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In light of the world's ever-changing financial environment, Cathay Securities Corporation (hereinafter referred to as Cathay Securities) remains dedicated to the three core components of Cathay Financial Holdings' (hereinafter referred to as Cathay FHC) sustainability strategy: "Climate, Health, Empowerment." In addition, Cathay Securities has actively integrated the core business activities of securities firms, established the Sustainability Strategy Blueprint, and continued to implement sustainability practices in hopes of working hand in hand with Cathay FHC to collectively become "a leading financial institution in the Asia-Pacific region."

■ Reporting Principles

Cathay Securities 2023 Sustainability Report (hereinafter referred to as "the Report") has been compiled in accordance with the GRI Standards 2021 of the Global Reporting Initiative (GRI) and in alignment with the UN Sustainable Development Goals (SDGs). Cathay Securities has taken proactive actions in response to the

Transition Strategies of Sustainable Development for Securities and Futures Sectors launched by the Financial Supervisory Commission (FSC), and complies with the following regulations and standards: Rules Governing the Preparation and Filing of Sustainability Reports by Securities Firms launched by the Taipei Exchange (TPEX), the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, the

Sustainability Accounting Standards Board (SASB) Guidelines, and the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB). The financial data in the Report has been verified by Deloitte Taiwan and disclosed in the annual report. Non-financial data in the Report is based on information reported to financial authorities and by peripheral business divisions, or on data audited by external management systems certification bodies.

■ Reporting Period

The Report presents Cathay Securities' environmental (E), social (S), and governance (G) performance in 2023 based on data generated during January 1 to December 31, 2023. Through the Report, stakeholders who are interested in Cathay Securities will be able to comprehend the company's efforts in various relevant issues.

■ Scope of Reporting

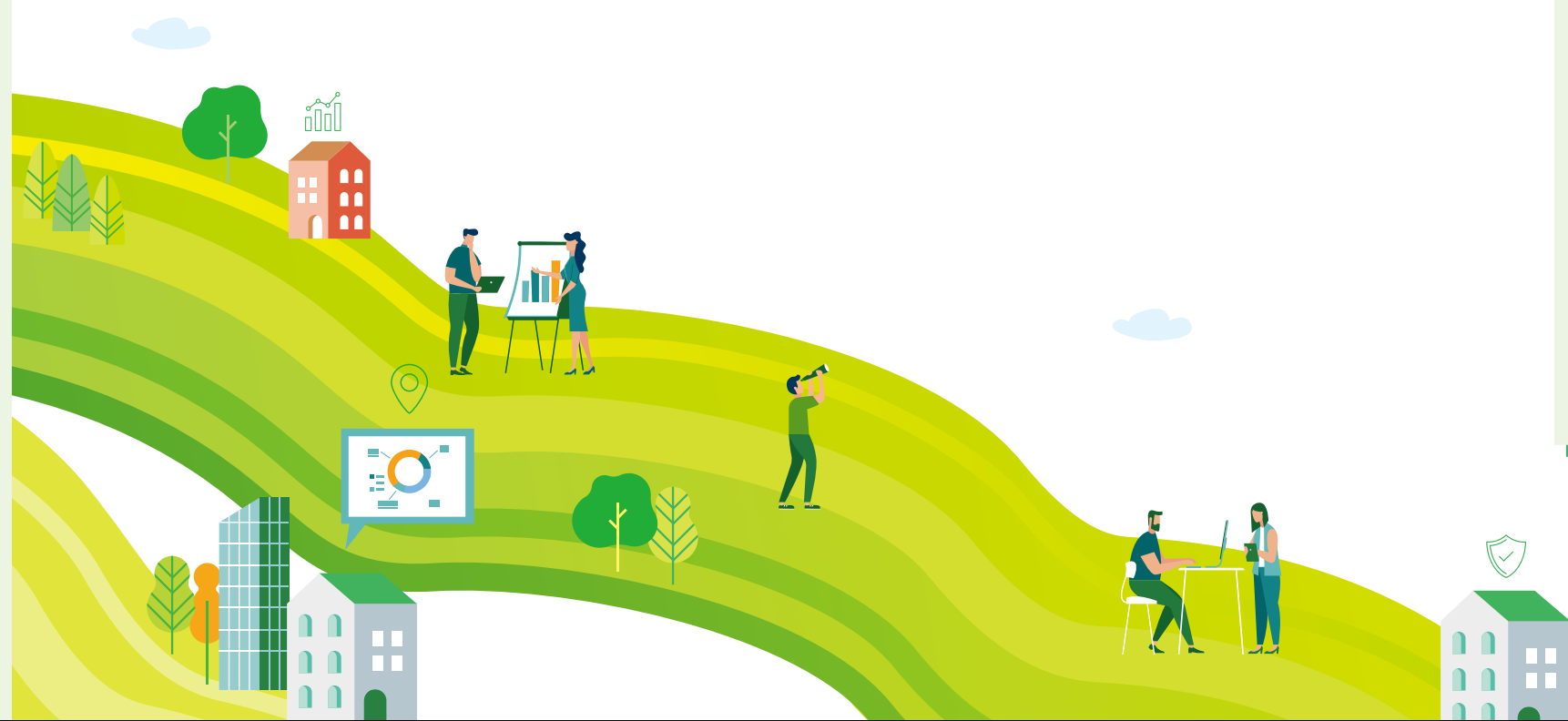
The scope of disclosure focuses on the operating activities and services of Cathay Securities in Taiwan and does not include overseas operating activities, the company's subsidiaries, or its affiliated enterprises in Taiwan and overseas. The financial data in the section "About Cathay Securities" has been incorporated in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises to prepare the consolidated financial statements of our affiliated enterprises, Cathay Futures, Cathay Securities (Hong Kong) Limited, and Cathay Capital (Asia) Limited. All financial data in the Report is expressed in terms of New Taiwan Dollars, unless otherwise stated. The relevant statistical data is calculated based on international standards and indicators universally used in practice. The scope of disclosure for environmental indicators/data/descriptions includes the Cathay Securities Head Office and branches in Taiwan. Any disclosed quantitative indicators with a special meaning are explained in the "Notes" section.

Internal Audit of the Report Management Process

Cathay Securities has established a Corporate Sustainability (CS) team, which follows the strategic blueprint of Cathay FHC’s Corporate Sustainability (CS) Committee. This team is responsible for planning and promoting internal cross-functional sustainability development strategies and execution plans within Cathay Securities. The preparation of this report is coordinated by the Strategic Planning Department. All disclosed information has been reviewed and approved by the relevant departments of the company. After confirmation by the President, the report is submitted to the Board of Directors for approval before publication.

Audit and Assurance

Cathay Securities has engaged PwC Taiwan to perform limited assurance procedures on the Company’s sustainability report prepared in alignment with the GRI Standards and Rules Governing the Preparation and Filing of Sustainability Reports by Securities Firms (including Disclosure of Sustainability Metrics for Securities Firms) launched by the Taipei Exchange, and on the sustainability performance of the dimensions selected from the SASB Standards. Limited assurance procedures were performed using the Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" of the Republic of China. A copy of this opinion is included in the Appendix section of the Report.



Standard

Standard		Certification Institution
Financial Data	Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants & Generally Accepted Auditing Standards	Deloitte & Touche Taiwan
Sustainability Data	Statement of Assurance Principles No. 3000, “Audit and Review of Non-financial Information” ㄐ	PwC Taiwan
	ISO 27001:2022 Information Security Management System	BSI Taiwan
	ISO 22301:2019 1 Business Continuity Management System	BSI Taiwan
Environmental Data	ISO 14064-1:2018 - Greenhouse Gases ISO 20400:2017 - Sustainable Procurement ISO 14001:2015 - Environmental Management Systems ISO 50001:2018 - Energy Management Systems	BSI Taiwan

Contact Information

Stakeholders and the public are welcome to contact us if they have any inquiries about the Report or suggestions for promoting the sustainable development of Cathay Securities.

