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Message from the Chairman

Cathay Sustainability Story

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Sustainable Procurement

Cathay FHC maintains rigorous control over sustainability issues throughout the procurement process. Cathay FHC works with over 1,000 service providers, equipment suppliers, and construction subcontractors. To reduce negative social and environmental impacts from suppliers, Cathay FHC became the first financial institution in the world to incorporate ISO 20400 Sustainable Procurement Guidance; manage the supply chain in compliance with our "Sustainable Procurement Guidelines"; and develop a "Cathay FHC Sustainable Procurement Policy." As of the end of 2024, all Cathay suppliers have signed Cathay's Declaration 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 significant sustainability issues.

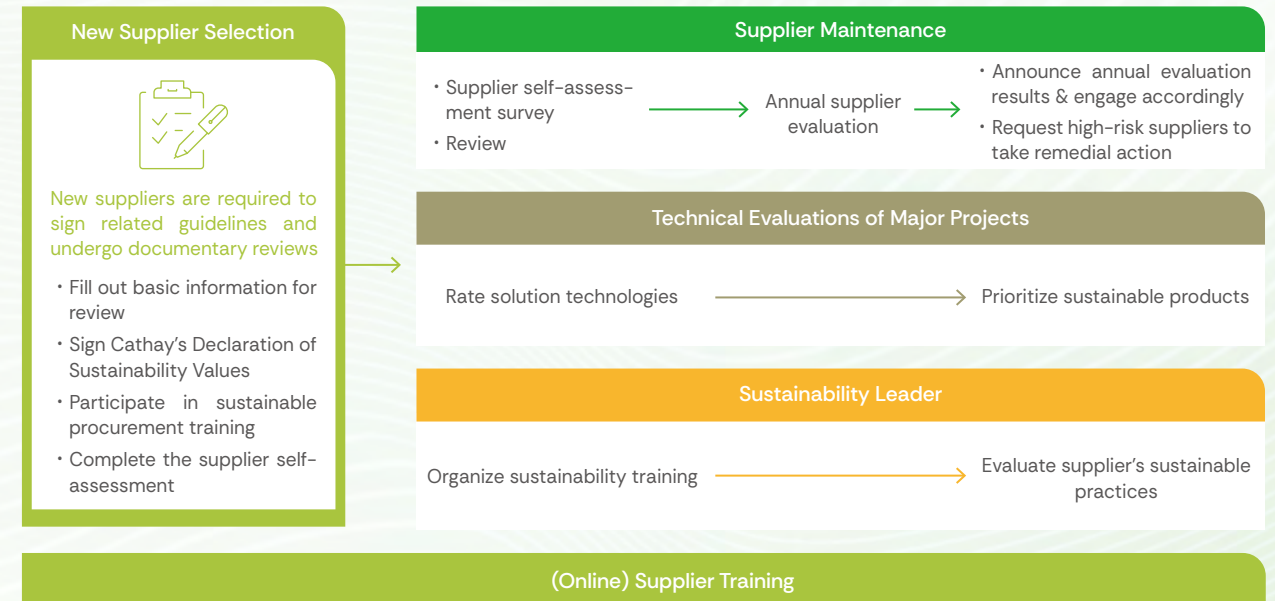


Caption: Cathay FHC's 2024 Sustainability Supplier Conference

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. We hope that clear policies and procedures can reduce sustainability risks in the procurement process and generate positive impacts on the economy and society.

Sustainable Supplier Management



Results

2024 Highlights from Green Supply Chain Management			
Green Procurement	Cathay's Declaration of Sustainability Values	Sustainable Procurement Advocacy	Supplier Conference
• NT\$1.065 billion	• 100% of suppliers signed Cathay's Declaration of Sustainability Values	• Provided training for suppliers to continue raising supplier awareness of sustainability issues, with 100% of suppliers completing training in 2024	• Organized an in-person supplier conference in 2024 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
Cathay FHC's Sustainability Supplier Conference			

Note: For sustainable procurement between 2022 and 2024, please refer to Table 9 in the Appendix.