our service and complaint handling mechanisms meet international standards for fair customer treatment ② Received the Gold Rating for Outstanding Services to Policyholder and 8 other prestigious awards with a company-wide service mindset and all-around excellence ▪ Rated outstanding in Treating Customers Fairly by FSC for five consecutive years (top 25% in the financial sector)

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Company	Customer Support Channels & Units	Organization/Operations	Key Actions in 2023
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 through comments or text-based customer service	▪ 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 the principles of treating customers fairly. Every quarter, the BOD receives reports on customer complaints and related progress on mitigating complaints. ▪ Established the Treating Customers Fairly Committee, chaired by the president and comprising senior executives, to optimize fair customer treatment through interdepartmental collaboration ▪ 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	▪ In addition to actively handling customer complaints, the company puts 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 ▪ Expanded applications for "Alpha" chatbot to offer more customized digital services and enhance service efficiency ▪ Continued to develop digital finance: Added remote insurance enrollment services for customers to purchase insurance policies under zero contact & added video services hours for non-work days and quality video services for forex transfers so that customers can complete financial transactions safely without visiting branches ▪ Upheld principles of treating customers fairly and strove to close the digital divide for persons with disabilities and seniors, with the president leading the Treating Customers Fairly Committee to offer one-stop O2O services (e.g., accessible services online, accessible branches, and 24H accessible ATMs with voice services) tailored to meet customer demands and deliver the industry's most user-friendly customer journey ▪ Continued to improve accessible financial services, such as posting accessibility signs for guide dogs and offering sign language services; putting up QR codes to text-based customer services at ATM or self-service areas; announcing accessible branches on the official website for easy customer access; and launching the CUBE APP in English as well ▪ Continued to develop digital finance; optimized processes/security for digital finance services and product enrollment; and developed CUBE APP as main portal for Cathay's digital service users to offer customized services on a large scale. The CUBE APP and online bank continue to serve as financial service portals that bridge together services across the group to offer comprehensive digital finance services ▪ Established the interdepartmental Anti-fraud Team to improve anti-fraud measures and organized the #SpeakUp! campaign to support anti-fraud policies and protect customer assets
Cathay Century	▪ 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 ▪ Customers can provide detailed accounts to Cathay Century through the customer service hotline at 0800-212-880	▪ Fair customer treatment is assessed during the compliance self-evaluations conducted every six months to ensure that all principles are enforced ▪ The "Treating Customers Fairly Promotion Task Force 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	▪ Progress in Quarterly Treating Customers Fairly Promotion Task Force Meetings: In Q1, complete roll-out plans and formulate KPIs for all principles. In Q2, Q3 & Q4, track progress and report to BOD for review and oversight. In 2022 meetings, Cathay Century 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. In January 2023, Cathay Century submitted guide dog products for government review to provide guide dog users with related products ▪ 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 Customers Fairly Promotion Task Force Meeting 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 organized the internal "iCARE Service Contest" to encourage employees to ideate from customers' perspectives. In 2022, Cathay Century 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. In August 2023, Cathay Life organized the Fair Customer Treatment Month, which consists of four fun campaigns such as themed stickers, Q&A raffles, writing campaigns, etc., integrating the concept of friendly service into daily operations. The aim is to encourage empathy among employees and provide more considerate and friendly service.

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Company	Customer Support Channels & Units	Organization/Operations	Key Actions in 2023
Cathay Securities	In compliance with the "Procedures for Handling Financial Consumer Disputes," Cathay Securities' Digital Operations Center is the dedicated unit for tasking units to handle customer complaints, keeping abreast of progress, and updating progress in the Financial Ombudsman Institution's system. Customers and make inquiries through the customer service hotline at (02) 7732-6888 or on the company's official website	▪ Governance: Established the "Treating Customers Fairly Committee" in compliance with the "Treating Customers Fairly Committee Authority and Organizational Rules." The president and an executive VP (or higher) 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 Treating Customers Fairly 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"	▪ Starting in 2023, customer service and complaint hotline hours extended from 6:00 PM to11:00 PM to accommodate customer inquiries outside of the previous service hours ▪ The Treating Customers Fairly Committee is comprised of three units - Financial Products & Services, Financial Consumer Disputes, and Training - to enhance service quality in multiple areas ▪ The Treating Customers Fairly Committee regularly reports their work and progress to the BOD and moves forward with subsequent plans according to instructions from the BOD
Cathay SITE	Cathay SITE's Customer Service Department is responsible for handling customer complaints; customers can call (02)7713-3000, email net080@cathaysite.com.tw, fax (02)2382-0437, or visit Cathay SITE in person to file their complaints under their real names	▪ The Business Division head 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 ▪ The human resources unit organizes three or more hours of related awareness programs and training on the "principles of treating customers fairly" and strategies, internal compliance guidelines, and codes of conduct to strengthen fair customer treatment practices among employees ▪ Regularly report annual training hours, customer complaints, complaint handling, and other related matters to the board each year	▪ Reported to the BOD in 2024 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 2023 were handled in compliance with related regulations ▪ Required employees to reach out to seniors and underprivileged customers after rendering services to ensure accessible financial services

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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 exact figures on Cathay FHC and its subsidiaries' customer satisfaction scores in 2023, please refer to Table 36 in the Appendix.

Company	Satisfaction Levels
Cathay Life	Customer satisfaction has increased from the previous year across three dimensions (brand, products, and services). The product dimension has notably achieved the most significant growth, which is predicted to be derived from optimized post-sales services. For the service dimensions Cathay Life continues to add value to services and leverage advantages in health/digital finance/locations to deliver meaningful customer experiences and cultivate its competitive edge.
CUB	2023 was a significant year for CUB as society recovered from the pandemic and its Costco contract was reaching expiration. Despite the major challenges, customers expressed high levels of satisfaction with CUB's Customer Service Center. CUB will continue to collect customer experience and feedback in the future to spotlight impact factors affecting satisfaction ratings and gain insight into critical services across each touchpoint to maintain high-quality services.
Cathay Century	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 nodes, gain insight into customer feedback and expectations, and return feedback to related units for service optimization to continue increasing customer satisfaction.
Cathay SITE	Leverage external institution surveys to gain further insight into customer demands for products and services; collect customer feedback; and capitalize on digital service trends to provide satisfactory services both online and offline to encourage customer stickiness.

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.

Company	NPS Framework Deployment	Key 2023 Breakthroughs
Cathay Life	▪ R-NPS: Third-party consulting firms commissioned to conduct end-of-year surveys. ▪ T-NPS: Deployed 16 service nodes for online/offline customer journeys, whereby responsible units can use automatic monitoring dashboards and customer response management backends to understand customer feedback and demands, regularly assess NPS changes, and devise customer experience optimization strategies. Results are tracked at quarterly service quality meetings to enhance service quality.	▪ According to latest survey results, R-NPS in 2023 was 35.1%, which increased from last year's 29.2% primarily because some detractors turned neutral or promoters. Extreme detractors decreased by 1.3%, indicating general progress from optimization efforts in the past year. ▪ In addition to continuing to develop the "customer experience management mechanism" internally to perfect and optimize customer experiences, the company continued to bolster critical journeys affecting customer satisfaction levels and NPS. In 2023, the company strengthened external communication, showcasing its efforts in NPS for customer experience and senior-friendly services in media interviews or press releases on awards to build a positive brand image.
CUB	▪ 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. By focusing on user experiences, the company seeks to comprehensively assess and track critical factors, big and small, impacting NPS.	▪ The CUB Customer Service Center had a tNPS of 61.1 points in 2023. With society recovering from the pandemic, the impending expiration of the Costco Contract, and a spike in demand, the bank's tNPS score went down by 1.7 points from 2022, but overall services continue to meet expectations, receive customer support, and are recommended by customers. ▪ In 2023, the CUBE App increased its rNPS by 2 points from 2022 to 42.9 points. The CUBE App has consistently maintained outstanding NPS scores throughout the years, indicating that customers recognize and recommend optimizations deployed to the company's digital platform services. CUB customers continued to recommend CUBE App as one of the top online banking applications in Taiwan.

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Company	NPS Framework Deployment	Key 2023 Breakthroughs
Cathay Century	Deployed 30 online/offline service points to gain daily insight into customer voices through the NPS feedback management backend and visual reports and recreated 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.	▪ Cathay Century continued to optimize administrative and service processes at each service point based on customer feedback to strengthen customer support for the subsidiary's services. ▪ In 2023, Cathay Century's online tNPS score was 39, up five points from 2022's 34; offline tNPS score was 87, up 11 points from 2022's 76. Both online and offline tNPS scores increased from the previous year. ▪ In 2023, Cathay Century's average tNPS score was 68, three points higher from 2022.
Cathay Securities	Deployed 12 online/offline tNPS service nodes 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 node based on NPS survey feedback. Cathay Securities also communicates and collaborates across units to continue optimizing customer experiences.	▪ In 2023, scores for online/offline tNPS service nodes remained stable from previous year. ▪ Introduced the following tNPS nodes in 2023: sub-brokerage account opening, first-time transactions, and regular investment plans to increase breadth of customer feedback and optimize customer experiences accordingly. ▪ Offline tNPS nodes cover the Customer Service Center and service counter. Cathay Securities offers regular training to increase service competency in employees, achieving over 75 points. This is a testimony to the company's commitment to maintaining high-quality human services while actively developing digital services.
Cathay SITE	NPS is the most direct indicator of customer feedback. Cathay SITE integrates NPS survey activities with satisfaction to review various services such as brands and products from a customer perspective. This allows the company to collect feedback, focus on key points, and improve customer experience and satisfaction.	Commissioned a third-party agency to survey customer satisfaction in 2023. Customers gave highly positive feedback, and Cathay shall continue to improve touchpoints and user experience to maintain our interactive relationship with our customers and meet potential needs.

6.5.4 Personal Information Protection

Customer Privacy Policy

Cathay FHC places great importance on and is committed to protecting privacy and personal data. We have established privacy policies and internal management measures related to personal information protection. We require all employees and vendors to comply with relevant requirements for personal data protection, jointly committing to the security of personal data to safeguard the rights of data subjects. To thoroughly enforce personal information management, Cathay FHC has established the "Personal Information Management Committee" to incorporate personal data protection into the company's existing risk management framework. The president serves as the chairperson, overseeing and managing the FHC and its subsidiaries' enforcement of personal information management and risk control. Risk Management Division serves as the personal information management unit responsible for planning, overseeing, and enforcing committee decisions and reviewing and improving the group's personal information management. In the face of rapidly evolving technology and new attacks, Cathay FHC believes it is the company's responsibility to actively safeguard customer interests. To such ends, Cathay FHC's main subsidiaries - Cathay Life, CUB, and Cathay Century - have obtained accreditation from international standards, BS10012:2017 Personal Information Management. In addition to obtaining international accreditation to observe international privacy rights and protection trends, Cathay FHC also utilizes the P-D-C-A method to strengthen personal information management and ensure effective protection thereof. Additionally, Cathay FHC undergoes annual third-party professional external audits to verify privacy management, covering aspects such as personal data protection, control processes and measures, vendor management, and compliance with requirements outlined in BS10012 and the Personal Data Protection Act.

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.



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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. Mandatory disclosure items will be announced online in the "Mandatory Disclosure Regarding Use of Personal Data" and "Confidentiality Measures for Customer Information Protection." 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" to restrict authorized personnel and access time. Cathay FHC is committed to providing a secure information environment. Cathay FHC and major subsidiaries have obtained international ISO 27001 certification for information security management systems and continue to optimize personal data protection environment, which includes but is not limited to establishing firewalls, SSL encryption, OTP identity verification, login behavior detection, watermark alerts, and access control mechanisms. 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 to demonstrate our resolve to personal information protection, customer privacy, and zero tolerance.

Cathay FHC has an internal audit unit under the board, which supervises and enforces internal control for Cathay FHC and its subsidiaries. At least once every six months, we conduct specialized audits on the financials, risk management, and regulatory compliance of the company and subsidiaries. Additionally, we conduct an annual self-assessment of internal controls, covering areas such as personal information protection and risk management. The internal audit unit reviews the self-assessment results of each department to ensure employee compliance with relevant control requirements.

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 2023, 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.).

Customer Privacy Protection & Response

Cathay FHC has dedicated sections on the official website for "Customer Data Protection Measures" and "Privacy Policies," where customers can learn about their rights and protections; a customer service consultation hotline to respond to for any inquiries or concerns regarding privacy policies or personal data usage; the "Cathay FHC Personal Data File Security Maintenance Plan and Personal Data Handling Procedures after Business Termination" to guide employees and vendors; and the "Data Subject Rights Management Measures" and channels for complaints and exercising their rights across the group to address the needs of customers and employees. In addition, Cathay FHC and its subsidiaries have established "Protocol for Responding to Personal Information Breaches" and processes for regular drills, requiring immediate reporting of personal data breaches to personal data management units. Interdepartmental "Emergency Response Teams" and reporting and handling processes are also established. 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. We had 14 data breaches events in 2023, in which 100% of data breaches events was involved with personally identifiable information. 61 customers were affected by such violation. Upon further investigation, Cathay FHC identified the case as personal negligence from financial advisors and sales agents in handling customer information. None of the cases were material data breaches or infringements on customer privacy. Cathay FHC has been able to settle the cases with customers and handled the situation accordingly. We 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 2023, please refer to Table 35 in the Appendix.