Responsible Department: Strategic Planning Department, Cathay Securities

Tel. : +886-2-7732-6888

Email : cs@cathaysec.com.tw

Sustainability Website : <https://www.cathaysec.com.tw>

Address : 20F, No. 333, Section 2, Dunhua South Road, Da’an District, Taipei City

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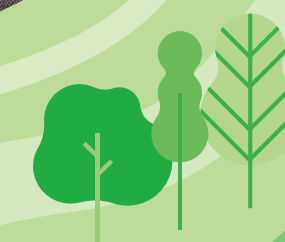
In 2023, the global carbon market thrived, with the European Union leading the charge by introducing a carbon pricing mechanism and implementing a carbon border tax. Meanwhile, Taiwan saw the establishment of the Taiwan Carbon Solution Exchange in Kaohsiung, marking the inception of carbon trading in the region. Despite financial institutions not being major carbon emitters, the industry has actively embraced ESG initiatives and pursued net-zero emissions in recent years. Cathay Securities has consistently upheld the ethos of Unity for Sustainability, continuously enhancing its sustainable financial services and products while fostering a sustainable ecosystem within the company. Being one of the first brokerage firms within the financial industry to issue a sustainability report, Cathay Securities has received accolades from both domestic and international awards and deepened engagement with stakeholders.

At Cathay Securities, adopting a people-centric approach is fundamental to our sustainable development strategy. We address our initiatives from the perspectives of our three main stakeholders: customers, employees, and the wider society. By focusing on their needs, we drive innovation and optimization in our services and products, striving to provide

a secure and convenient investment environment for over a million customers. We also deeply contemplate and explore the complex societal and environmental challenges, endeavoring to devise comprehensive sustainability strategies and propose diverse solutions to meet stakeholders' expectations.

■ Leveraging Core Influence, Building a Digital Leadership Brand

With Taiwan's securities account openings consistently reaching new highs and the overall market investors hitting historic records, the proportion of young investors continues to rise, driving the wave of digitization. Cathay Securities has long operated in a digital mode and continuously keeps pace with trends. Digital operation serves as our core driving force while we actively embrace both digital transformation and digital experience. Committed to providing application services centered around enhancing the investment journey for our customers, we introduced services such as Smart Overweight or Underweight and Daily Deduction in our Regular Saving Plan for domestic stocks, assisting customers in improving investment efficiency and meeting the needs of petite bourgeoisie. Striving for innovation, we embrace our innovative DNA to accelerate transformation and evolution. Simultaneously, we aim to create low transaction fees and low investment thresholds to benefit the masses, promoting inclusive financial development as we march towards becoming a digital leadership brand.



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■ Engaging Stakeholders, Fostering Sustainable Talent Development

Talent development and learning are vital for our organization's sustainability. We focus on two key areas: talent empowerment and social empowerment. At Cathay Securities, we prioritize our employees' growth and job satisfaction, encouraging an open mindset and fostering innovation. We offer diverse learning opportunities through both online and offline resources. In terms of social empowerment, our three-year partnership with National Taipei University has been fruitful. Together, we produced ESG research reports on TWSE-listed stocks and developed ESG rating indicators, educating youth on sustainability. Additionally, we support vulnerable groups in integrating into society and equip them with essential financial literacy skills to prevent fraud. Our commitment to inclusive finance and fair customer treatment extends through comprehensive financial education initiatives across society. Through creating a diverse, inclusive, and equitable society, we empower young students and assist the underprivileged, driving positive social impact and sustainable development.

■ Practicing Green Operations to Adapt to Climate Change

Cathay Securities is committed to achieving RE100 by 2030, mobilizing both employees and society to address climate issues together. Together with Cathay Financial Holdings, we have joined the Coalition of Movers and Shakers on Sustainable Finance, supporting Taiwan's transition to net-zero emissions. Our entire team actively participates in carbon reduction

initiatives, such as the Walk for Tree Planting campaign. Through this initiative, we collectively reached 700 million steps, enabling us to plant 420 native Taiwanese seedlings in Taitung's Chishang Township, effectively offsetting carbon emissions.

Furthermore, we leverage our core business to promote sustainable practices. We assist ESG-focused companies in going public and raising capital, help clients implement sustainability measures, and engage in sustainable bond issuance to drive industries toward low-carbon transformation collectively. Cathay Securities employs various strategies to reduce environmental impact and advance towards a more sustainable future while collaborating with stakeholders to realize our sustainability vision.

Sustainable development is a marathon, and we recognize that only by harnessing the power of multiple stakeholders can we create greater impact. Upholding our people-centric principle, Cathay Securities is committed to advancing towards the vision of achieving mutual prosperity in society through inclusive finance. We honor our commitments to customers and embrace our social responsibilities with forward-thinking. We continuously leverage our core capabilities and engage stakeholders to seize opportunities and co-create a sustainable future.



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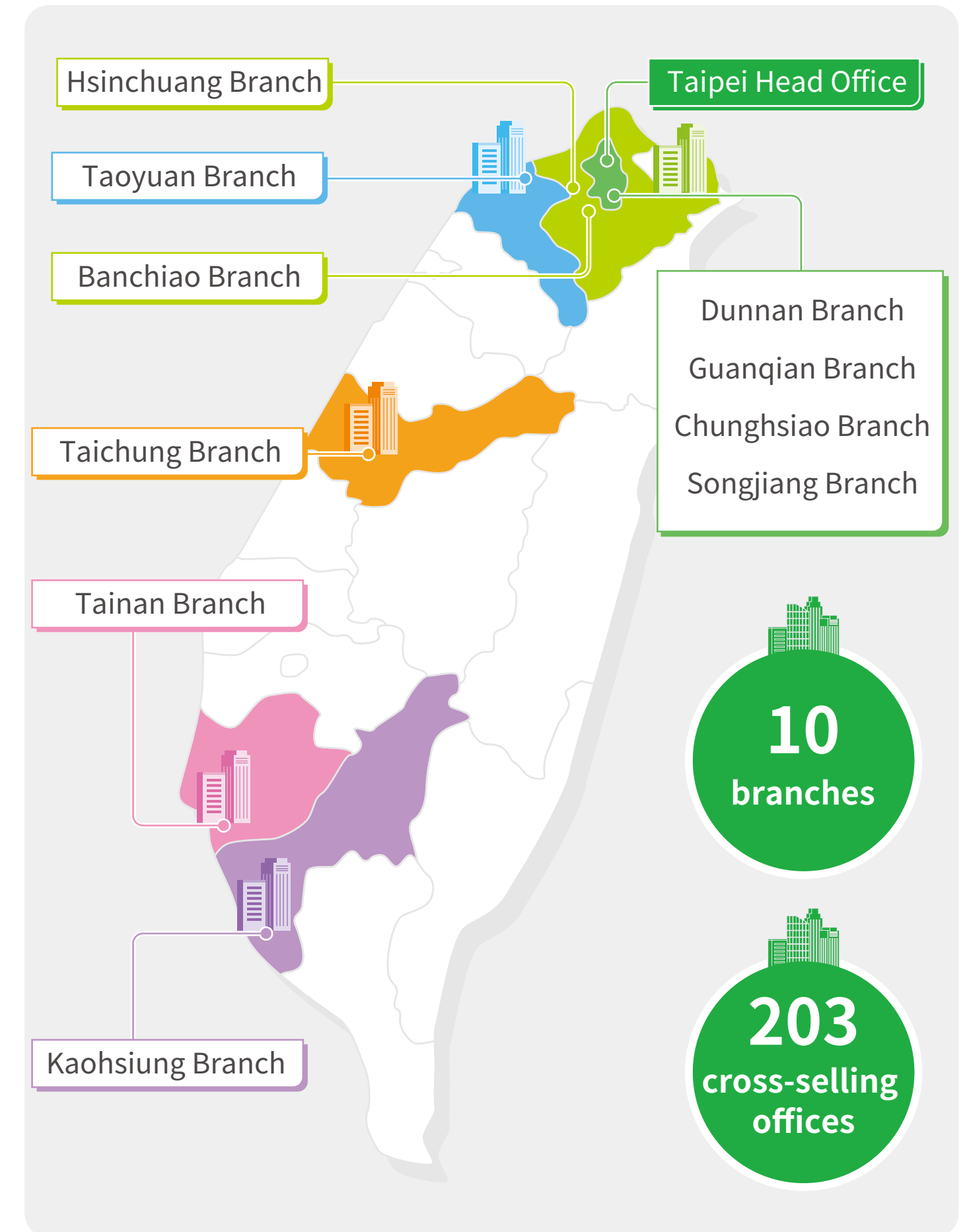
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Overview of Operations

