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Cathay Sustainability Story

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1.3 Stakeholder Engagement and Materiality Analysis

GRI : 2-12、2-16、2-29、3-1、3-2、3-3

1.3.1 Stakeholder Engagement

Cathay FHC engages with stakeholders in accordance with the four fundamental principles outlined in AA1000 Stakeholder Engagement Standard (AA1000 SES): Materiality, Inclusivity, Responsiveness, and Impact. In the meantime, we identified nine major stakeholder groups with our sustainability blueprint designed to hone in on our sustainability strategies. We engage with stakeholders through diverse channels and mechanisms to listen to, understand, and respond to their voices and needs. 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 2024, please see [the Cathay FHC official website](#).



1.3.2 Materiality Analysis

|| Materiality Analysis of CS Issues and Formulation of Sustainable Strategies

Cathay FHC conducts annual materiality analyses in accordance with the "GRI Universal Standards 2021" and "GRI 3: Material Topics 2021." The analyses integrate the concept of double materiality as outlined by the European Financial Reporting Advisory Group (EFRAG) under the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). 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.

In its double materiality analysis, Cathay FHC integrates Financial Materiality by assessing the degree of operational impact within the company to prioritize sustainability issues based on their financial implications or impact on corporate value. This is further complemented by the methodology of Impact Materiality, which evaluates the significance of the company's sustainability issues on external stakeholders through both monetary and non-monetary assessments, allowing for effective prioritization. Guided by the value-driven principles of its three sustainability pillars—Climate, Health, and Empowerment—Cathay systematically advances corporate sustainability, striving to create shared social value for all stakeholders.

Cathay FHC takes a multi-layered approach to defining material topics, considering factors such as stakeholder concerns, operational impacts, and sustainability impact—based on survey results. These are further aligned with long-term internal goals and senior executive compensation. A total of 19 material topics 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.