國泰金控
Cathay Financial Holdings

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7.1 About this Report

GRI：2-2、2-3、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 Sustainability Report 2023 published in July 2024 discloses Cathay FHC's economic, environmental (E), social (S), and governance performance in 2023 (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 Sustainability Reports are available for download on the company's official website in the corporate sustainability section. The latest report was published in July 2023. The next report is slated to be published in July 2025.

Reporting Principles

This report has been produced with reference to the Global Reporting Initiative (GRI) Consolidated Set of Standards 2021 and also aligns with the UN's Sustainable Development Goals (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. The report also incorporated the International Sustainability Standards Board's (ISSB) IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. 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.

General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1)

To enhance stakeholders' understanding of sustainability-related risks and opportunities, as well as resource utilization and interactions across the value chain, Cathay FHC assesses the financial impacts over the short, medium, and long term. This provides investors with more precise decision-making insights. Cathay FHC focuses on 19 material topics aligned with the core disclosure requirements of IFRS S1 - governance, strategy, risk management, and metrics and targets. A scoring scale is designed to assess the completeness of disclosure of core information related to each topic, including impact, management approach, and target setting. Higher percentages indicate greater completeness of information disclosed in the sustainability report. The first page of each chapter is color-coded to indicate the level of compliance, with red and blue indicating room for improvement. Please refer to below:

Graphical representation of exposure levels of sustainability-related risks and opportunities

IFRS	Governance	Strategy	Risk Management	Metrics & Targets
Material Issue	●	●	●	●
Disclosure Scoring Scale	≧ 75%	50%-75%	25%-50%	≦ 25%

Legend

Results
Overview of results performance of action items

External link
Linking to external websites/videos for reference

Case study
Stakeholder feedback/ Featured story overview

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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 TWSAE 3000 "Audit and Review of Non-financial Information and TWSAE 3410 "Assurance Engagements on Greenhouse Gas Statements". 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
	TWSAE 3000 "Audit and Review of Non-financial Information" and TWSAE 3410 "Assurance Engagements on Greenhouse Gas Statements"	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.	Mailbox	cscathay@cathayholdings.com.tw
Date of Incorporation	December 31, 2001	Telephone	+886-2-27087698
Brand Motto	Rediscovering Happiness	Full-time Employees	45,303
Core Values	Integrity, Accountability, and Innovation	Total Assets	NTD$ 12.81 trillion
HQ Address	No. 296, Sec. 4, Ren'ai Rd., Da'an Dist., Taipei City	Capital	NTD$ 162.03 billion
Responsible Unit	Corporate Sustainability Office	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.

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7.2 ESG Performance Data

Sustainable Finance Performance Data

Table 1 Themed Investing/Lending

Unit: NT$100M	2021		2022		2023	
	Investment	Lending	Investment*	Lending	Investment	Lending
Low Carbon	2,076	314	2,624	379	2,897	408
Alternative Energy	235	172	406	205	421	212
Architecture	767	44	689	71	693	123
Waste Recycling	50	48	42	36	51	38
Transportation	707	40	802	57	838	32
Energy Saving Industry	121	9	165	10	273	3
Green Bond	196	0	520	0	621	0
Carbon sink	-	-	0	0	0	0
Infrastructure	7,377	711	8,207	781	8,415	702
Transportation Facilities	605	67	751	68	793	52
Facilities of Public Utilities	5,863	447	6,458	441	6,717	403
Social Housing and Elderly Residence Projects	0	149	0	237	0	201
Environmental Remediation Facilities	48	48	39	33	54	41
Low Carbon Transition Infrastructure	-	-	92	2	28	5
Infrastructure Construction and Software	861	0	867	0	823	0
Aging Society and Health	4,119	352	4,548	448	4,903	437
Health Service	1,123	30	1,249	25	1,319	21
Life Supporting Service	0	2	0	2	0	2
Financial Management	1,234	1	1,235	4	1,320	7
Sports Service	0	29	0	35	0	33
Pharmaceuticals, Biotechnology and Health Product	1,292	37	1,490	39	1,653	22
Medical and Rehabilitation Equipment	2,677	19	342	25	396	29
Sales of Pharmaceutical and Medical Goods	86	33	103	37	86	51
Sporting Goods	117	52	129	52	129	76
Facilities Supply	0	149	0	230	0	197
Community and Inclusive Finance	37	45	30	52	24	40
Financial Inclusion	34	11	28	33	24	29
Education	3	33	2	20	0	11
Water resources	78	9	61	12	67	11

*Note：Investment data in 2022 has been revised.

Table 2 Corporate Loan ESG Review Status

Unit: Cases	2021	2022	2023
Rejected by or received opinions from the Credit Review Committee	8	12	1
Loan application rejected due to ESG incidents	0	0	0

Table 3 Equator Principles Projects

Unit: Cases	2021	2022	2023
No. of cases that meet the disclosure standards set out in EPs (Financial Close - Loans can be issued)	2	2	3
Category A cases	1	0	0
Category B cases	0	2	2
Category C cases	1	0	1

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Table 4 Results of Cathay Life ESG Risk Review for Investee Companies

Unit: Cases	2021	2022	2023
Cases with potential risks were raised for discussion.	288	264	317
Excluded from the investment buylist after reviewing fundamentals and ESG performance	11	3	4

Table 5 Overview of the Profile of Responsible Investment and Stewardship Principles for Cathay FHC's Mandated Assets

Unit: %	2021	2022	2023
Investments managed by asset management firms that are PRI signatories or signatories to regional/domestic stewardship codes	100	100	100

Note: including Cathay Life and Cathay Century

Table 6 Investment and Lending Portfolio Carbon Footprint - Assets Covered by Cathay FHC's SBTs

	Absolute Emissions (Unit: tCO_2e)					Emission intensity (Unit: Note 3)			Data Quality Score
	2021	2022	2023			2021	2022	2023	2023
	(Scope 1+2)	(Scope 1+2)	Scope 1	Scope 2	(Scope 1+2)				
Proprietary Investments (Note 2)									
Total	11,267,423	9,759,033	8,277,949	1,693,182	9,971,130	2.71	2.25	2.17	2.44
Listed Equity	1,059,599	545,086	400,355	509,205	909,560	1.52	1.07	1.40	2.23
Corporate Bond	10,207,824	9,213,947	7,877,593	1,183,977	9,061,570	2.95	2.40	2.29	2.47
Asset Management Investments (Note 2)									
Total	1,272,443	997,369	998,651	479,846	1,478,497	3.69	1.32	2.21	2.23
Listed Equity	311,296	408,808	515,545	359,880	875,425	1.61	1.43	2.12	2.16
Corporate Bond	961,146	588,561	483,106	119,966	603,072	6.34	2.80	2.34	2.33
Credit Assets (Note 2)									
Total	633,825	548,203			629,052			n/a	3.82
Electricity Generation Project Finance	171,883	152,493			112,128			0.25	3.00
Commercial Real Estate Mortgage Loan	29,282	40,590			34,517			95.43	4.00
Long-Term Corporate Loans	432,660	355,119			482,408			2.21	3.85

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As of Dec. 31, 2023		Proprietary Investments (Listed Equity & Corporate Bond)		Asset Management Investments (Listed Equity & Corporate Bond)		Credit assets (Long-Term Corporate Loans)	
		Emissions Unit: tCO_2e	Economic Carbon Intensity Unit: tCO_2e/NT$1M	Emissions Unit: tCO_2e	Economic Carbon Intensity Unit: tCO_2e/NT$1M	Emissions Unit: tCO_2e	Economic Carbon Intensity Unit: tCO_2e/NT$1M
Industry	Energy	3,290,223	7.91	229,344	8.37	20,786	8.51
	Materials	1,302,972	8.77	562,433	20.05	105,512	14.48
	Industrials	341,115	1.72	67,990	1.87	57,350	2.65
	Consumer Discretionary	60,457	0.55	12,116	0.49	65,813	3.12
	Consumer Staples	221,928	0.96	14,511	0.63	5,555	1.53
	Health Care	38,808	0.14	4,409	0.12	4,033	0.85
	Financials	212,568	0.11	33,796	0.28	76,048	1.14
	Information Technology	495,621	1.03	308,649	1.06	92,621	3.06
	Communication Services	234,606	0.49	22,134	0.55	4,257	0.32
	Utilities	3,756,828	15.93	82,175	13.78	44,385	14.13
	Real Estate	16,006	0.20	672	0.33	6,048	0.14
Region	Taiwan	1,068,265	1.60	825,404	2.39	330,095	2.60
	Asia-Pacific	2,026,648	2.66	63,935	2.38	152,313	1.67
	Americas	5,695,575	2.52	477,367	1.88	-	-
	Europe	772,739	0.97	57,770	2.23	-	-
	Others	407,903	3.52	54,021	3.17	-	-

Note 1: The assets disclosed in this table pertain to assets covered by Cathay FHC's SBT and the carbon emissions of Scope 1 and Scope 2 emissions of investment and financing targets.
Note 2: Proprietary investments cover investments of Cathay Life, CUB, Cathay Century Insurance, Cathay Securities; assets management investments cover investments of Cathay SITE; and credit assets cover lending portfolios of CUB.
Note 3: Listed equities and corporate bonds, and long-term corporate loans are calculated based on economic carbon intensity (tCO_2e/NT$1M); electricity generation project financing is based on physical carbon intensity (tCO_2e/MWh); and commercial real estate mortgage loans are based on physical carbon intensity ($kgCO_2e/m^2$).
Note 4: Due to rounding of decimal places, the total carbon emissions of individual credit assets may not add up to the sum of the emissions.
Note 5: The data coverage of carbon emission data is 100%. If there is no carbon emission data, Cathay will refer to the methodology recommended by PCAF for estimation, including carbon emissions estimated based on operational data, or data from MSCI TPF, MSCI ESG Manager which provided carbon emission to calculate the industrial carbon emission coefficients by industries.

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Table 7 Lending Portfolio Carbon Footprint - Based on PCAF and the Taiwan FSC's Manual for Determining Scope 3 Emissions in Investment and Lending Portfolios for Banks

As of Dec. 31, 2023	Absolute Emissions (Unit: tCO_2e)	Emission Intensity (Note 3)		Data Quality Score
		Economic emission intensity	Physical emissions intensity	
Corporate lending				
Sovereign credits -excluding LULUCF	24,208	17.90	-	1.00
Sovereign credits -including LULUCF	31,787	25.51		
Commercial loans	1,917,364	2.72	-	3.83
Project financing	112,128	4.65	0.76	3.00
Commercial real estate loans	19,916	0.79	128.41	4.00
Consumer lending				
Home loans	120,676	0.22	21.91	4.00
Auto loans	-	-		-
Total				
Excluding LULUCF	2,194,292	1.67	-	3.89
Including LULUCF	2,201,871	1.68	-	

Note 1: The disclosed carbon emissions in the table pertain to both Scope 1 and Scope 2 emissions of financing targets.
Note 2: Credit assets cover lending portfolios of CUB. (For full information on CUB's investment and financing of carbon emissions, please refer to CUB's 2023 TCFD report.)
Note 3: Economic emission intensity unit: tCO_2e/NT$1M; Physical emissions intensity unit: tCO_2e/MWh (for project financing) or $kgCO_2e/m^2$ (for commercial real estate loans and home loans)

As of Dec. 31, 2023		Absolute Emissions (Commercial Loans)
		Emissions (Unit: tCO_2e)
Industry	Energy	148,514
	Materials	923,894
	Industrials	128,458
	Consumer Discretionary	159,874
	Consumer Staples	114,636
	Health Care	8,246
	Financials	78,364
	Information Technology	218,492
	Communication Services	4,992
	Utilities	109,595
	Real Estate	22,296

As of Dec. 31, 2023		Absolute Emissions (Unit: tCO_2e)	
		Excluding LULUCF	Including LULUCF
Region	Taiwan	1,812,774	1,812,774
	Asia-Pacific	381,518	389,098
	The Americas	--	--
	Europe	--	--
	Others	--	--
	Total	2,194,292	2,201,872

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Table 8 Financed emissions for high emitters within main domestic investment and lending portfolios

2023		
Industry Category	Numbers	Absolute emissions
Energy	3	169,750
Raw material	28	671,118
Industrial	6	96,616
Consumer staple	2	28,029
Consumer discretionary	2	48,841
Information technology	20	457,282
Communication Services	3	51,905
Utilities	2	42,502
Total	66	1,566,044

Note 1: Domestic carbon-intensive investees and borrowers are defined as domestic listed companies with at least 60% portfolio emissions. This definition applies to our proprietary investment assets and credit assets. The inventory is performed according to the Taiwan FSC's manual for determining scope 3 emissions in investment and lending portfolios for banks.