Cathay Securities Corporation (hereinafter referred to as Cathay Securities) is a 100% wholly-owned subsidiary of Cathay Financial Holdings (hereinafter referred to as Cathay FHC). Cathay Securities upholds the Group's core values — "Integrity, Accountability, Innovation," maintaining the same level of dedication to professionalism and quality as Cathay FHC for brokerage, underwriting, proprietary trading, and other securities-related financial services to harness the power of cross-selling and provide customers with one-stop services.



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Basic Information	
Company Name	Cathay Securities Corporation
Date Established	May 12, 2004
Headquarter Address	19, 20F, No. 333 and 6, 10, 18–22F, No. 335, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)
Core Values	Integrity, Accountability, Innovation
Full-time Employees	976
Business Category	Issuance of securities
Main Products and Services	Institutional clients, international finance, capital markets, digital Services, and financial transactions



Click to view Cathay Securities' service locations

<https://www.cathaysec.com.tw/cathaysec/CustomerService/Branches/Index.aspx>

Affiliated Enterprises

Unit: TWD thousand/thousand shares

Name of Subsidiary	Year of Acquisition	Nature of Business	Percentage
Cathay Futures Co., Ltd.	2006	Futures business	99.99
Cathay Securities (Hong Kong) Limited	2015	Securities-related business	100.00
Cathay Capital (Asia) Limited	2020	Investment business	100.00

Financial Performance

Unit: TWD thousand

Item		2023	2022	2021
 Operating Capability	Total assets	69,549,465	51,234,856	69,836,256
	Operating revenue	7,443,140	5,766,377	7,183,713
	Net profit after tax	2,112,254	1,409,424	2,200,547
 Profitability	Return on assets (ROA)	4.03%	2.46%	3.33%
	Return on equity (ROE)	14.86%	10.81%	18.03%
	Earnings per share (EPS)	2.74	1.83	3.01
 Distributed Economic Value	Expenditures and expenses	5,208,563	4,213,657	4,551,615
	Employee remuneration and benefits	2,237,432	1,854,090	2,012,012
	Income tax expense	484,160	291,172	530,203

*The financial data above has been incorporated in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises to prepare the consolidated financial statements of our affiliated enterprises

In 2023, global markets experienced turbulence due to inflationary pressures and geopolitical tensions, resulting in fluctuating stock market conditions. Despite this uncertainty, Cathay Securities reported its second-highest annual after-tax net profit in history, reaching TWD2.112 billion, a growth of nearly 50% compared to the previous year. Earnings per share (EPS) stood at TWD2.74, with a return on equity (ROE) of 14.86%. Despite a volatile economy, Cathay Securities' share in the Taiwan stock market increased to 3.95% against the trend, solidifying our position as the fifth-largest brokerage firm in Taiwan. Specifically, the market share of our Regular Saving Planin domestic stocks was nearly 40%, consolidating our brand leadership. The cumulative amount of our international financial sub-brokerage transactions reached TWD889.4 billion in 2023, ranking first in the market for 8 consecutive years.

At Cathay Securities, we focus on digital operations as our core driving force and we are more dedicated than ever to providing personalized and comprehensive financial services. By closely attending to investor needs and enhancing the integration of digital platforms and physical channels, we aim to optimize the investment journey experience for our customers and endeavor to become investors' preferred securities firm.

★★ Sustainability Awards and Recognition ★★

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Asia Sustainability Reporting Awards

Asia's Best Sustainability Report (First Time) - Gold Award



Golden Goblet Award

Outstanding Talent Development Award



Taiwan Corporate Sustainability Awards

Corporate Sustainability Reporting Awards Gold Award in Financial and Insurance Industry First Category

Growth Through Innovation Leadership Award

Talent Development Leadership Award



Commercial Times Digital Financial Awards

Digital Service Award

Digital Innovation Award



National Brand Yushan Awards

Outstanding Enterprise



CommonWealth Magazine CommonWealth Talent Sustainability Award

Third Prize in the Medium-sized Enterprise category

Wealth Magazine Taiwan Financial Award

FinTech Innovative Applications Award

Taiwan Sustainability Action Awards

SDG 3 Health and Well-being Bronze Award

Taiwan Sustainability Investment Award

Institution Leadership Award Categories Securities Group - Model

Exemplary Case Impact Recognition Categories- ESG Innovation Award Silver Award

Impactful Case Award – Corporate Engagement Award Silver Award

Financial Information Sharing and Analysis Center

F-ISAC Member Information Sharing Outstanding Performance



1111 Job Bank Happiest Employees

Financial Management and Consulting Industry – Silver Award



China Times Financial Services Awards

Securities Sector – Cybersecurity Award



Daily View Best Reviewed Online Awards

Pioneer in Innovation Award - Home Economy - Digital Securities Category



Ministry of Culture Arts & Business Awards

Bronze Award



Badge of Accredited Healthy Workplace, Ministry of Health and Welfare

smoke-free & Health promotion



Ministry of Education

Taiwan i sports (Certificate of Corporate Wellness)

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Sustainable Framework and Organization

■ Establishing a Dedicated Department for Stronger Supervision and Management

To assist the Board of Directors with sustainable development matters and ensure a clear segregation of duties, following the Board's resolution and approval in November 2022, Cathay Securities designated the Strategic Planning Department, which is subordinate to the President, as the core unit for driving corporate sustainability. This department is responsible for developing and executing the Company's sustainability affairs, such as sustainable development, fair customer treatment, and stewardship initiatives, with the head of the Strategic Planning Department responsible for overseeing implementation.

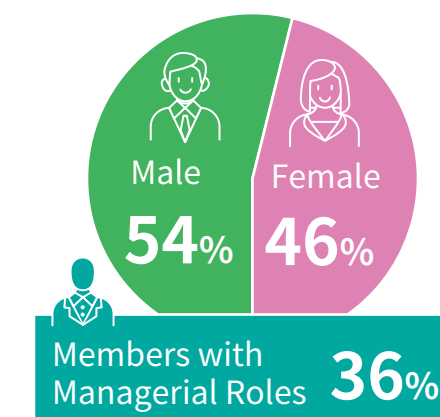
■ A Board of Directors Actively Overseeing and Enhancing Corporate Sustainability Value

Since 2021, Cathay Securities' CS Committee has tracked the implementation outcomes of sustainability goals and targets on a monthly basis, allowing the Board of Directors to effectively supervise the progress on sustainable development. In 2022, Cathay Securities began reporting the previous year's achievements on sustainable development to the Board of Directors. In 2023, quarterly reports were given to the Board of Directors so that it could effectively assess the implementation results. Looking ahead to 2024, Cathay Securities plans to hold quarterly physical corporate sustainability meetings. Executives of Cathay Securities will also continue to review the progress of sustainability strategies as instructed by the Board of Directors, and urge management teams to roll out adjustments in preparation for a continuously evolving society. We have formulated risk identification procedures and established charters and regulations for ESG and climate risk management, fair customer treatment, etc., to further strengthen our

sustainable governance framework and effectively manage positive/negative impacts; moreover, we have formed functional committees, such as the Risk Management Committee and Fair Customer Treatment Committee, in accordance with the Company Charter. This enables the Board of Directors to remain informed of the implementation activities and management results with regard to the aforementioned charters and regulations.

