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 follows the AA1000 Stakeholder Engagement Standard (AA1000 SES) and identifies nine major stakeholder groups based on five dimensions: Dependency, Responsibility, Tension, Influence, and Diverse Perspectives. These stakeholders are government, investors, employees, customers, suppliers, associations, media, communities, and youth. Through diverse channels and mechanisms, Cathay FHC listens to, understands, and responds to stakeholder voices and needs. Through continuous communication and engagement, the company ensures that stakeholder opinions are incorporated into its sustainability decisions to co-create benefits and trust.

For more information on Cathay FHC's communication channel, engagement frequency and feedback mechanisms, as well as the complete list of interactions in 2025 between Cathay FHC and its stakeholders, 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 and reviews sustainability materiality analysis each year. In accordance with the framework of the international GRI Universal Standards 2021, "GRI 3: Material Topics 2021," and referring to the European Sustainability Reporting Standards (ESRS) issued by the European Financial Reporting Advisory Group (EFRAG), Cathay FHC introduced the concept of Double Materiality. In addition, Cathay incorporates international impact assessment methodologies, including those developed by the Value Balancing Alliance (VBA) and Harvard Business School's Impact-Weighted Accounts initiative, to further refine its materiality assessments. By developing an impact-based materiality assessment approach—CS Issue Materiality Analysis—Cathay FHC evaluates its external impacts on the economy, environment, people, and human rights. This process is used to identify material topics for 2024, shape stakeholder engagement strategies, and inform the internal development of its sustainability strategy blueprint.

Cathay FHC takes a multi-layered approach to defining material issues, considering factors such as stakeholder concerns, operational impacts, and sustainability impacts—based on survey results. These are further aligned with long-term internal goals and senior executive compensation metrics. A total of 19 material issues were identified, confirmed by the ESG Strategy Committee, and subsequently reported to the Corporate Sustainability Committee and 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 in order to systematically manage material risks. The results of the materiality analysis have been verified by an independent third party, BSI Taiwan.

Furthermore, Cathay FHC reviews its material issues annually. By collecting stakeholder communication topics and feedback, analyzing domestic and international sustainability trends, reviewing peer focus areas, and evaluating company operations and risk management directions, Cathay FHC comprehensively confirms the appropriateness and management priorities of material issues. The 2025 review results indicated that all material issues remain highly relevant to the company's operational development and stakeholder concerns. The related management approaches and disclosure content have also been continuously refined to align with external trends and internal management practices. The review results were reported to the Board of Directors and the Corporate Sustainability Committee as the foundation for subsequent promotion of sustainability strategies and information disclosure.