Table 9 Corporate Engagement

As of Dec. 31, 2023	Number of engagements		
	2021	2022	2023
Total	-	75	99
Engagement closed successfully	-	24	11
Engagement with positive progress	-	35	66
Insufficient progress	-	16	22
Engagement failed	-	0	0
Breakdown of engagements by sector			
Energy	-	2	5
Materials	-	10	18
Industrials	-	5	8
Consumer Discretionary	-	14	11
Consumer Staples	-	5	7
Health Care	-	0	5
Financials	-	1	8
Information Technology	-	33	33
Communication Services	-	2	2
Utilities	-	3	2
Real Estate	-	0	0
Breakdown of engagement approaches			
Engagement approaches	-	0	1
Phone call	-	23	10
E-mail	-	19	21
E-mail and phone call	-	20	1
E-mail and meeting	-	9	27
Online meeting	-	0	28
In-person meeting	-	4	0
Voting	-	0	8
Make a statement at AGM	-	0	3

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As of December 31, 2023		Number of themes discussed		
		2021	2022	2023
Total		-	120	161
Engagement Theme				
Environment	Carbon Emissions	-	23	28
	Product Carbon Footprint	-	6	13
	Financing Environmental Impact	-	0	2
	Climate Change Vulnerability	-	35	29
	Water Stress	-	13	12
	Biodiversity and Land Use	-	13	12
	Raw Material Sourcing	-	1	0
	Toxic Emission and Waste	-	3	2
	Packaging Material and Waste	-	0	3
	Electronic Waste	-	0	0
	Opportunities in Clean Tech	-	2	3
	Opportunities in Green Building	-	0	0
	Opportunities in Renewable Energy	-	1	0
Society	Labor Management	-	4	1
	Health and Safety	-	0	0
	Human Capital Development	-	0	0
	Supply Chain Labor Standards	-	0	0
	Product Safety and Quality	-	3	0
	Chemical Safety	-	2	3
Society	Consumer Financial Protection	-	0	1
	Privacy And Data Security	-	0	0
	Responsible Investment	-	0	1
	Health And Demographic Risk	-	0	0
	Controversial Sourcing	-	0	0
	Community Relations	-	0	2
	Access to Communications	-	0	0
	Access to Finance	-	0	0
	Access to Health Care	-	0	0
	Opportunities in Nutrition And Health	-	0	0
Governance	Ownership and Control	-	0	0
	Board	-	2	11
	Pay	-	0	1
	Accounting	-	1	0
	Business Ethics	-	0	0
	Tax Transparency	-	0	0
	Controversy Event	-	0	0
ESG	ESG Disclosure	-	8	35
	Others	-	3	2

※ No data available for 2021

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Table 10 Green Products and Services

	2021	2022	2023
Global installed solar power station capacity (MW)	758	889	1,431
Global installed offshore wind energy capacity (MW)	1,373	1,373	1,373
Cumulative insured amount of renewable energy insurance policies (Hydroelectric Power, Solar Power, Wind Power) (NT$100M) (Note 1)	1,488	1,830	2,111
Cumulative premium income from bicycle insurance (NT$10K)	2,000	2,563	2,765
Bicycle insurance (no. of policies)	8,261	10,093	10,745
Cumulative insured amount under Public Bicycle Accident Insurance (NT$10K)	1,937	2,792	4,186
Cumulative insured cases under Public Bicycle Accident Insurance (10K bike rides)	7,757	11,820	18,854

Note 1: No hydropower-related business in 2023

Environmental Factors Data

Table 11 GHG Emission

Unit: tCO_2e	2021		2022		2023	
Direct emissions (Scope 1)	Taiwan	3,712.39	Taiwan	3,971.91	Taiwan	4031.19
	Overseas	393.02	Overseas	830.54	Overseas	1,424.78
Indirect emissions (Scope 2) – market-based emission	Taiwan	52,817.70	Taiwan	48,521.37	Taiwan	44,879.34
	Overseas	3,051.15	Overseas	6,423.35	Overseas	7,037.61
Indirect emissions (Scope 2) – location-based emission	Taiwan	53,038.08	Taiwan	52,882.81	Taiwan	53,600.09
	Overseas	3,051.15	Overseas	6,423.35	Overseas	7,037.61
Direct emissions (Scope 1) + Indirect emissions (Scope 2) – market-based mission	Taiwan	56,530.09	Taiwan	52,493.28	Taiwan	48,910.53
	Overseas	3,444.16	Overseas	7,253.89	Overseas	8,105.63
Direct emissions (Scope 1) + Indirect emissions (Scope 2) – location-based emission	Taiwan	56,750.47	Taiwan	56,854.72	Taiwan	57,631.28
	Overseas	3,444.16	Overseas	7,253.89	Overseas	8,462.39
Per capita carbon emission (tCO_2e)		1.22		1.29		1.09
Per million revenue carbon emission (tCO_2e)		0.43		1.57		1.11
Other indirect emission(Scope 3) – Purchased goods and services		130,801.25		144,540.35		171,546.62
Other indirect emission(Scope 3) – Capital Goods		9,839.39		32,257.48		47,518.22

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Unit: tCO_2e	2021	2022	2023
Other indirect emission(Scope 3) – Fuel-and-energy-related activities	9,466.19	8,949.37	8,946.54
Other indirect emission(Scope 3) – Upstream transportation and distribution	12,064.49	11,511.57	12,734.08
Other indirect emission(Scope 3) – Waste generated in operations	419.29	396.92	454.65
Other indirect emission(Scope 3) – Business travel emissions	9,848.33	9,478.62	9,393.07
Other indirect emission(Scope 3) – Employee Commuting	25,240.33	25,750.71	30,146.82
Other indirect emission(Scope 3) – Upstream Leased Assets	5,380.46	6,293.43	5,722.50
Other indirect emission(Scope 3) – Downstream transportation and distribution	4,169.79	3,987.36	4,105.33
Other indirect emission(Scope 3) – Processing of Sold Products	0	0	0
Other indirect emission(Scope 3) – Use of Sold Products	0	0	0
Other indirect emission(Scope 3) – End of life treatment of sold products	197.72	283.63	14,279.70
Other indirect emission(Scope 3) – Franchises	0	0	0

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), 0.509 (2021), and 0.495(2022) kg CO_2e/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),44,748(2023).
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 CO_2e/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.
Note 7: Scopes 1 and 2 are calculated in accordance with ISO 14064 guidelines, with the reporting boundary aligned to financial reporting boundaries. Starting this year, Scope 3 emissions are calculated according to the minimum boundary of the GHG Protocol Scope 3 Value Chain Standard, resulting in differences from last year's disclosed figures. The calculation only covers domestic emission and the figures are not verified. Specifically, Cathay FHC no longer engages in "Processing of Sold Products," "Use of Sold Products and Services," and "Franchises," hence the values for these categories are zero.

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Table 12 Green Operations

			2021	2022	2023
Fossil fuel consumption (MWh)			2,980	4,713 (Taiwan+Overseas)	9,325 (Taiwan+Overseas)
Total non-renewable energy consumption (Gray energy)	(MWh)	Taiwan	105,466	Taiwan 104,141	Taiwan 90,665
		Overseas	4,875	Overseas 9,686	Overseas 11,271
Renewable energy consumption	On-site (kWh)		247,000	32,000	335,214
	REC(kWh)		878,000	4,631,000	243,000
	PPA (kWh)		0	4,150,652	17,374,676
	Total (kWh)		1,125,000	8,813,652	17,952,890
Total renewable energy consumption (Taiwan+ Overseas)	(MWh)		114,446	127,354	129,214
	(GJ)		412,006	458,474	465,170
Per capita electric power consumption			2,271.65	2,278.52	2,427.33
Solar PV cumulative capacity (kW)			6,970	6,950	7,235
Water withdrawal (cubic meters)			596,154	608,228	655,060
Water discharge (cubic meters)			596,154	608,228	655,060
Per capita water consumption (cubic meters)			12.84	13.34	14.62
Total waste (metric tons)			2,103.45	1,977.93	2,153.04
Recycled waste (metric tons)			857.16	790.39	904.78
General waste (metric tons)			1,246.29	1,187.54	1,248.26
Per capita waste (kilogram)			26.84	26.04	27.89

Note 1: 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 13 Sustainable Procurement

	2021	2022	2023
Green Procurement (NT$100M)	3.02	4.76	5.66

Human Resources Factors Data

Table 14 Full-Time Employee Data

GRI：2-7、2-8

Table 14-1 Full-Time Employees - by Age & Region

As of Dec. 31, 2023

Unit: people			No. of People	As a Percentage of All Full-Time Employees (%)
Taiwan	Male	＜30	2,592	5.72%
		30~49	8,551	18.88%
		≧50	2,508	5.54%
	Female	＜30	3,743	8.26%
		30~49	15,655	34.56%
		≧50	11,606	25.62%
Overseas	Male	＜30	40	0.09%
		30~49	226	0.50%
		≧50	83	0.18%
	Female	＜30	65	0.14%
		30~49	207	0.46%
		≧50	27	0.06%
Total			45,303	100%

Note 1: The data includes employees of Cathay FHC and its Taiwanese subsidiaries, as well as those assigned to overseas branches and offices, and locally hired employees of overseas branches and offices.
Note 2: Data in this table are for full-time employees only.

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Table 14-2 Full-Time Employees - by Position & Region

As of Dec. 31, 2023

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	11,518	25.42%
		Entry-level management	1,786	3.94%
		Middle management	268	0.59%
		Senior executives	79	0.17%
	Female	General staff	28,501	62.91%
		Entry-level management	2,349	5.19%
		Middle management	129	0.28%
		Senior executives	25	0.06%
Overseas	Male	General staff	299	0.66%
		Entry-level management	30	0.07%
		Middle management	16	0.04%
		Senior executives	4	0.01%
	Female	General staff	288	0.64%
		Entry-level management	11	0.02%
		Middle management	0	0.00%
		Senior executives	0	0.00%
Total			45,303	100%

Note 1: The data includes employees of Cathay FHC and its Taiwanese subsidiaries, as well as those assigned to overseas branches and offices, and locally hired employees of overseas branches and offices.
Note 2: Data in this table are for full-time employees only.

Table 15 Inclusive Workplace

● No. of Employees ○ As a Percentage of All Full-Time Employees (%)

Table 15-1 Inclusive Workplace - Employees with Disabilities

	2021		2022		2023	
Unit: people	●	○	●	○	●	○
Employees with Disabilities (no. of employees/%)	450	1.04	437	0.94	453	1%

Note 1: The 2022 data includes Cathay FHC employees in Taiwan, those assigned to overseas subsidiaries, and locally hired employees of overseas branches.

Table 15-2 Inclusive Workplace - Employee Nationality Distribution

As of Dec. 31, 2023

	General staff (people)	As a Percentage of All Full-Time Employees (%)	Managers (people)	As a Percentage of All Managers (%)
Taiwan (excluding the indigenous people)	39,849	88.0%	4,660	99.2%
Indigenous people	311	0.7%	14	0.3%
China (including Hong Kong)	132	0.3%	13	0.3%
Canada	2	0.0%	1	0.02%
Indonesia	4	0.01%	1	0.02%
US	2	0.0%	1	0.02%
UK	2	0.0%	0	0.0%
Thailand	1	0.0%	0	0.0%
Malaysia	30	0.1%	1	0.02%
Netherlands	1	0.0%	0	0.0%
Philippines	25	0.1%	0	0.0%
Vietnam	108	0.2%	3	0.1%
Singapore	109	0.2%	5	0.1%
Laos	19	0.04%	0	0.0%
Myanmar	19	0.04%	0	0.0%
China (Macao)	1	0.0%	0	0.0%

Note 1: The data includes Cathay FHC employees in Taiwan, those assigned to overseas subsidiaries, and locally hired employees of overseas branches.
Note 2: Data in this table are for full-time employees only.

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Table 16 New Employee Statistics

As of Dec. 31, 2023

GRI：401-1

Number of Full-Time Employees/Office Staff & Field Personnel (Unit: People)			2022	2023
Total no. of new hires			5,533	5,582
Percentage of new hires			12%	12.32%
Average Recruiting Cost Per New Hire (NT$)			14,461	11,064
2023 No. of Full-Time Employees/Office Staff & Field Personnel (Unit: People)			**No. of People**	**As a Percentage of All Full-Time Employees (%)**
Gender	Taiwan	Male	2,110	4.70%
		Female	3,332	7.40%
	Overseas	Male	54	0.10%
		Female	86	0.20%
Age	Taiwan	＜ 30	2,810	6.20%
		30~49	2,400	5.30%
		≧ 50	232	0.50%
	Overseas	＜ 30	55	0.10%
		30~49	73	0.20%
		≧ 50	12	0.00%
Position level	Taiwan	General staff	5,409	11.90%
		Entry-level management	25	0.10%
		Middle management	5	0.00%
		Senior executives	3	0.00%
	Overseas	General staff	137	0.30%
		Entry-level management	2	0.00%
		Middle management	0	0.00%
		Senior executives	1	0.00%
Total			5,582	12.32%
Average Recruiting Cost Per New Hire (NT$)				11,064

Note 1: The data includes employees of Cathay FHC and its Taiwanese subsidiaries, as well as those assigned to overseas branches and offices, and locally hired employees of overseas branches and offices.
Note 2: Insurance agents and marketing specialists only have a contracted relationship with Cathay and are excluded from the statistics in the table above.
Note 3: The table includes only full-time employees. Non-full-time employees are not included due to difficulties in data collection.