■ Selecting Interdisciplinary Talents to Co-create Optimal Action Plans

To ensure the robust development of a sustainable organization, Cathay Securities assembled professional talent from various departments and, in 2017, established the Corporate Sustainability Committee in accordance with the Company Charter. Under the personal supervision of the President, six working groups were assembled, namely Sustainable Governance, Responsible Products and Services, Responsible Investment, Green Operation, Employee Happiness, and Social Prosperity. These groups actively promote various sustainability tasks.



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Cathay Securities' Corporate Sustainability (CS) Committee is composed of members with relevant experience in the activities for which the working group is responsible while taking into consideration gender ratio, diversity, and professionalism. Thanks to this, members can deliver different opinions based on their backgrounds to bring about the best action plans for corporate sustainability, thereby effectively achieving goals and targets. Members of the working groups regularly attend quarterly meetings organized by Cathay FHC's CS Committee, during which independent directors are invited to offer suggestions. In addition, members of the working groups also compile monthly work reports, detailing the progress of each working group and resolutions for key sustainability issues, which further shows how we incorporate sustainability into our operational management and strategic goals.

Sustainable Development Strategy

■ Building a "People-Centric" Framework with the "SEC" Sustainable Development Strategy

The spirit of "What if We Could" represents the shared belief of Cathay FHC and its subsidiaries. Cathay Securities actively follows international initiatives such as the United Nations SDGs and adopts Cathay FHC's three main sustainability pillars: Climate, Health, and Empowerment. Integrating these with our core brokerage competencies and local characteristics, we have formulated the "SEC (Sustain, Empower, Create)" sustainable development strategy. We consider the impact of business decisions and operations on all stakeholders from a value chain perspective, establishing a "people-centric" foundation. Our goal is to collaborate with customers, employees, and society to create greater sustainable value and make dreams a reality for everyone.

For our customers, we are dedicated to creating better services and products. Focusing on our core securities business, we listen to customer feedback and maintain the principle of "We handle the complex processes, and provide convenient services to our customers." We offer personalized, comprehensive investment and financial services, continually introducing products and features that meet customer needs to advance inclusive finance and bridge the urban-rural gap. For our employees, we strive to empower employees and society. We view

every employee as a vital part of our organization, respecting their diversity and uniqueness. Through inclusive and equitable development programs and benefits, we cultivate a healthy work environment where employees can excel and innovate. For society, we are committed to sustaining eco-friendly practices. In our operations, we uphold the principle of "Taking from society, giving back to society," making sustainable development our responsibility. We actively address significant environmental and social issues by integrating internal and external resources. This involves implementing green operations to benefit the environment, supporting local disadvantaged groups, and empowering youth to foster a mutually beneficial relationship between society and the environment. Our SEC (Sustain, Empower, Create) core strategy drives our actions, consistently extending various sustainability initiatives with the overarching vision of achieving "inclusive finance for social prosperity."

■ Strategic Pillars and Direction

Sustain eco-friendly practices

- Climate Action
- Low-carbon Economy
- Sustainable Environment

Empower employees and society

- Talent Attraction and Retention
- Workplace empowerment
- Occupational Safety and Health
- Workplace Diversity and Inclusion
- Social Empowerment and Care

Create Better Services and Products

- Digital Finance
- Information Security
- Sustainable Product
- Responsible Investment
- Financial Inclusion



Mission

Continue to create sustainable and friendly financial solutions for the investment ecosystem



Vision

Realizing social prosperity through financial inclusion



Core Values

Integrity, Accountability, Innovation



Target

Sustainable Development Benchmark Enterprise



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Sustainability Strategy Blueprint

Actively Supporting the Group's Initiatives and Co-Creating a Sustainable Future

Ever since Cathay FHC published the Corporate Sustainability Principles in 2012, Cathay Securities has been monitoring issues and trends concerning corporate sustainability and keeping abreast of corporate sustainability systems as well as changes in the business environment at home and abroad, so as to issue appropriate sustainability responses and take real actions to improve our corporate sustainability performance. At Cathay Securities, we abide by Cathay FHC’s sustainability-related regulations, including the Corporate Sustainability Principles, Environmental and Energy Policy, Human Rights Policy, Policy on Mutual Prosperity in Society, and Sustainable Procurement Policy; furthermore, we have internalized the spirit of these regulations into our company regulations and policies.

Establishing a Sustainability Policy by Integrating the Core Business Activities of a Securities Firm

In compliance with the FSC's Transition Strategies of Sustainable Development for Securities and Futures Sectors, among other policy guidelines, laws, regulations, and official letters, Cathay Securities has integrated Cathay FHC’s various sustainability policies into the Company's Sustainable Development Blueprint. In 2023, based on the SEC strategy pillars and the three aspects of ESG, and with the approval of the Board of Directors, Cathay Securities established short/medium/long-term sustainability development policies and KPI targets for 2024, providing a foundation for implementing and formulating sustainable development plans.

Strategy Pillar	Aspect	Sustainable Development Goal	Short-term Policy (2024)	Medium-term Policy (2026)	Long-term Policy (2030)
Sustain Eco-friendly Practices	Environmental	Scope 1 and 2 Carbon Reduction Targets	Reduce Scope 1 and 2 GHG emissions (excluding subsidiaries) cumulatively by 15% by 2024, with 2020 as the baseline year.	Reduce Scope 1 and 2 GHG emissions (excluding subsidiaries) cumulatively by 30% by 2025, with 2020 as the baseline year.	Reduce Scope 1 and 2 GHG emissions (excluding subsidiaries) cumulatively by 42% by 2030, with 2020 as the baseline year.
	Environmental	Proportion of Renewable Energy Usage	Adopt renewable energy in at least 55% of our business locations in Taiwan.	Adopt renewable energy in at least 65% of our business locations in Taiwan.	Adopt renewable energy in 100% of our business locations in Taiwan.
Empower Employees and Society	Social	Leverage digital technology to provide financial education to clients, promote investor protection, and generate positive social impact	Provide at least 2 financial education sessions per year via digital platforms based on client needs and current events.	Provide at least 2 financial education sessions per year via digital platforms based on client needs and current events, and optimize mechanisms based on client feedback	Utilize data empowerment through digital platforms to provide clients with at least 2 optimized information sessions per year
	Governance	Sustainable Talent Transformation Plan	Continue to offer ESG online courses for all employees and invite external experts to conduct professional lectures on sustainability topics to foster sustainability awareness	Develop ESG-related courses linked to business and arrange external training to integrate employees' business with sustainability. Plan diversified promotion schemes to make continuous learning a norm for employees, creating a sustainable learning environment in the workplace.	Design a sustainability learning roadmap, development guidelines, and certification plans for employees at different career stages, ensuring continuous growth in sustainability knowledge for all employees.
Create Better Services and Products	Environmental	Percentage of electronic trading accounts from natural persons	The percentage of electronic trading accounts from natural persons is above 95%	Maintain the percentage of electronic trading accounts from natural persons above 95% and optimize digital platform services	Maintain the percentage of electronic trading accounts from natural persons above 95% and enhance system and service processes
	Governance	Maintain the validity of the ISO 27001 International Standard Certification	Maintain the validity of the ISO 27001 International Standard Certification	Renew ISO 27001 certification and comply with the latest international standards	Continue to maintain the validity of the ISO 27001 International Standard Certification and explore optimizing information security governance mechanisms in line with international standards

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Sustainability Strategy Blueprint and Material Topic Analysis

Material Topic Analysis

We followed the four steps to identify material topics as described in the GRI Standards 2021, analyzed global trends, and collected information on the sustainability issues that stakeholders

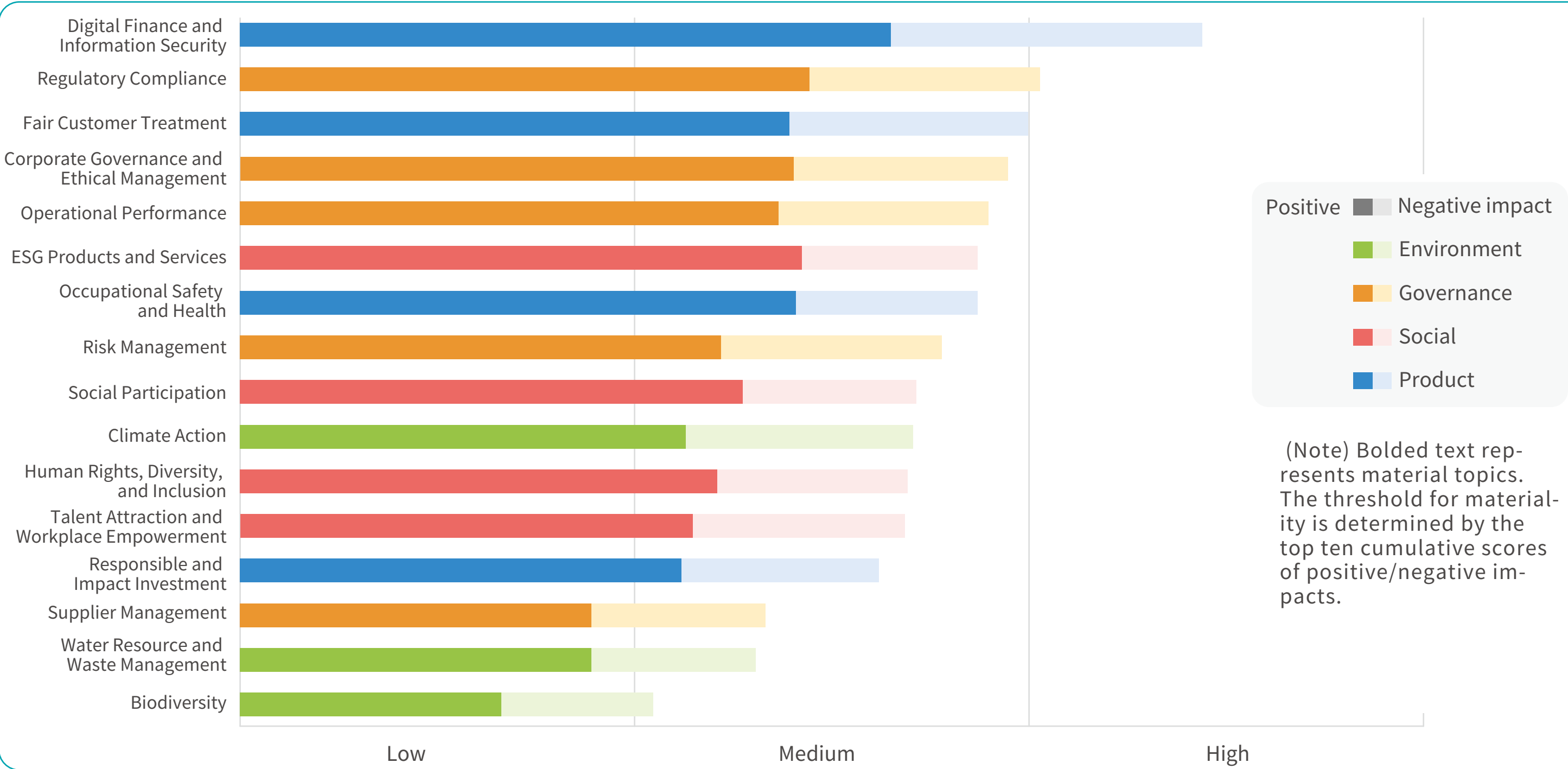
are concerned about. Through an internal impact analysis, we assessed the relevance of the impacts that such issues have on the economy, environment, and human rights; preliminarily selected material topics; and confirmed and supplemented the results at an in-house meeting to determine the final list of material topics for the year. We will continue to identify material topics and regularly review their impact to create a foundation for planning sustainability strategies. At the same time, we will keep stakeholders informed by disclosing information on the positive/negative impacts of sustainability issues.

Assessment Process	Assessment Method		
Understand the organization's context	step1 Identify stakeholders	7 stakeholder groups	After reviewing domestic and international sustainability trends and going through a series of cross-departmental discussions among the six working groups under the CS Committee, we identified seven groups whose interests are influential to Cathay Securities' activities, and determined the following groups of stakeholders to engage with: Employees Investors Customers Sppliers Government, Peripheral Business Units, and Community Associations Media Communities (NPO/NGO)
	Identify actual and potential impacts	16 issues	E:3 sustainability issues S:4 sustainability issues G:5 sustainability issues P:4 sustainability issues A total of 16 key sustainability issues relevant to Cathay Securities were identified based on the topics provided in the GRI Standards with due consideration to international sustainability standards and regulations (e.g., SDGs, SASB, TCFD), domestic policies, industry characteristics, the present status of peer companies, corporate development goals, and information acquired from stakeholder engagement.
Assess the significance of the impacts	step3 Assess the impact of material topics	16 valid questionnaires	A Sustainability Impact Assessment Questionnaire was distributed to six working groups of the CS Committee, who then assessed the positive/ negative impacts of each sustainability issue on the "external economy, environment, and people with human rights included." The impact assessment also considered the likelihood as well as the scale and scope of the impact to determine the significance of each issue.
	step4 Understand stakeholders' interests	375 valid questionnaires	Our understanding of impacts on the "external economy, environment, and people with human rights included" was facilitated by Cathay Securities' internal impact assessment and a consideration of stakeholders' interests. Stakeholders' interests were derived from questionnaire results, which included 375 valid questionnaires from employees of Cathay Securities (n=304), investors (n=12), customers (n=37), suppliers (n=6), the government/peripheral business units and community associations (n=7), media (n=5), and communities (NPO/ NGO) (n=4).
	step 5 Prioritize material topics	14 material topics	Based on the analysis results, the overall impacts of a sustainability issue on the "external economy, environment, and people with human rights included" were prioritized. The results were compiled into a bar graph of topics that were material to Cathay Securities in 2023. In total, 14 material topics were identified.
Disclose and report on the most significant impacts	step 6 Confirm material topics	14 material topics	The CS Committee confirmed the 14 identified material topics and subsequently evaluated the boundaries of each topic both inside and outside of the organization to ensure that important ESG information had been fully disclosed in the report.
	step 7 Disclose and Report	14 material topics	As required for reporting material topics, relevant response strategies, targets, performance, and management approaches are described in the report, ensuring a fair presentation of our sustainability information and performance.

Material Topics Analysis Results

■ Explanation of Changes in Material Topics for 2023

To better reflect the content of each topic and enhance communication with stakeholders, we have made adjustments to several topic names: "Information Security" and "Digital Finance" have been combined into "Digital Finance and Information Security"; "ESG Products and Services" has been renamed to "Sustainable Products and Services"; "Diversity and Inclusion" has been updated to "Human Rights, Diversity, and Inclusion"; and "Education and Training" along with "Talent Attraction and Retention" have been consolidated into "Talent Attraction and Workplace Empowerment."



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Vision and Goals of Material Topics

Cathay Securities, based on the UN SDGs and its sustainable vision of "realizing social prosperity through financial inclusion," has constructed a "people-centric" foundation. Focusing on customers, employees, and society as the three key stakeholders, we have set three main sustainability development pillars under the SEC framework. This approach combines stakeholders' concerns on material topics with the core functions of a securities firm, leading to a strong commitment to sustainable development. Cathay Securities formulates specific guiding policies and continuously deepens the implementation of various action plans with local characteristics. The Company regularly tracks execution effectiveness, aiming to become a benchmark enterprise in sustainable development and the preferred securities firm for investors.