Table 17 Employee Turnover Statistics

As of Dec. 31, 2023

GRI：401-1

Number of Full-Time Employees/Office Staff & Field Personnel (Unit: People)			2022	2023
Overall turnover rate			9.30%	9.94%
Voluntary departure rate (excluding retirement)			8.00%	8.00%
Number of Full-Time Employees/Office Staff & Field Personnel (Unit: People)			**No. of Departures**	**As a Percentage of All Full-Time Employees (%)**
Gender	Taiwan	Male	1,550	3.40%
		Female	2,891	6.40%
	Overseas	Male	25	0.10%
		Female	37	0.10%
Age	Taiwan	＜ 30	1,335	2.90%
		30~49	1,960	4.30%
		≧ 50	1,146	2.50%
	Overseas	＜ 30	11	0.00%
		30~49	43	0.10%
		≧ 50	8	0.00%
Position level	Taiwan	General staff	4,290	9.50%
		Entry-level management	125	0.30%
		Middle management	20	0.00%
		Senior executives	6	0.00%
	Overseas	General staff	61	0.10%
		Entry-level management	1	0.00%
		Middle management	0	0.00%
		Senior executives	0	0.00%
Total			4,503	9.94%

Note 1: The data includes employees of Cathay FHC and its Taiwanese subsidiaries, as well as those assigned to overseas branches and offices, and locally hired employees of overseas branches and offices.
Note 2: The table includes only full-time employees. Non-full-time employees are not included due to difficulties in data collection.

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Table 18 Statistics on Female Employees

As of Dec. 31, 2023

Statistics on Female Managers/Staff	2022 %	2023 %	2025 Target (%)
Female Employees as a % of All Employees	69.3%	69.1%	60
Female Managers as a % of All Managers	53.8%	53.5%	40
Female Entry-level Managers as a % of All Managers	56.8%	56.5%	45
Female Senior Executives as a % of All Managers	28.5%	29.6%	25
Female Manager in Sales as a % of All Managers	46.9%	56.7%	-
Female Employees in STEM as a % of all STEM Employees	46.6%	46.8%	35

Note: 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 19 Compensation Comparison by Gender (Male to Female)

As of Dec. 31, 2023

	2021	2022	2023
High-level manager	100:91	100:85	100:91
Mid-level manager	100:101	100:101	100:104
Entry-level manager	100:106	100:76	100:104
General staff	100:91	100:91	100:84

Note: The data includes employees of Cathay FHC and its Taiwanese subsidiaries, as well as those assigned to overseas branches and offices, and locally hired employees of overseas branches and offices.

Table 20 Full-time of Non-Managerial Employees Salary Information

As of Dec. 31, 2023

	2020	2021	2022	2023
Weighted average number of non-managerial full-time employees (people)	20,226	20,311	20,316	20,454
Mean compensation of non-managerial full-time employees (NT$1K)	1,350	1,320	1,327	1,443
Median compensation of non-managerial full-time employees (NT$1K)	1,074	1,088	1,107	1,179

Note: The figures in the table are compiled in accordance with the relevant regulations stipulated in the "Reporting Guidelines for Salary Information of Non-Managerial Full-Time Employees" and "FAQs" issued by the TWSE.

Table 21 Employee Training

As of Dec. 31, 2023

	Target Group	2021	2022	2023
Total training time (hours)	Male employees	2,347,247	2,471,826	2,248,495
	Female employees	6,653,060	6,999,174	6,503,519
	Management level	934,605	967,666	937,419
	General staff	8,065,702	8,503,334	7,814,600
	Statutory Training	840,438	939,961	2,346,403
	Non-statutory training	8,159,869	8,531,039	6,405,610
	Total (hours)	9,000,307	9,471,000	8,752,015
Average training time per person (hours)	Male employees	164	175	161
	Female employees	206	219	208
	Management level	191	201	200
	General staff	193	206	192
	Statutory Training	18	20	52
	Non-statutory training	175	185	141
	Total (hours)	193	205	193
No. of Employees (people)		46,626	46,091	45,303
Training Cost per Person (NT$)		11,856	9,802	12,068
OHS Training (hours)		50,067	57,781	67,778
Total Online Training (hours)		5,599,062	6,113,821	5,572,752
Online Training Per Person (hours)		120	133	123

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 22 Parental Leave Statistics

As of Dec. 31, 2023

	Female	Male	Total
No. of Employees Who Took Parental Leave in 2023	2,395	1,215	3,610
No. of Parental Leave Applications in 2023	566	106	672
No. of Employees Expected to be Reinstated from Parental Leave in 2023 (A)	405	71	476
No. of Employees Reinstated from Parental Leave in 2023 (B)	286	38	324
Reinstatement Rate (B/A)	70.62%	53.52%	68.07%
No. of Employees Reinstated from Parental Leave in 2022 (C)	284	34	318
No. of Employees Reinstated from Parental Leave in 2022 who Remain with Cathay Employment after 12 Months (D)	199	19	218
Retention Rate (D/C)	70.07%	55.88%	68.55%

Note 1: The data includes Cathay FHC employees in Taiwan, those assigned to overseas subsidiaries, and locally hired employees of overseas branches.
Note 2: For each child under the age of three, employees who have completed six months of service may request unpaid parental leave until the child reaches the age of three, up to a maximum of two years. If an employee is raising two or more children at the same time, the periods of parental leave should be combined, with the combined duration limited to two years for the youngest child, calculated according to the maternity benefit application guidelines.
Note 3: Reinstatement rate = (number of reinstated employees / number of employees expected to be reinstated) * 100%.
Note 4: The table above includes sales agents who are contractors or those who have a labor contract with Cathay.

Table 23 Family Care/Maternity/Paternity Leave Statistics

	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
Family Care Leave (accrued applicants)	1,481	421	2,309	448	3,309	926
Maternity/Paternity Leave (days)	37,030	2,289	31,981	2,594	36,905	2,470
Menstrual leave (days)	25,685	-	8,834	-	34,524	0

Table 24 Occupational Accidents and Absence Statistics

	Employee Occupational Accidents and Absence Statistics			Contractors/Commercial vendors	
	2021	2022	2023	2022	2023
Occupational Injury (Accrued persons)	73	76	134	1	7
Occupational Fatality (people)	0	0	0	0	0
Disabling Injury Frequency Rate (FR)	0.72	0.83	1.49	0.75	4.87
Disabling Injury Severity Rate (SR)	8.77	17.69	33.40	8.98	38.99
Absence (days)	128,979	156,701	137,407	1,518	2,059
Absence Rate (office staff) (%)	0.88%	1.37%	1.22%	0.91%	1.15%
Total Time Worked (days)	-	91,813,272	90,229,632	1,336,632	1,436,232
Total Recorded Occupational Injury Rate	-	1.66	0.3	1.5	0.97

Note 1: Data includes Cathay FHC and its subsidiaries. The primary worker categories for contracted/commercial vendors are data entry clerks, administrative assistants, and 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 workdays required = number of workdays (special leave not deducted) = number of employees at the end of the year * number of workdays announced by the Directorate-General of Personnel Administration.

Table 25 Employee Engagement Survey Results

	2021	2022	2023
Satisfaction ratings of 4 or above	83	80.5	83
Response Rate	78%	85.3%	87.7%

Note: The data includes Cathay FHC employees in Taiwan, those assigned to overseas subsidiaries, and locally hired employees of overseas branches.

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Social Factors Data

Table 26 FitBack App Promotion Results

	2021	2022	2023
Cumulative Participants (10,000 people)	40	62	102
Cumulative Steps (100M steps)	5,666	8,490	12,300

Table 27 Financial Planning Results

	2021	2022	2023
Regular investment contribution amount through Cathay Securities APP (NT$100M)	149.3	232.2	380.74
Amount of property principal in the Disability & Retirement Trust (for elderly and disabled people) (NT$100M)	24.93	26.76	24.51
Effective beneficiaries of the Disability & Retirement Trust (for elderly and disabled people) (people)	317	297	296
CPBL Anti-Gambling Trust principal (NT$100M)	1.59	1.65	1.62
Active players who have established current CPBL Anti-Gambling Trusts (people)	253	252	243

Table 28 Financial Innovation Promotion Results

	2021	2022	2023
Utilization rate of mobile insurance application (%)	99.1	99.28	99.5
Utilization rate of mobile claims (%)	93.2	92.60	92.24
Utilization rate of mobile premium payment (%)	70.4	78.90	65.5
Utilization rate of mobile policyholder service (%)	80.9	86.60	86.91
Utilization rate of electronic insurance policy (%)	93.8	81.84	52.36
No. of electronic documents (cases)	263.1	272.25	280.53
Number of insurance technology patents Note1	128	143	185
CUB digital user accounts (10,000 accounts)	577	651	713

Note 1: Does not include extinguished utility model patent

Table 29 Financial Inclusion Promotion Outcomes

As of Dec. 31, 2023

		2021	2022	2023
Cumulative small amount whole life insurance policies (cases)		240,814	257,663	267,113
Amount of microinsurance policies in force for the current year (NT$100 million)		606.10	672.93	474.59
Number of microinsurance policyholders in the current year (10,000 people)		18.37	19.96	13.31
Cumulative microinsurance claims (cases)		1,095	1,321	1,601
Amount of property principal in CUB's Charitable Trust (NT$100M)		378.02	378.89	377.49
Charitable trust donation amount (NT$100M)		1.95	2.83	1.85
Cumulative insured amount for crop insurance (NT$10K)		7,371	7,987	9,520
No. of ATMs designed for the visually impaired (ATMs)		71 (Note 1)	268	654
Financial Inclusion Loans	Cumulative balance of loans to microfinance institutions (US$1M) (Note 2)	43.8	74.2	41.4
	Total balance of loans to SMEs (NT$100M) (Note 5)	2,702	3,042	3,240
	Total balance of loans to small enterprises (NT$100M) (Note 6)	1,032	1,088 (Note 3)	1,280 (Note 3)
	Total number of loans to small enterprises (loans) (Note 6)	9,117	8,738 (Note 4)	8,275 (Note 4)
	Cumulative preferential loans to social enterprises (NT$10K)	7,460	8,100	8,400
	No. of companies receiving preferential loans for social enterprises (companies)	14	15	16
	Balance of microfinance loans (NT$100M)	1,182.6	1,362.5	1,431.5
	Balance of microfinance loans to customers aged 35 and under (at the time of application) (NT$100M)	266.1	360.7	400.7

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: Cathay's branches in Singapore and Cambodia have loan clients that are microfinance institutions (MFIs), as defined in 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.

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Table 30 Charity Activities

	2021	2022	2023
Cash donation (A) (NT$)	534,166,986	381,646,496	353,390,031
Time contributed (B) (NT$)	33,613,963	42,252,671	36,360,354
Supplies donation (C) (NT$)	10,173,972	23,143,907	17,197,122
Management expenses (D) (NT$)	20,025,535	32,709,637	13,173,520
Total charity expenses (A+B+C+D) (NT$100M)	5.98	4.80	4.20
Business promotion (%)	35.6	52.1	75.2%
Community engagement (%)	33.9	46.8	20.2%
Charity donations (%)	30.5	1.1	4.7%

Table 31 Volunteer Participation

	2021	2022	2023
Volunteer Hours (hr.)	57,497	71,709	65,304
No. of Accrued Volunteers (persons)	10,689	11,898	10,954

Table 32 Artistic and Cultural Activities

	2021	2022	2023
Monetary support (NT$)	33,104,865	45,728,574	48,050,019

For more information, please refer to

Table 33 Personal Information Security Implementation Results

	2021	2022	2023
Personal information protection training completion rate (%)	100	100	100
No. of information breach incidents (cases) Note1	11	10	14 Note2
Personal data breaches to total information breaches (%) Note1	100	100	100
No. of customers affected by personal data breaches (customers) Note1	6,520	120	61
Percentage of customers who have agreed to the mutual use of their data among Cathay's subsidiaries (%) Note3	18	16	17

Note 1: Cathay started to disclose relevant data in 2021. Data in "No. of information breach incidents," "Personal data breaches to total information breaches," and the "No. of customers affected by personal data breaches" include data for Cathay Life, CUB, Cathay Century, Cathay Securities, and Cathay SITE.
Note 2: All 14 cases in 2023 were investigations initiated by Cathay. For distribution details, please refer to Table 35 in the Appendix.
Note 3: The denominator for the calculation is the total number of customers after aggregation by subsidiary.