	Material Topics	Policy and Commitment	Action Plans	2023 Performance	Short-term Goals	Medium- to Long-term Goals
Create Better Services and Products	Operational Performance	Create policies of employee performance management and performance bonuses, and integrate corporate sustainability into the Company's operations.	1. Develop more financial products. 2. Provide a diverse range of digital services that increase customer satisfaction. 3. Continue to enhance profitability.	1. Net profit after tax for the year was TWD2.112 billion, earnings per share of TWD2.74, and return on equity of 14.86%. 2. Our Taiwan 's stock market share grew to 3.95%, making us the fifth-largest securities firm in Taiwan. The market share of our Regular Saving Plan in domestic stocks reached almost 40%. 3. International financial re-entrustment business ranks first in the market for eight consecutive years	● Actively maintain operational performance.	● Improve the execution of operational impact analysis and risk assessment to ensure the completeness of the business continuity plan. ● Plan regular on-site scenario drills to test the effectiveness of the business continuity management plan.
	Digital Finance and Information Security	Optimize the quality of services and digital businesses, and set short/medium/long-term policies for natural persons trading electronically in order to create comprehensive digital investment experiences. Establish a cybersecurity policy and personal data management policy to strengthen cybersecurity governance and provide safe and reliable digital investment services to customers.	1. Launch digital transformation plans, focusing on three aspects: organizational reform, employee training and hiring, and operational transformation. 2. Continue to elevate customer experiences by integrating the AI Customer Service, which was launched in 2020 and upgraded in 2022, into our securities service app. 3. Continue to abide by the ISO 27001 standard. 4. Set up the Information Security Department and appoint a Chief Information Security Officer. 5. Appoint cybersecurity-certified personnel and train them for at least 15 hours on a yearly basis. 6. Join the Financial Information Sharing and Analysis Center (F-ISAC) and set up a cybersecurity intelligence gathering and handling mechanism. 7. Provide 3 hours of information security training courses to all employees on a yearly basis and perform information security drills.	1. Electronic statements for TWSE-listed stocks accounted for 95.9%. Note: This was calculated based on the November 2023 electronic statements for TWSE-listed stocks issued during December 2023. 2. Obtained the ISO 27001 Information Security Management System certification issued by the British Standards Institution (BSI).	● Achieve a 95% of electronic statements for TWSE listed stocks. ● Ensure the validity of the ISO 27001 Information Security Management System certification.	● Continue to maintain the validity of ISO 27001 International Standard Certification and follow international standards to research and optimize information security governance mechanisms.

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	Material Topics	Policy and Commitment	Action Plans	2023 Performance	Short-term Goals	Medium- to Long-term Goals
Create Better Services and Products	Sustainable Products and Services	Raise public awareness of sustainability issues, assist businesses in need of funds, and promote relevant products and services.	1. Provide underwriting advisory services to environmentally or socially responsible companies. 2. Underwrite green bonds. 3. Introduce elements of sustainability into the Cathay Securities App. 4. Issue ESG-linked warrants. 5. Provide services related to ESG research, reporting, and rating, and engage with listed/OTC companies that have ESG ratings.	1. Provided underwriting advisory services to 7 environmentally or socially responsible companies for 11 cases in 2023, and underwrote 14 green bonds and social bonds. green bond listings. 2. Issued 1,074 ESG-specific warrant listings, which accounted for 71% of the total warrants issued.	● Underwrite a total of 14 green bonds by 2024, with 2020 as the baseline year.	● Underwrite a total of 17 green bonds by 2026, with 2020 as the baseline year.
	Responsible and Impact Investment	Help companies implement their sustainability transformation, and support companies whose sustainability is negatively influenced or potentially at risk adjust their business strategy, thereby influencing investments.	1. Adhere to the Principles for Responsible Investment by incorporating ESG factors into the investment decision-making process. 2. Implement ESG risk management and regularly review investment portfolios. 3. Organize corporate engagement activities.	1. More than 77% of our long-term investment portfolios comprised the top 20 companies in the corporate governance evaluation, and 83.07% of these portfolios involved non-sensitive industries. 2. We engaged with 13 companies, an increase of 4 folds from the previous year.	● Increase investments by 10% in 2024, with 2020 as the baseline year.	● Increase investments by 30% in 2024, with 2020 as the baseline year.

	Material Topics	Policy and Commitment	Action Plans	2023 Performance	Short-term Goals	Medium- to Long-term Goals
Sustainable Governance and Management	Corporate Governance and Ethical Management	Comply with the corporate governance policies enforced by the competent authority and Cathay Financial Holdings, and establish internal ethical governance operating procedures and guidelines to facilitate sounder business development and stronger customer trust.	1. Continue to arrange further education for directors/supervisors, thus ensuring more effective governance. 2. Observe laws and regulations to ensure board independence. 3. Appoint a Corporate Governance Officer to promote ethical governance. 4. Set up ethical governance courses for cultural awareness. 5. Implement a whistleblower system. 6. Actively provide constructive advice on regulatory policies for the betterment of industries.	1. Directors/Supervisors underwent a total of 118.6 hours further education. 2. The Board of Directors convened a total of 7 meetings, with an overall attendance rate of 100%.	● Provide the Board of Directors with a yearly report stating ethical governance implementation results.	● Focus on international corporate governance trends and improve the company's governance system, including the operations of the board of directors.

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Sustainable Governance and Management	Material Topics	Policy and Commitment	Action Plans	2023 Performance	Short-term Goals	Medium- to Long-term Goals
	Regulatory Compliance	Establish compliance assessment methods and procedures as well as policies for Anti-money Laundering/ Combating the Financing of Terrorism (AML/CFT) to create a risk-based compliance management mechanism.	1. Appoint a chief officer and personnel to be in charge of compliance and anti-money laundering. 2. Regularly conduct various types of audits and assessments and report back to board directors/ supervisors semiannually. 3. Conduct compliance self-assessment for employees semiannually. 4. Incorporate "compliance implementation" in annual performance evaluations. 5. Install a real-time compliance management system.	1. All employees have 100% passed the compliance self-assessment test. 2. Discuss plans to adopt a data-sharing management mechanism for AML/CFT/ Counter-Proliferation Financing.	● Achieve a 100% pass rate on the compliance self-assessment test for all employees. ● Develop a data-sharing management mechanism for AML/CFT/ counter proliferation financing.	● Cultivate a compliance culture centered on the core values of "integrity, accountability, and innovation," including initiatives such as developing compliance governance based on behavioral risk and creating an internal control digital management sharing ecosystem.
	Risk Management	Manage various significant risk factors by formulating internal rules, such as risk management policies, risk management guidelines, and business continuity management rules.	1. Regularly review whether in-house policies, guidelines, and regulations are adequate and appropriate. 2. Comply with the risk management measures/ regulations of Cathay FHC, and set up a reporting system and mechanism that aligns with these measures/regulations. 3. Regularly organize drills for various compound disaster scenarios to ensure that backup mechanisms are effective. 4. Regularly evaluate the resilience and capacity of core operational systems and equipment.	1. Regularly evaluate the resilience and capacity of core operational systems and equipment. 2. Regularly evaluate the resilience and capacity of core operational systems and equipment	● Obtain the ISO 22301 Business Continuity Management System certification.	● Ensure the validity of the ISO 22301 Business Continuity Management System certification.

Sustain Eco-friendly Practices	Material Topics	Policy and Commitment	Action Plans	2023 Performance	Short-term Goals	Medium- to Long-term Goals
	Climate Action	Adopt climate strategies and climate actions in accordance with Cathay's Climate Strategy Blueprint and the government 's climate risk management regulations, and establish internal climate risk management policies and regulations.	1. Set up the Corporate Sustainability Committee and Risk Management Committee to be in charge of adopting climate strategies and monitoring/managing climate risks. 2. Set up a variety of education and training courses that raise employees ' climate awareness and enhance their abilities to manage climate risks and build climate-resilient financing. 3. Follow the carbon reduction path of investment portfolios to control their exposure to climate change risks. 4. Use renewable energy to reduce GHG emissions. 5. Promote transitioning to green operations, thereby creating a low-carbon workplace.	1. Scope 1+2 GHG emissions were reduced by 56.74% (with 2020 as the baseline year). 2. Low-carbon investment amounted to 501 million. 3. 100% of employees have completed climate risk management education and training.	● Reduce Scope 1+2 GHG emissions cumulatively by 15% by 2023, with 2020 as the baseline year. ● Adopt renewable energy in at least 55% of our business locations in Taiwan.	● Reduce Scope 1+2 GHG emissions cumulatively by 30% by 2025, with 2020 as the baseline year. ● Adopt renewable energy in at least 65% of our business locations in Taiwan.

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	Material Topics	Policy and Commitment	Action Plans	2023 Performance	Short-term Goals	Medium- to Long-term Goals
Empower Employees and Society	Fair Customer Treatment	Adopt the principle of treating customers fairly by not only following financial consumer dispute handling procedures, but also creating a Fair Customer Treatment Committee, rules that stipulate the duties and organizational structure of this committee, and a comprehensive set of principles and strategies for treating customers fairly. Promote different digital/innovative investment services by ensuring fairness in service accessibility, and educate customers on financial literacy to actively promote social sustainability.	- Pioneering the smart overweight or underweight service for Regular Saving Plans. - Optimize and create innovative digital platforms. - Share educational information on trading practices and fraud prevention. - Create a barrier-free financial service environment. - Comply with the regulations enforced by the competent authority and trade associations when drawing up contracts with customers, and stipulate terms and conditions for both parties in these contracts. - Optimize the Fair Customer Treatment Learning Map by introducing a "Fair Customer Treatment Day" training for all employees, promoting the spirit of fair treatment, and strengthening corporate culture. - Establish a remuneration system that factors in the weight of non-financial indicators instead of only considering the achievement of performance goals. - Provide customers with different service channels and properly handle customer concerns or grievances. - Optimize the Net Promoter Score (NPS) management system to continuously improve customer service experience.	100% of employees completed education and training in treating customers fairly. - Properly handled customer grievances within the time limit stipulated by the Financial Consumer Protection Act. - The market share of our Regular Saving Plan in domestic stocks reached almost 40%. - The number of natural persons trading electronically accounted for 99.6%. - Provide one financial literacy education session via EDM for elderly people aged 65 years or above and other disadvantaged individuals who lack access to securities services.	- Achieve a 90% share of natural person accounts trading electronically. - Expand the coverage of the financial empowerment protection network, providing at least two financial education sessions for young students. - Achieve a 100% completion rate of education and training in treating customers fairly for all employees. - Properly handle customer grievances within the time limit stipulated by the Financial Consumer Protection Act.	- Achieve a 95% share of natural person accounts trading electronically. - Achieve a 100%completion rate of education and training in treating customers fairly for all employees. - Properly handle customer grievances within the time limit stipulated by the Financial Consumer Protection Act.
	Social Engagement	Eliminate social inequalities, allowing everyone to improve their quality of life through their own efforts, providing diverse opportunities and resources for learning, participation, and collaboration to help specific groups acquire skills, showcase themselves, and participate in society.	- Promote internship and industry-academia cooperation programs, empower youth, provide employment, research, and other cooperation opportunities, and cultivate future talents. - Assist women in achieving self-reliance and self-fulfillment through cooperation. - Advocate for employee participation in volunteer activities and provide special leave for volunteers.	- Volunteer service hours reached 674 hours. - Organized three financial education knowledge promotion events, benefiting nearly 70 people. - Cooperated with multiple social enterprises through procurement and organizing activity experiences. - Supported cultural industries, arts promotion, and education.	- Continue promoting employee participation in volunteer activities. - Expand the organization of financial education activities to promote inclusive finance.	- Continue promoting employee participation in volunteer activities. - Expand the organization of financial education activities to promote inclusive finance.

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Empower Employees and Society	Human Rights, Diversity, and Inclusion	Create a diverse and inclusive workplace environment that allows diverse talents to reach their full potential, enhancing organizational competitiveness.	1. Comply with Taiwan's "Labor Standards Act," "Gender Equality in Employment Act," and other legal regulations to implement human rights policies with concrete actions. 2. Provide professional counseling employee assistance programs. 3. Establish communication and grievance mechanisms to effectively protect employee rights. 4. Promote and deepen the concept and spirit of diversity and inclusion, advocating for all employees to implement it collectively.	1. Female employees accounted for 54.6%. 2. No cases of sexual harassment occurred.	• Number of female employees reach 50%. • Female STEM talent reaches 45%. • Achieve 80% retention rate for employees who take parental leave.	• Promote the influence of diversity and inclusion through internal communication channels. • Continuously track the composition of the workforce. • Adopt diverse employee support programs.
	Supplier Management	Leverage the influence of the value chain and work with suppliers to implement sustainability.	1. Conduct supplier evaluations annually, requiring high-risk suppliers to make improvements. 2. Establish the "Cathay FHC Sustainable Procurement Policy" and the "Corporate Social Responsibility Code of Practice for Suppliers," establishing a comprehensive "Sustainable Procurement Process."	1. The total amount of green procurement reached approximately TWD20.63 million, an increase of 60.6% from previous year. 2. No high-risk suppliers were engaged in 2023.	• Continue to increase the amount of green procurement. • Continue to engage with no high-risk suppliers.	• Continue to increase the amount of green procurement. • Continue to engage with no high-risk suppliers.
	Talent Attraction and Workplace Empowerment	Establish a strategic talent development system to improve employees' core competencies, and at the same time, develop a sustainable talent transformation plan and adopt short/medium/long-term sustainability development policies for promoting talent sustainability.	1. Set up a dedicated unit to be in charge of human resources, devise annual employee training plans, and cultivate digital talents. 2. Establish the Employee Professional Certification and Reward Regulations and encourage employees to obtain professional certifications. 3. Invest in sustainable talent transformation by organizing ESG-related courses/lectures and creating an internal knowledge-sharing platform. 4. Rotate employees from time to time to other job positions depending on their personal interest, capability, performance, and development orientation, or assign them to other branches from time to time as needed by the Group. 5. Launch management associate training programs and arrange a series of competency improvement training courses for key talents.	1. Employee education and training expenses amounted to TWD11.54 million. 2. 301 people participated in the leadership echelon course and management associates underwent a total of 2,107 hours of training. 3. Achieved an average employee engagement score of >4 points, with a response rate of more than 80%.	• Achieve a 90% completion rate for the basic online ESG sustainability course. • Maintain high employee engagement and response rates.	• Continuously offer online ESG courses for all employees and invite external experts to conduct professional lectures on sustainability topics, fostering the transmission of sustainable knowledge and shaping sustainability awareness. • Enhance employee engagement and response rates.
	Occupational Safety and Health	Expand our health ecosphere by remaining committed to the implementation of the Four Main Programs for Labor Health Protection, and build an epidemic-ready and health-promoting workplace environment.	1. Continue to monitor employees' well-being by launching Employee Assistance Programs (EAPs). 2. Implement a protection program for pregnant employees to help alleviate the stress of pregnant employees.	1. Obtained the Badge of Accredited Healthy Workplace, which is awarded by the Health Promotion Administration of the Ministry of Health and Welfare. 2. Obtained the Taiwan iSports Certification, which is organized by the Sports Administration of the Ministry of Education.	• Ensure the validity of the Badge of Accredited Healthy Workplace. • Ensure the validity of the Taiwan iSports Certification.	• Ensure the validity of the Badge of Accredited Healthy Workplace. • Ensure the validity of the Taiwan iSports Certification.