Table 34 Information Security Implementation Results

	2021	2022	2023
Completion Rate for Information Security Training (%)	100	100	100
No. of Information Security Violation Incidents (cases)	0	0	0

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Table 35 Distribution of Personal Data Incidents in 2023

Subsidiaries	Cases Reported by the Central Competent Authority	Investigation Initiated by Cathay
Cathay FHC	0	0
Cathay Life	0	8
CUB	0	5
Cathay Century	0	0
Cathay Securities	0	1
Cathay SITE	0	0
Total	0	14

Note: "Personal data incidents" refers to complaints that have been verified and involve violations of the "Personal Data Protection Act" or laws, orders, administrative rules and interpretations of laws issued by competent authorities related to the protection of personal data.

Table 36 Customer Satisfaction

Company	2020 Satisfaction Rate (%)	2021 Satisfaction Rate (%)	2022 Satisfaction Rate (%)	2023 Satisfaction Rate (%)	2023 Satisfaction Target (%)	Definition	2023 Satisfaction Rate Total Score
Cathay Life	97.7	98.5	97.8	98.8	90	On a scale of 1-5, a score of 3 or above indicates satisfaction	97.76 Note
CUB	92.5	92.6	92.5	92.3	90	On a scale of 1-5, a score of 4 or above indicates satisfaction	
Cathay Century	97.3	97.8	96.7	96.6	90	On a scale of 1-6, a score of 4 or above indicates satisfaction	
Cathay Securities	86.0	89.8	91.7	91.2	90	On a scale of 1-10, a score of 9 or above indicates satisfaction	
Cathay SITE	89.25	90.94	89.46	91.95	88	On a scale of 1-100, a score above 88 indicates satisfaction	

Note: The calculation is based on the proportion of each company's operating income as the weight, and the operating income coverage percentage in the calculation scope reaches 100%.

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7.3 PSI/PRI/PRB Implementation Overview

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. ▪ Established the Climate Risk Appetite Statement and formulated the corresponding monitoring mechanism; set industry limits based on the financial impact of climate change and screened high climate risk countries to be monitored under the country risk control mechanism. ▪ 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 incorporates impact investing into its investment process 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 enhanced engagement activities. ▪ Cathay Life, Cathay SITE, Cathay Century, CUB, and Cathay Securities are all signatories to the Taiwan Stewardship Principles for Institutional Investors and have established a voting policy, including the voting guidelines for ESG issues. 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.
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. ▪ 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. ▪ Taking a proactive approach to sharing responsible investment trends with the government, with the hope of promoting a better understanding of the importance of responsible investment and enhancing advocacy efforts. ▪ 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. ▪ Cathay Securities has launched an innovative service that utilizes the concepts of service provision and fiduciary governance, connecting third-party evaluation agencies, institutional investors, and companies to create an engagement ecosystem.
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 to increase the effectiveness of their engagement with investee companies. ▪ 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 global initiatives such as Climate Action 100+, the CDP Non-Disclosure Campaign, and Nature Action 100 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 and an ESG Integration Report every year. ▪ 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.

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Implementation Status of the Principles for Responsible Banking (PRB)

Principle 1: Alignment

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.

Established in 1975, CUB has developed over the decades into a prominent regional bank committed to providing comprehensive financial services. By the end of 2023, the bank had over 10,000 employees and a capital of NT$108.6 billion. It is the private bank with the most operational locations in Taiwan and holds leading positions in securities settlement services, credit cards, corporate banking, and wealth management. Taiwan is CUB's main operational hub, supported by 67 overseas branches, with a strategic overseas focus on Greater China and Southeast Asia, providing comprehensive cross-border financial services to international corporations.

CUB is dedicated to providing financial services to businesses and individuals through a wide range of products and services that support customer growth. The bank transforms its corporate social responsibility into proactive initiatives and collaborates with stakeholders to create a positive financial impact. CUB stays vigilant about the adverse effects of environmental changes and pandemics on society, the economy, and individuals, continually seeking effective responses to these challenges.

Principle 2: Impact & Target Setting

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.

- CUB's Impact RADAR analysis framework includes "social, environmental and economic" issues as its three main pillars, corresponding to 22 impact areas. It assesses the existing products and services against important international initiatives and agreements outlined in PRB Principle 1, such as the SDGs and the Paris Climate Agreement. Six areas have been identified as having significant impacts: renewable energy loans, social enterprise loans, micro loans, commodities for senior citizens, digital finance and loans for high carbon emission industries.
- In line with international green trends, CUB supports the government's green policies on net-zero emissions and energy transition. CUB actively responds to the SDGs through corporate lending and supports the energy transition by financing green energy industries, including renewable energy and energy-saving technologies. By directing funds to green technologies, CUB aims to guide businesses toward a low-carbon economy and sustainable development. To continuously support renewable energy loans and leverage financial influence to ensure competitive industry transformation, CUB has set measurable and monitorable targets for high-carbon industry loans and green deposits and loans for 2023. These targets are tracked quarterly for changes and progress and reported to the board at least annually. We have reported to the Board twice in 2023.
  - Achieve zero coal lending by the end of Q1 2027
  - 100% increase in green deposits/loan products or services by 2030 from 2022
- Considering market growth and Cathay FHC's sustainability policy, CUB has adopted the approach of major international banks since 2024. The bank has set lending targets for "green loans and sustainability-linked loans (SLLs)" and defined them as "sustainable loans," taking into account future development potential. Using 2023 as the base year and 2030 as the target year, CUB aims to achieve a target value of more than one hundred billion.

Principle 3: Clients & Customers

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.

Based on its commitment to the environment, society and customers, CUB actively integrates its core competencies to collaborate with its customers through the aforementioned products and services to create a positive impact. CUB remains committed to contributing to the environment and society. Please see the summary below:

- Renewable energy financing: CUB is committed to promoting renewable energy-related services. Since 2011, 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 2023, loans have been approved for 2,700 solar power stations in Taiwan and abroad, with a total installed capacity of 1,043 MW and an annual carbon reduction of 688,000 metric tons, which is the carbon reduction equivalent of 1,790 Daan Forest Park combined. As of the end of 2023, the lending position for renewable energy has reached NT27.1 billion, demonstrating our support for customers and the environment through loans.
- Personal financial services: CUB currently has a customer base of nearly ten million depositors. In Principle Two, CUB has disclosed the six categories of products and services that have a greater impact on the SDGs, with all categories falling under personal financial services except renewable energy and high carbon emissions. CUB is committed to providing services that better meet customer needs. For example, with the launch of the CUBE credit card in 2021, users can now easily switch between credit card benefit modes. In addition, ATMs have been widely installed in branches, supermarkets, and convenience stores to facilitate cash withdrawals and promote inclusive finance. As of December 2023, there were a total of 5,222 ATMs, ranking second in the industry. In addition, CUB continues to increase the number of coin deposit ATMs to provide better services. The promotion of the CUBE app is the foundation of CUB's impact on personal finance and digital services, allowing users to experience one-stop financial services across domains.
- Customized Financing Solutions: CUB Hong Kong Branch uses green financing to help companies transition to low-carbon generations. In June 2022, CUB HK signed a memorandum of understanding with the Hong Kong Quality Assurance Agency (HKQAA) to jointly develop appropriate ESG financing solutions to promote sustainable development. Over the past year, CUB HK has tailored sustainability-linked loans (SLLs) for several prominent groups and listed companies in Hong Kong, including Wheelock and Company Ltd., Texhong Textile Group Ltd., China Water Affairs Group Ltd., Kerry Properties Ltd., and Far East Consortium International Ltd. These loans are structured to link loan terms to targets such as the use of green energy and the improvement of employee welfare, thereby assisting the companies in their transition to low-carbon and sustainable operations.
- CUB partnered with the Villar Group, one of the Philippines' leading multi-industry groups, to provide an SSL of 1.25 billion (approximately NT$700 million). This loan aims to improve the efficiency of water collection and treatment in the local area and marks a milestone as the first sustainably-linked loan in the Philippines. The initiative won the Bronze Stevie Award in the "2023 International Business Awards- Sustainability Initiative of the Year - in Asia, Australia and New Zealand" category at the 20th Annual Stevie Awards, becoming the first Taiwanese bank to win in this category.

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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 accordance with the AA1000 Stakeholder Engagement Standard (SES), Cathay FHC, the parent company of CUB, selected nine key stakeholders, including the government, investors, employees, customers, suppliers, associations, media, community, and youth, after communication and consultation among Cathay's senior executives. In addition to identifying key stakeholders, Cathay FHC has also strengthened communication with customers, industry, government and academia through various channels, hoping to expand its role in the financial industry. Please see the overview below:

- Participate in the planning and the discussion of sustainable finance projects with associations, and provide lectures or training to share and exchange related experiences.
- Integrate core functions to implement operational carbon reduction; encourage employees to engage in social welfare activities; disclose related performance to be evaluated and participate in competitions.
- Collect customer feedback through surveys and customer service to understand the needs of target customers and local communities; leverage financial services to promote social welfare.
- Invite diverse sectors to participate in the Cathay Sustainable Finance and Climate Change Summit and the TWCAE Youth Forum to promote climate awareness and cooperation through exchanges.

Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

- Shaping a responsible banking culture: CUB embraces Cathay FHC's three sustainability focus areas - climate, health, and empowerment. Following the establishment of the company's sustainability strategy blueprint in March 2023, CUB leverages its professional banking expertise to make a positive social impact. CUB actively undertakes key initiatives and supports stakeholders in addressing ESG challenges, guiding the sustainable development of its core business and the industry. Aiming to lead as a green finance brand, CUB is committed to environmental, social, and economic sustainability, continuously maximizing its financial impact and fulfilling its corporate social responsibility. Currently, CUB has integrated internal resources and is steadily implementing initiatives externally with a strong mission-driven focus, positioning itself as a leader of meaningful and forward-looking change. CUB has outlined several focused and ambitious goals, summarized below.
  - Net zero emissions for financial assets by 2050: Taking concrete actions to become the first financial institution in Taiwan that actively pursues coal divestment in its investments and financing.
  - Leader in Climate Engagement Actions: Actively participate in domestic and international organizations, aligning with international frameworks, and join Cathay FHC in initiatives such as RE100, SBT, and the Coalition of Movers and Shakers on Sustainable Finance.
  - Provider of comprehensive climate finance solutions: Helping companies transition to low-carbon and green operations by offering green loans, sustainability-linked loans (SLLs), sustainable supply chain support, and green bond underwriting.
- Develop effective management: CUB has established a Corporate Sustainability (CS) Team, chaired by the President of CUB, to drive sustainable development initiatives. This team comprises six working groups: Responsible Investment, Sustainable Governance, Responsible Products and Services, Employee Happiness, Green Operations, and Social Prosperity. Vice President serves as the executive officer. The CS Team convenes quarterly to strategize and implement sustainability efforts, aligning with Cathay's corporate sustainability philosophy. CUB has devised short-, medium-, and long-term action plans integrating its core competencies to embed sustainable development principles into daily operations. The team presents major sustainability issues to the board of directors at least once a year. In 2023, the team presented to the board twice. In addition, to enhance oversight of corporate sustainability initiatives, CUB has established a Sustainable Development Committee. This committee consists of three directors, two of whom are independent directors.

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 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 addition, CUB continues to improve ESG and EP related policy, as well as monitor and track climate-related risks and enhance management mechanisms. The revision of Rules Governing Project Finance under Equator Principles was completed in 2023. Additionally, CUB established the Sustainable Development Committee and formulated the "CUB Organizational Regulations of the Sustainable Development Committee."

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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 topics into employee training, including subjects such as AML, information security, compliance, risk management, and the principles of treating customers fairly. In 2023, Cathay Life became the leading insurer in Taiwan to co-host the Sustainable Finance Manager training program with TAISE.
- 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 each 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.
- Cathay Century has established the "Insurance Underwriting Policy for Coal and Unconventional Oil & Gas" and the "ESG and Climate Risk Management Guidelines" in response to the 2050 net zero target.

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.

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.

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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 Ministry of Environment'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 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 11 beach cleanups in 2023
- 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.
- Cathay Century, National Chung Cheng University, and Nanhua University have jointly developed the "Back Home to Chiayi Safely" Campus Traffic Risks Map. Using WebVR technology, this initiative aims to reduce the occurrence of traffic accidents on campus.
- 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 Life completed the "2021 Carbon Footprint Verification for Life Insurance" and identified the carbon footprints of each life insurance policy as 2.58 kgCO_2e, which is the lowest among similar in-force carbon-labeled products, representing a 27% reduction from the base year of 2016, and once again eligible for Ministry of Environment's Carbon Reduction Label. 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 "Climate, Health, and Empowerment" as its sustainability framework and established the Cathay Life Corporate Sustainability website to communicate with stakeholders.
- Cathay FHC publishes a Sustainability Report every year.
- 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.

7.4 GRI Index

Reporting Disclosure	Reporting below complies with GRI Standards on the reporting period from January 1, 2023, to December 31, 2023
GRI 1	GRI 1: Foundation 2021

GRI Standards / Other Sources	Disclosure	Chapter / Page	Reason for Exclusion
GRI 2: General Disclosures 2021	2-1 Organizational details	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	7.9 Summary of Subject Matter Assured 7.10 External Assurance	-
	2-6 Activities, value chain and other business relationships	About Cathay FHC - Overview of Operations	-
	2-7 Employees	7.2 ESG Performance Data Table 14 Full-Time Employees - by Position & Region	-
	2-8 Workers who are not employees	7.2 ESG Performance Data Table 14 Full-Time Employees - by Position & Region	-
	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	-

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GRI Standards / Other Sources	Disclosure	Chapter / Page	Reason for Exclusion
GRI 2: General Disclosures 2021	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	-
	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 Ethical Corporate Management	-
	2-24 Embedding policy commitments	6.3 Ethical Corporate Management	-
	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 Ethical Corporate Management 4.1.4 Talent Attraction and Retention	-
	2-28 Membership associations	6.3 Ethical Corporate Management	-
	2-29 Approach to stakeholder engagement	1.3 Stakeholder Engagement and Materiality Analysis	-
	2-30 Collective bargaining agreements	Cathay Life has established the "Cathay Life Insurance Independent Trade Union" in March 2024.	-
Material Topics			
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**	**Chapter / Page**	**Notes**
GRI 3: Material Topics 2021	3-3 Management of material topic	1.3 Stakeholder Engagement and Materiality Analysis	-
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	About Cathay FHC - Overview of Operations	-
	201-2 Financial implications and other risks and opportunities due to climate change	6.2 Risk Management	-

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Employment			
GRI Standards	Disclosure	Chapter / Page	Notes
GRI 3: Material Topics 2021	3-3 Management of material topic	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 16 New Employee Statistics Table 17 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 22 Parental Leave Statistics Table 23 Family Care/Maternity/Paternity Leave Statistics	-

Occupational Health and Safety			
GRI Standards	Disclosure	Chapter / Page	Notes
GRI 3: Material Topics 2021	3-3 Management of material topic	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		-

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Training and Education			
GRI Standards	Disclosure	Chapter / Page	Notes
GRI 3: Material Topics 2021	3-3 Management of material topic	1.3 Stakeholder Engagement and Materiality Analysis	-
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	7.2 ESG Performance Data Table 21	-
	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	-
Customer Health and Safety			
GRI Standards	Disclosure	Chapter / Page	Notes
GRI 3: Material Topics 2021	3-3 Management of material topic	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	6.3 Ethical Corporate Management	Cathay FHC had no incidents of non-compliance concerning the health and safety impacts of products and services in 2023.
Customer Privacy			
GRI Standards	Disclosure	Chapter / Page	Notes
GRI 3: Material Topics 2021	3-3 Management of material topic	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 Ethical Corporate Management	-

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7.5 Sustainability Accounting Standards Board

SASB Standards for the Insurance Sector - 2018

Transparent Information & Fair Advice for Customers

SASB Code/Metric	Disclosure
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. Penalties imposed on Cathay FHC and its subsidiaries in the last two years up to the date of publication of the Cathay FHC 2022 Annual Report (XI), including the deficiencies 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 https://reurl.cc/AdmZEZ 3. Cathay Century: None 4. Cathay Century: Information Disclosure- Other Matters - Matters Disposed by the Competent Authority https://reurl.cc/7yx4Z1
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 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://reurl.cc/RvGZXe 2. Cathay Century: Nearly 100% of property insurance products are one-year term policies, making the retention rate inapplicable. Cathay Century uses a statistical measure that is similar to but different from the retention rate and is therefore not disclosed.
FN-IN-270a.4 Description of approach to informing customers about products	1. Cathay FHC Sustainability Report 2023: 6.5 Service Quality & Customer Rights 2. Cathay Life Official Website: About Us / Company Profile / Treating Customers Fairly 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 Sustainability Report 2022: 3.5 Treating Customers Fairly https://reurl.cc/Rrm80D

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Incorporation of environmental, social, and governance (ESG)

SASB Code/Metric	Disclosure
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 https://reurl.cc/5MWAvz 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 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 Sustainability Report 2023: 5 Sustainable Finance & 6.2.2 Climate- & Nature-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 Sustainability Report 2022: 5.2.1 Sustainable Investment https://reurl.cc/Rrm80D

Policies designed to incentivize responsible behavior

SASB Code/Metric	Disclosure
FN-IN-410b.1 Net premiums written related to energy efficiency and low carbon technology	Cathay FHC Sustainability Report 2023: 2.1 Low-Carbon Economy Cathay Century Sustainability Report 2022: 5.2.2 Environmental Sustainability Insurance (Green 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 Sustainability Report 2023: 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 Sustainability Report 2022 : 5.2.2 Social Sustainable Insurance Products & 5.2.3 Environmental Sustainability Insurance (Green insurance) Products https://reurl.cc/Rrm80D

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Environmental risk exposure

SASB Code/Metric	Disclosure
FN-IN-450a.1 Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	1. Cathay FHC Sustainability Report 2023: 6.2.2 Climate- & Nature-Related Financial Disclosures 2. Cathay Century Sustainability Report 2022: 4.1.3 TCFD Climate Strategies 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 publicly available information does not provide regional breakdowns 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. Individual underwriting process ▪ 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 ▪ Cathay Century Sustainability Report 2022: 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 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

SASB Code/Metric	Disclosure
FN-IN-550a.1 Exposure to derivative instruments by category: (1) total potential exposure to noncentrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives	Not applicable to Cathay FHC
FN-IN-550a.2 Total fair value of securities lending collateral assets	Not applicable to Taiwan
FN-IN-550a.3 Description of approach to managing capital and liquidity-related risks associated with systemic non-insurance activities	1. Cathay Life Insurance (Cathay Life) and subsidiaries' consolidated financial statement and audit report: 2021-2022 Liquidity Risks (P.141) https://reurl.cc/AdmNvQ 2. Cathay Century Insurance (Cathay Century) and subsidiaries' consolidated financial statement and audit report: 2020-2021 Liquidity Risks (P.78-79) https://reurl.cc/K0MeDp 3. The quarterly risk management reports submitted to the board include a summary of risk management activities for the subsidiary in Vietnam. The management items cover the subsidiary's capital adequacy and liquidity risk. In addition, the annual ORSA report to the regulator discloses the results of stress tests and liquidity risk assessments that analyze the impact of changes in financial markets (e.g., stock market, foreign exchange rates, bond interest rates) on the company's assets for non-insurance activities (investments). The RBC ratio and P/B ratio are also derived based on the financial impact, and response and control measures are proposed for the related risks. 4. Cathay Century Sustainability Report 2023: 3.2.4 Stress Testing of Risks https://reurl.cc/Rrm80D

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SASB Standards for Commercial Banking - 2018

Data Security

SASB Code/Metric	Disclosure
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 Sustainability Report 2023: 6.5 Service Quality & Customer Rights & Table 34 Information Security Implementation Results 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 Sustainability Report 2023: 6.4 Information Security 2. Cathay FHC Official Website: "Information Security Attack Management" https://reurl.cc/zb9p50 3. Cathay FHC 2023 Annual Report (XI) Other material risks and corresponding measures

Financial Inclusion & Capacity Building

SASB Code/Metric	Disclosure
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 Sustainability Report 2023: 3.2 Financial Health & Table 29 Financial Inclusion Promotion Outcomes 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 Sustainability Report 2023: 3.2 Financial Health & 4.2 Social empowerment (Community Empowerment Base Program and Elevated Tree Program)

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Incorporation of Environmental, Social and Governance Factors in Credit Analysis

SASB Code/Metric	Disclosure
FN-CB-410a.1 Commercial and industrial credit exposure by industry	CUB Annual Report: Concentration of credit risk 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 Sustainability Report 2023: 5.1 Responsible Investment and Lending Framework & 5.3 Responsible Lending 2. Cathay FHC Sustainability Report 2023: 6.2.2 Climate- & Nature-Related Financial Disclosures

Business Ethics

SASB Code/Metric	Disclosure
FN-CB-510a.1 Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behavior, market manipulation, malpractice or other related financial industry laws or regulations	Cathay FHC Annual Report 2023: 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

Systemic Risk Management

SASB Code/Metric	Disclosure
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 https://reurl.cc/R6MYrg 2. Cathay FHC Sustainability Report 2023: 6.2.2 Climate- & Nature-Related Financial Disclosures, Climate-Related Risk Scenario Analysis

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SASB Standards for Asset Management - 2018

Transparent Information & Fair Advice for Customers

SASB Code/Metric	Disclosure
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. The number of employees involved in investment-related investigations in 2023 is 3, accounting for 0.85% of the total number of Cathay Investment Trust employees at the end of the year 2. In 2023, there were no employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings 3. 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 2023
FN-AC-270a.3 Description of approach to informing customers about products and services	1. Cathay FHC Sustainability Report 2023: 6.5 Service Quality & Customer Rights 2. Sales team focuses on the outcomes of customer communication 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 on progress made with the Principles of Treating Customers Fairly	2023 Overview: ① Organized training on the Principles of Treating Customers Fairly; 355 employees received three hours of training; total training hours added up to 1,065 hours. ② All complaints were resolved within three business 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 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 application forms are available for download on the official website

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Employee Diversity & Inclusion

SASB Code/Metric	Disclosure
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: 2. Cathay SITE's employees by nationality or ethnic groups: 3. Cathay SITE's headquarters and branch offices give priority to local residents in hiring and comply with relevant labor laws and regulations issued by relevant authorities. Cathay SITE has never used child labor. Recruitment of foreign nationals is in accordance with the "Employment Service Act" and the "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 Sustainability Report 2023: 3.1 Health Promotion & 4.1 Workplace Empowerment

	Female	Male
Senior executives	2	3
Other executives/managers	13	30
Professionals	169	93
Others	7	27

In 2023, Cathay SITE had 344 full-time employees and 10 part-time employees, the latter of which accounted for 2.9% of all employees

Note:
① Senior executives: Senior executive VPs or above
② Other executives/managers: Employees with direct reports 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.

	2023
Employees with disabilities	3
Indigenous employees	2
Employee nationalities (no. of countries)	2

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Incorporation of Environmental, Social & Governance Factors in Investment Management & Advisory

SASB Code/Metric	Disclosure
FN-AC-410a.1 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	1. Cathay SITE's responsible investment 2023 (Unit: NT$100M) Total amount stocks and bonds [Note1] 8,661.37 Stocks and bonds subject to investment exclusion management [Note2] 1,452.93 Stocks and bonds managed under other ESG management mechanisms [Note3] 3,966.62 Note 1: Mutual funds Note 2: Mutual funds - ETFs - Fund of funds - Private equity funds Note 3: Mutual funds - ETFs - Fund of funds - Private equity funds + 00878 2. Cathay SITE's sustainability investments 2023 (Unit: NT$100M) Stocks 61,811,750,252 Bonds 66,664,945,524 Private equity 5,879,651,228
FN-AC-410a.2 Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	Cathay FHC Sustainability Report 2023: 5 Sustainable Finance
FN-AC-410a.3 Description of proxy voting and investee engagement policies and procedures	Cathay FHC Sustainability Report 2023: 5 Sustainable Finance

Business Ethics

SASB Code/Metric	Disclosure
FN-AC-510a.1 Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anticompetitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Not applicable as there were no related litigations in 2023
FN-AC-510a.2 Description of whistleblower policies and procedures	1. Cathay FHC Sustainability Report 2023: 6.3 Ethical Corporate Management 2. Cathay SITE's whistleblowing program 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 the Cathay FHC Whistleblowing Program

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Systemic Risk Management

SASB Code/Metric	Disclosure
FN-AC-550a.1 Percentage of open-end fund assets under management by category of liquidity classification	Cathay SITE's AUM by liquidity High liquidity: 99.4% Medium liquidity: 0.1% 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 own assets are largely highly liquid, with more than half held in time deposits and short-term securities, both denominated in NT$. 2. Before launching a fund, Cathay SITE requires a comprehensive assessment of the liquidity horizon of various investment products and has also set a fund redemption 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. Taiwanese regulations allow funds to pledge assets as collateral for loans to mitigate liquidity crises in the event of a market crash. 5. Fund swing pricing is not applicable to Taiwan regulations on funds.
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

SASB Code/Metric	Disclosure
FN-AC-000.A (1) Total registered and (2) total unregistered assets under management (AUM)	NT$ 16,178.7 billion
FN-AC-000.B Total assets under custody and supervision	NT$ 16,178.7 billion

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7.6 UN Global Compact (UNGC) Index

Areas	Principles	Reference	Page
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights	4.1.3 DEI in the Workplace	96
	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		
	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	2.1 Low-Carbon Economy	40
	Businesses should undertake initiatives to promote greater environmental responsibility	2.1 Low-Carbon Economy	40
	Businesses should encourage the development and diffusion of environmentally friendly technologies	2.1 Low-Carbon Economy	40
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery	6.3 Ethical Corporate Management	152

7.7 ISO 26000 - Social Responsibility Content Index

Areas	Reference	Page
Organizational Governance	1.1 Sustainable Governance & Management, 6.1 Corporate Governance	19/130
Human Rights	4.1 Workplace Empowerment, 6.2 Risk Management	92/136
Labor Rights	4.1 Workplace Empowerment	92
Environment	2.2 Environmental Sustainability	59
Fair Operating Practices	6.5 Service Quality & Customer Rights	157
Consumer Issues	6.5 Service Quality & Customer Rights	157
Community Involvement and Development	4.2 Social Empowerment	104

7.8 Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

Areas	Articles	Principles	Reference	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.	1.3 Stakeholder Engagement and Materiality Analysis	28
Environment	Article 4-1	The company shall dedicate a specific section of the report to the disclosure of climate-related information. The company shall disclose carbon reduction targets, strategies, and specific action plans for the company	CH2 Climate 6.2.2 Climate and Nature-related Financial Disclosures	37/140
Society	Article 4 Appendix 1-3	Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.	6.5 Service Quality & Customer Rights	157
	Article 4 Appendix 1-3	Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.	3.2 Financial Health	82
	Article 4 Appendix 1-3	Number of participants in financial literacy initiatives provided to the disadvantaged without adequate banking services.	4.2 Social Empowerment	104
	Article 4 Appendix 1-3	Products and services designed by individual operating units to create benefits for the environment or society.	2.1 Low-Carbon Economy	40

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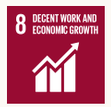
7.9 Summary of Subject Matter Information and SDGs Correspondence Statements

GRI：2-5

Note: Refers to the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies."

No.	Subject Matter Information	Applicable Criteria	Page	Rules (Note)	UN's Sustainable Development Goals	UN SDG Target
1	We had 14 data breaches events in 2023, in which 100% of data breaches events was involved with personally identifiable information. 61 customers were affected by such violation.	The total number of the group's data breaches events in 2023 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 P162	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 total number of the group's data breaches events which was involved with personally identifiable information divided by the total number of the group's data breaches events in 2023 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 P162	Article 4, Appendix 1-3, Item ①		
3		The total number of the customers were affected by the group's data breaches events in 2023 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 P162	Article 4, Appendix 1-3, Item ①		
4	As of the end of 2023, the outstanding amount of loans to small business was NT$128 billion and the total number of small business loans was 8,275.	The total number of loans and the outstanding amount of loans of CUB and its overseas branches to small business as of December 31, 2023. 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.	CH7 P179 Table 29 Financial Inclusion Promotion Outcomes	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.
						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, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.

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5	Total community and inclusive finance investment amount reached NT$2.4 billion in 2023；Total community and inclusive finance lending amount reached NT$4 billion in 2023.	Cathay Financial Holdings and its subsidiaries determine Community and Inclusive Finance investment / lending according to following criteria: 1. The industry classification belongs to education, financial inclusion, and other related industries. 2. The company's business items include above categories. Community and inclusive finance investments, including equity and debt, are calculated based on the book value of each subsidiary (including overseas branches and offices) at the end of 2023; Community and inclusive finance lending amount is calculated using the original lending amount minus the recovered lending amount.	CH7 P166 Table 1 Themed Investing/Lending	Article 4, Appendix 1-3, Item ②	1 NO POVERTY	1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than $1.25 a day.
					4 QUALITY EDUCATION	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.
6	As of the end of 2023, 164 students benefited from financial education courses under the the Tutor CUB - Online and Physical Courses.	Total number of students that participated in financial education courses under Tutor CUB - Online and Physical Courses in 2023.	CH4 P108	Article 4, Appendix 1-3, Item ③	4 QUALITY EDUCATION	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 2023, 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 2023.	CH4 P104	Article 4, Appendix 1-3, Item ③	4 QUALITY EDUCATION	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	Total infrastructure investing amount reached NT$841.5 billion in 2023; Total infrastructure lending amount reached NT$70.2 billion in 2023.	Cathay Financial Holdings and its subsidiaries determine infrastructure investment / lending according to following criteria: 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. 2. The company's business items include the above categories. Infrastructure investments, including equity and debt, are calculated based on the book value of each subsidiary (including overseas branches and offices) at the end of 2023; Infrastructure lending amount is calculated using the original lending amount minus the recovered lending amount.	CH7 P166 Table 1 Themed Investing/Lending	Article 4, Appendix 1-3, Item ④	11 SUSTAINABLE CITIES AND COMMUNITIES	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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No.	Subject Matter Information	Applicable Criteria	Page	Rules (Note)	UN's Sustainable Development Goals	UN SDG Target
9	Total low-carbon investing amount reached NT$289.7 billion in 2023; Total low-carbon lending amount reached NT$40.8 billion.	Cathay Financial Holdings and its subsidiaries determine low-carbon investment / lending according to following criteria: 1. Industry classification belongs to alternative energy, construction, waste recycling, transportation, high efficiency and energy-saving industry, and carbon sinks 2. The company's business items include above categories. 3. The investments included in the Bloomberg's green bond list. Low-carbon investment, including real estate, equity, and debt, are calculated based on the book value of each subsidiary (including overseas branches and offices) at the end of 2023; Low-carbon lending amount is calculated using the original lending amount minus the recovered lending amount.	CH7 P166 Table 1 Themed Investing/Lending	Article 4, Appendix 1-3, Item ④	7 AFFORDABLE AND CLEAN ENERGY	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.
					13 CLIMATE ACTION	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.
10	Total water resources investing amount reached NT$6.7 billion in 2023; Total water resources lending amount reached NT$1.1 billion in 2023.	Cathay Financial Holdings and its subsidiaries determine water resource investment/lending according to following criteria: 1. Industry classification relates to water supply, water treatment, sewage treatment, and industries related to water conservation, water cycle, recycled water. 2. The company's business items include above categories. Water resource investments, including equity and debt, are calculated based on the book value of each subsidiary (including overseas branches and offices) at the end of 2023; Water resource lending amount is calculated using the original lending amount minus the recovered lending amount.	CH7 P166 Table 1 Themed Investing/Lending	Article 4, Appendix 1-3, Item ④	3 GOOD HEALTH AND WELL-BEING	3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.
					6 CLEAN WATER AND SANITATION	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all.
11	Total aging society and health investing amount reached NT$490.3 billion in 2023; Total aging society and health lending amount reached NT$43.7 billion in 2023.	Cathay Financial Holdings and its subsidiaries determine aging society and health investment / lending according to following criteria: 1. The industry classification belongs to the aging and health product, service industry, and facility supply industries. 2. The company's business items include above categories. Aging society and health investments including equity and debt, are calculated based on the book value of each subsidiary (including overseas branches and offices) at the end of 2023; Aging society and health lending amount is calculated using the original lending amount minus the recovered lending amount.	CH7 P166 Table 1 Themed Investing/Lending	Article 4, Appendix 1-3, Item ④	3 GOOD HEALTH AND WELL-BEING	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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No.	Subject Matter Information	Applicable Criteria	Page	Rules (Note)	UN's Sustainable Development Goals	UN SDG Target
12	As of the end of 2023, 3 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 2023.	CH7 P166 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.
						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.
13	CUB provided loans for 111 solar power stations in Taiwan in 2023, with a total installed capacity of 156 MW	1. Solar power stations: Total number of stations approved by the Bureau of Energy in 2023. 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 2023.	CH2 P52	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 2023, the cumulative insured amount of renewable energy insurance policies (Hydroelectric Power, Solar Power, Wind Power) was NT$211.1 billion.	The total insured amount of renewable energy engineering and equipment insurance cases undertaken by Cathay Century in 2023. The insured amount is the total policy amount in force as of the end of 2023, including the original insured amount of the policies and the adjusted insured amount by the end of 2023.	CH7 P172 Table 10 Green 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.

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15	As of the end of 2023, the property principal in the Disability & Retirement Trust (for elderly and disabled people) reached NT$2.451 billion, and the number of effective beneficiaries was 296.	As of December 31, 2023, 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 2023 Q4" published by the Trust Association of R.O.C.	CH7 P179 Table 27 Financial Planning Results	Article 4, Appendix 1-3, Item ④	1 NO POVERTY	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 DECENT WORK AND ECONOMIC GROWTH	8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.
16	As of the end of 2023, the number of people insured by effective micro insurance policies of Cathay Life and Cathay Century was 133 thousand people.	As of December 31, 2023, the total number of people insured by effective micro insurance policies of Cathay Life and Cathay Century, according to the Implementation Status of Micro Insurance offered by Cathay Life published by the Taiwan Insurance Institute and the Implementation Status of Micro Insurance offered by Cathay Century published by the Non-Life Insurance Association of the Republic of China in December 2023.	CH3 P86	Article 4, Appendix 1-3, Item ④	1 NO POVERTY	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 DECENT WORK AND ECONOMIC GROWTH	8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.
17	As of the end of 2023, the amount of property principal in the Charitable Trust was NT$37.749 billion.	As of December 31, 2023, the balance of trust assets of CUB's charitable trust according to the "Charitable Trust Statistics for 2023 Q4" published by the Trust Association of R.O.C.	CH7 P179 Table 29 Financial Inclusion Promotion Results	Article 4, Appendix 1-3, Item ④	8 DECENT WORK AND ECONOMIC GROWTH	8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.

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18	In 2023, the ratios of annual salaries (male: female) for each employee category: High-level manager: 100:91 Mid-level manager: 100:104 Entry-level manager: 100:104 General staff: 100:84	"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 2023. 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). "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. Annual salaries= basic salary and remuneration. 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).	CH7 P177 Table 19 Compensation Comparison by Gender (Male to Female)	-	1 NO POVERTY 5 GENDER EQUALITY	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. 5.1 End all forms of discrimination against all women and girls everywhere.
19	As of the end of 2023, 1 case was rejected by or received 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 2023.	CH7 P166 Table 2 Corporate Loan ESG Review Status	-	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	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 2023, 317 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 2023.	CH7 P167 Table 4 Results of Cathay Life ESG Risk Review for Investee Companies	-	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	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.

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21	In 2023, the total number of companies with high carbon emission of major investment and financing portfolios was 66.	Cathay Financial Holdings, in reference to the commitments defined by the Coalition of Movers and Shakers on Sustainable Finance, reports the number of high carbon emission companies and the financed emissions of major domestic investment and financing portfolios in 2023. ▪ Investment portfolios are inventoried investment assets held by Cathay Financial Holdings and its subsidiaries as of December 31, 2023, following PCAF guidelines. The portfolios include equities and corporate bonds of domestic listed companies. Financing portfolios are inventoried credit assets held by CUB as of December 31, 2023, following Taiwan FSC's Manual for Determining Scope 3 Emissions in Investment and Lending Portfolios for Banks. The portfolios include domestic electricity generation project finance, commercial real estate mortgages, commercial loans, home loans, and sovereign loans. ▪ The definition of high carbon emission companies is based on the total financed emissions calculated aforementioned, that the total number and total financed emissions of top 60% financed emissions.	CH7 P170 Table 8 Financed emissions for high emitters within main domestic investment and lending portfolios	-	13 CLIMATE ACTION	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.
22	In 2023, the financed emissions of major domestic investment and financing portfolios with high carbon emissions was 1,566,044 tCO_2e.		CH7 P170 Table 8 Financed emissions for high emitters within main domestic investment and lending portfolios	-	13 CLIMATE ACTION	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.
23	In 2023, we employed 45,303 full-time employees, on boarded 5,582 new hires, and parted ways with 4,503 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, 2023 in overseas branches, and the total number of new hires and departures that are full-time employees.	CH7 P174 Table 14 Full-Time Employee Data P176 Table 16 New Employee Statistics P176 Table 17 Employee Turnover Statistics	-	-	-

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24	Table 6 Investment and Lending Portfolio Carbon Footprint - Assets Covered by Cathay FHC's SBTs ▪ Total financed emissions and data quality from proprietary investment asset portfolios in 2023 were 9,971,130 tCO_2e and 2.44 score respectively. ▪ Financed emissions from proprietary investment asset portfolios by industry in 2023. ▪ Total financed emissions and data quality of various lending portfolios in 2023 were 629,052 tCO_2e and 3.82 score respectively. ▪ Financed emissions from long-term lending portfolios by industry in 2023.	Cathay Financial Holdings and its subsidiaries referenced the "Portfolio Carbon Accounting Framework (PCAF)" to establish its "Portfolio Financial Carbon Emissions Calculation Criteria" and to compile and disclose financed emissions for various asset classes by Cathay Group's "Science-Based Targets". ▪ Financed Portfolio Financed Emissions: The financed emissions in metric tons of CO_2 equivalent (tCO_2e) 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: 1. Emissions data directly obtained from companies, either from MSCI Total Portfolio Footprinting (MSCI TPF), MSCI ESG Manager, Bloomberg, Official websites of various state-owned enterprises, Governments announce carbon emissions, Taiwan Economic Journal (TEJ) database or Third-party public statistics. 2. Estimation data based on the methodology recommended by PCAF, using emissions data calculated from Energy Usage Intensity (EUI) of the building type, or physical and economic activity, or obtained from MSCI Total Portfolio Footprinting (MSCI TPF), MSCI ESG Manager and Bloomberg classified by industry to calculate estimated industry specific emissions factors or the distribution factor estimated based on the closest annual financial information or accounting financial information. ▪ Scope of Financed Emissions of Investment Portfolios: Cathay Life, Cathay Securities, Cathay Century Insurance conducted an inventory of listed stocks and corporate bonds held as part of proprietary investments assets on December 31, 2023. The scope includes proprietary investments held by Cathay Life, Cathay Securities, Cathay Century Insurance, 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. ▪ Scope of Financed Emissions of Lending Portfolios: As of December 31, 2023, electricity generation project finance, commercial real estate mortgage, and corporate loans (excluding short-term loans and loans to SMEs) provided by CUB. ▪ Data quality score: Calculated by Cathay FHC with PCAF-recommended methodology and includes data quality scores provided by MSCI TPF and MSCI ESG Manager. A weighted average is calculated based on investment and lending position values. ▪ Industry classification disclosure: The classification is based on the 11 economic sectors at level one of the Global Industry Classification Standard (GICS) structure.	CH7 P167-168 Table 6 Investment and Lending Portfolio Carbon Footprint - Assets Covered by Cathay FHC's SBTs	-	13 CLIMATE ACTION	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

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No.	Subject Matter Information	Applicable Criteria	Page	Rules (Note)	UN's Sustainable Development Goals	UN SDG Target
25	Table 7 Lending Portfolio Carbon Footprint - Based on the Taiwan FSC's Manual for Determining Scope 3 Emissions in Investment and Lending Portfolios for Banks ▪ Total financed emissions from lending portfolios, including LULUCF, in 2023 were 2,201,871 tCO_2e. ▪ Total financed emissions from lending portfolios, excluding LULUCF, in 2023 were 2,194,292 tCO_2e. ▪ Data quality score of lending portfolios in 2023 was 3.89. ▪ Total financed emissions of commercial loans by industry in 2023.	In reference to PCAF standards, CUB formulated the Taiwan FSC's manual for determining scope 3 emissions in investment and lending portfolios for banks to calculate and disclose financed emissions for each credit asset category. ▪ Financed emissions from lending portfolios: The financed emissions in metric tons of CO_2 equivalent (tCO_2e) for Scope 1 and Scope 2 categories related to the lending portfolio held by CUB. CUB strives to use the "latest obtainable emissions data or estimation data". This includes: 1. Emissions data directly obtained from lending companies, MSCI Total Portfolio Footprinting (MSCI TPF), MSCI ESG Manager, Bloomberg, national enterprise websites, government-released carbon emissions data, Taiwan Economic Journal (TEJ) database, or other publicly available third-party statistics. 2. Estimation data based on the methodology recommended by PCAF, using emissions data calculated from Energy Use Intensity (EUI) of the building type, or physical and economic activity, or obtained from MSCI Total Portfolio Footprinting (MSCI TPF), MSCI ESG Manager and Bloomberg. classified by industry to calculate estimated industryspecific emissions factors or the distribution factor estimated based on the closest annual financial information or accounting financial information. ▪ Scope of Carbon Emissions of Lending Portfolios: As of December 31, 2023, electricity generation project finance, commercial real estate mortgage, commercial loans, and sovereign loans provided by CUB. ▪ Data quality score: Calculated with PCAF-recommended methodology and includes data quality scores provided by MSCI TPF and MSCI ESG Manager. A weighted average is calculated based on lending position values. ▪ Industry classification disclosure: The classification is based on the 11 economic sectors at level one of the Global Industry Classification Standard (GICS) structure.	CH7 P169 Table 7 Lending Portfolio Carbon Footprint - Based on PCAF and the Taiwan FSC's Manual for Determining Scope 3 Emissions in Investment and Lending Portfolios for Banks	-	13 CLIMATE ACTION	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.
26	In 2023, the average number of full-time non-managerial employees was 20,454, the mean salary of full-time non-managerial employees was NT$1,443 thousands, and the median salary of full-time non-managerial employees was NT$1,179 thousands.	The 2023 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 P177 Table 20 Full-time of Non-Managerial Employees Salary Information	-	8 DECENT WORK AND ECONOMIC GROWTH	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.

7.10 External Assurance

GRI：2-5

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Independent Assurance Opinion Statement by BSI


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INDEPENDENT ASSURANCE OPINION STATEMENT

Cathay Financial Holdings 2023 Sustainability Report

Scope

Opinion Statement

Methodology


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Independent Limited Assurance Report


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Independent Limited Assurance Report


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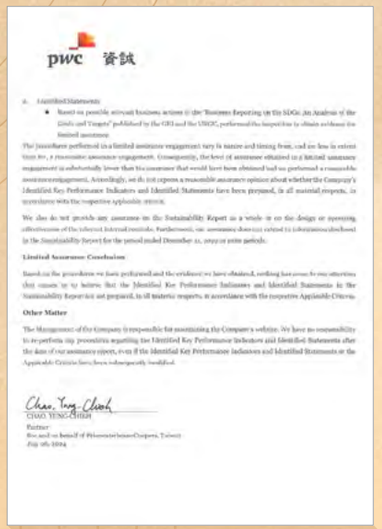
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ISO 14001:2015


bsi.

Certificate of Registration

ENVIRONMENTAL MANAGEMENT SYSTEM - ISO 14001:2015

This is to certify that: Cathay Financial Holdings
No. 296, Sec. 4, Ren' ai Rd.
Da' an Dist.,
Taipei City
10633
Taiwan

Holds Certificate No: EMS 735138

and operates an Environmental Management System which complies with the requirements of ISO 14001:2015 for the following scope:

The composed of insurance, securities, banking and other diversified financial institutions.

For and on behalf of BSI:

Michael Lam - Managing Director Assurance, APAC

Original Registration Date: 2012-03-14
Latest Revision Date: 2023-11-30

Effective Date: 2024-01-13
Expiry Date: 2027-01-12

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ISO 50001:2018


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Certificate of Registration

ENERGY MANAGEMENT SYSTEM - ISO 50001:2018

This is to certify that: Cathay Financial Holdings
No. 296, Sec. 4, Ren' ai Rd.
Da' an Dist.,
Taipei City
10633
Taiwan

Holds Certificate No: ENMS 735140

and operates an Energy Management System which complies with the requirements of ISO 50001:2018 for the following scope:

The composed of insurance, securities, banking, and other diversified financial institutions.
The main energy uses include:
- electricity for lighting, office equipment and air conditioning
- diesel for emergency power generator and gasoline for company car

For and on behalf of BSI:

Michael Lam - Managing Director Assurance, APAC

Original Registration Date: 2016-11-23
Latest Revision Date: 2023-11-30

Effective Date: 2024-01-17
Expiry Date: 2027-01-16

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ISO 20400:2017


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Conformity Statement

Sustainable procurement - ISO 20400:2017

This is to conform that: Cathay Financial Holdings
and its subsidiaries
No. 296, Sec. 4, Renai Rd.
Daan Dist.
Taipei City
106436
Taiwan

Holds Statement Number: SPM 783243

Cathay Financial Holdings and its subsidiaries, including Cathay Life Insurance Co., Ltd., Cathay United Bank Co., Ltd., Cathay Century Insurance Co., Ltd., Cathay Venture Inc., Cathay Futures Co., Ltd., Cathay Securities Investment Trust Co., Ltd., Cathay Securities Investment Consulting Co., Ltd., and Cathay Securities Corporation, has followed ISO 20400:2017 guideline to implement sustainable procurement. Based on sustainable procurement management manual, sustainable procurement policy, sustainable procurement risk and opportunity assessment and supply chain management process, the sustainable procurement process of Cathay Financial Holdings and its subsidiaries has been checked with the requirements of ISO 20400: 2017.

For and on behalf of BSI:

Managing Director BSI Taiwan, Peter Fu

Latest issue: 2024-04-11
Expiry date: 2025-04-10

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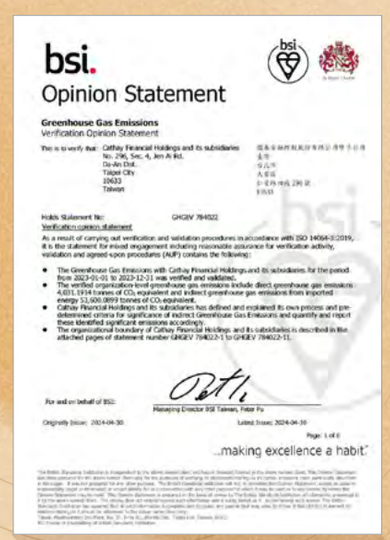
ISO 14064-1:2018(Domestic)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Opinion Statement

Greenhouse Gas Emissions
Verification Opinion Statement

This is to verify that: Cathay Financial Holdings and its subsidiaries
No. 296, Sec. 4, Jen Ai Rd.
Da-An Dist.
Taipei City
10633
Taiwan

Holds Statement No: GHGEV 784022

Verification opinion statement

As a result of carrying out verification and validation procedures in accordance with ISO 14064-3:2019, it is the statement for mixed engagement including reasonable assurance for verification activity, validation and agreed-upon procedures (AUP) contains the following:

- The Greenhouse Gas Emissions with Cathay Financial Holdings and its subsidiaries for the period from 2023-01-01 to 2023-12-31 was verified and validated.
- The verified organization-level greenhouse gas emissions include direct greenhouse gas emissions 4,601.1914 tonnes of CO_2 equivalent and indirect greenhouse gas emissions from imported energy 53,500.0899 tonnes of CO_2 equivalent.
- Cathay Financial Holdings and its subsidiaries has defined and explained its own process and pre-determined criteria for significance of indirect Greenhouse Gas Emissions and quantify and report these identified significant emissions accordingly.
- The organizational boundary of Cathay Financial Holdings and its subsidiaries is described in the attached pages of statement number GHGEV 784022-1 to GHGEV 784022-11.

For and on behalf of BSI:

Managing Director BSI Taiwan, Peter Fu

Originally Issue: 2024-04-30
Latest Issue: 2024-04-30

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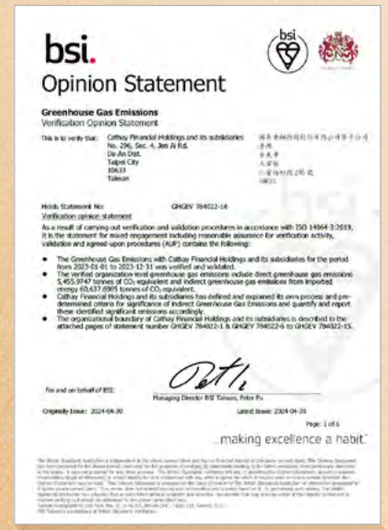
ISO 14064-1:2018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Opinion Statement

Greenhouse Gas Emissions
Verification Opinion Statement

This is to verify that: Cathay Financial Holdings and its subsidiaries
No. 296, Sec. 4, Jen Ai Rd.
Da-An Dist.
Taipei City
10633
Taiwan

Holds Statement No: GHGEV 784022-16

Verification opinion statement

As a result of carrying out verification and validation procedures in accordance with ISO 14064-3:2019, it is the statement for mixed engagement including reasonable assurance for verification activity, validation and agreed-upon procedures (AUP) contains the following:

- The Greenhouse Gas Emissions with Cathay Financial Holdings and its subsidiaries for the period from 2023-01-01 to 2023-12-31 was verified and validated.
- The verified organization-level greenhouse gas emissions include direct greenhouse gas emissions 5,455.3747 tonnes of CO_2 equivalent and indirect greenhouse gas emissions from imported energy 60,637.0905 tonnes of CO_2 equivalent.
- Cathay Financial Holdings and its subsidiaries has defined and explained its own process and pre-determined criteria for significance of indirect Greenhouse Gas Emissions and quantify and report these identified significant emissions accordingly.
- The organizational boundary of Cathay Financial Holdings and its subsidiaries is described in the attached pages of statement number GHGEV 784022-1 & GHGEV 784022-6 to GHGEV 784022-15.

For and on behalf of BSI:

Managing Director BSI Taiwan, Peter Fu

Originally Issue: 2024-04-30
Latest Issue: 2024-04-30

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國泰金控
Cathay Financial Holdings