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Boundaries of Material Topics Corresponding to the Value Chain and Management Approaches

Material Topics	What it Means to Cathay Securities	Description of Impact (Key Risks and Opportunities)		Value Chain Interest					Corresponding GRI Standards	Management Policy (Corresponding Chapters/Sections)
		Positive Impact	Negative Impact	Government and Competent Authority	Investor	Employee	Customer	Community		
Operational Performance	Direct economic value generated from operating activities.	Stable profits contribute to market stability, increased employee salaries, and more employment opportunities	Improper operations can lead to market decline, instability, reduced employee salaries, or significant unemployment	✓	✓	✓	✓		GRI 3: Material Topics GRI 201: Economic Performance	About Cathay Securities
Create Better Services and Products	Digital Finance and Information Security	Innovative technologies allow customers to conveniently use financial services, effectively increasing financial service reach, reducing paper usage and carbon emissions, and ensuring secure transactions through a strong information security protection network and robust system services	Customers must visit service locations or use manual processes to complete transactions, and factors like hacking or system failures can interrupt transactions or slow services, severely impacting customer rights			✓	✓		GRI 3: Material Topics GRI 418: Customer Privacy	3-1 Digital Finance and Information Security
	Sustainable Products and Services	Leverage the power of financial intermediaries to provide convenient, inclusive, and sustainable financial services to the public, while helping enterprises raise capital from the market to promote sustainable development.	Help the public accumulate wealth steadily, gradually lifting them out of poverty, and assist reputable enterprises in raising capital through stock listings or sustainable development bonds to achieve industrial upgrades and sustainable development.		✓	✓	✓		GRI 3: Material Topics	3-2 Sustainable Products and Services
	Responsible and Impact Investment	Integrate ESG factors into the investment process, using own funds to assist the development of enterprises with environmental and social benefits, and implement the UN SDGs for sustainable development.	Guide investee companies to focus on sustainable development, set short-, medium-, and long-term goals, or integrate ESG with their operations, thereby developing business projects beneficial to the environment or society and promoting overall industry sustainable development.		✓	✓	✓		GRI 3: Material Topics	3-3 Responsible Investment

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Material Topics	What it Means to Cathay Securities	Description of Impact (Key Risks and Opportunities)		Value Chain Interest					Corresponding GRI Standards	Management Policy (Corresponding Chapters/Sections)
		Positive Impact	Negative Impact	Government and Competent Authority	Investor	Employee	Customer	Community		
Empower Employees and Society	Fair Customer Treatment	Adhere to principles of fairness, equality, reciprocity, and integrity in all aspects, from advertising and solicitation to contracting and providing financial products and services. Actively understand customer needs when handling disputes and complaints, protect customer rights, and foster positive impacts.	Failing to treat customers fairly or understand their needs can adversely impact customer rights due to flawed operational processes or services. This can result in customer distrust and further harm their rights.			✓	✓		GRI 3: Material Topics GRI 417: Marketing and Labeling	2-4 Social Inclusion and Empowerment
	Human Rights, Diversity, and Inclusion	Employ diverse genders, races, and disabled individuals, empower women, support the disadvantaged, and assist youth employment, and elderly employment.	Inequality in recruitment and promotion processes; incidents of discrimination and harassment.						GRI 405: Diversity and Equal Opportunity	2-3 Workplace Diversity and Inclusion
	Supplier Management	Implement management policies for suppliers or contractors covering compliance, human rights, environmental protection, and ethical management, establish evaluation standards, and conduct regular risk assessments	Inadequate supplier management could result in environmental harm and violations of human rights.	✓	✓		✓		GRI 414: Supplier Social Assessment	2-4 Supplier Management
	Talent Attraction and Workplace Empowerment	Provide suitable growth environments from recruitment to different career stages, competitive salaries and benefits, and fair assessment and promotion systems.	Lack of professional skills among employees, low company recognition leading to talent loss, and unreasonable salaries and benefits harming employee rights.	✓	✓	✓			GRI 3: Material Topics GRI 404: Training and Education	2-1 Talent Attraction and Retention

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			Positive Impact	Negative Impact	Government and Competent Authority	Investor	Employee	Customer	Community		
Empower Employees and Society	Social Engagement	Focus on underserved groups lacking securities services, engage in social welfare or cultural programs, including community care, financial literacy education, care for remote and disadvantaged areas, and organizing activities like tree planting.	Help underserved groups to establish correct financial concepts, enabling them to use financial tools to accumulate wealth. Support disadvantaged groups towards self-reliance, and engage in community activities to improve the environment.	Lack of social welfare involvement may result in the neglect of disadvantaged groups' rights, creating a perception that the company is solely profit-driven without giving back to society, leading to a negative perception among customers and society, and ultimately resulting in customer loss.			✓	✓	✓	Customized theme	2-4 Social Inclusion and Empowerment
	Occupational Safety and Health	Establish a management system for occupational safety and health, implement protective measures to safeguard employees from hazards, and focus on employee physical and mental health to create a healthy work environment.	Provide a healthy and safe working environment, ensuring employees' health and safety rights.	Operational activities leading to occupational injuries, occupational diseases, or safety incidents.	✓	✓	✓			GRI 3: Material Topics GRI 403: Occupational Health and Safety	2-2 Occupational Safety and Health
Sustain Eco-friendly Practices	Climate Action	Assess and monitor major risks and opportunities posed by climate change, establish climate risk governance strategies, and take concrete actions to adapt to climate change and move towards net-zero emissions.	Implementing climate action helps the company identify proactive measures during extreme weather events, invest early in sustainable products and services development, and leverage the securities industry role to help industries and society adapt to climate change and achieve net-zero emissions.	Frequent extreme weather events or ongoing global warming may require industries to invest significantly to address climate risk events, and may also lead to survival crises for humans and species.			✓		✓	GRI 3: Material Topics GRI 302: Energy GRI 305: Emissions	1-1 Climate Governance

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		Positive Impact	Negative Impact	Government and Competent Authority	Investor	Employee	Customer	Community		
Sustainable Governance and Management	Corporate Governance and Ethical Management	Implementing integrity management and sound corporate governance allows the board of directors to effectively supervise departmental operations, creating a reliable and stable operating environment. This approach helps avoid regulatory penalties and protects the rights of customers, employees, and other stakeholders.	Potential regulatory penalties from financial authorities, incidents of corruption, and violations of customer rights can lead to distrust in the Company's products and services. This can result in significant investor losses and hinder the company's ongoing operational development.	✓	✓	✓	✓		GRI 3: Material Topics GRI 302: Anti-corruption GRI 206	4-1Corporate Governance 4-2 Ethical Management
	Regulatory Compliance	Regulatory compliance promotes the healthy development of the financial market, maintains market order, protects the rights of customers, the public, and other stakeholders, and reduces potential operational risks for the Company.	Potential disruption to the financial market, market disorder, infringement of customer and public rights, and significant operational risks for the company.	✓	✓	✓	✓		GRI 3: Material Topics GRI 2-27: Compliance with Laws and Regulations GRI 206: Anti-competitive Behavior GRI 417: Marketing and Labeling	4-3 Regulatory Compliance
	Risk Management	Sound risk management prevents risk events and exerts positive impacts, such as a swift response to crises, asset protection, and stability in the financial market.	Failure to proactively manage risks may result in operational disruptions, crisis events leading to customer or employee losses, or an inability to promptly report and address emergencies.	✓	✓	✓	✓		GRI 3: Material Topics	4-4 Risk Management

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Stakeholder Communication

In line with the expectations of our stakeholders, we have adhered to the five principles of the AA1000 Stakeholder Engagement Standard (AA1000 SES): dependency, responsibility, tension, influence and diverse perspective, and accordingly identified seven groups of stakeholders. Moreover, we established the Responsible Investment and Engagement Policy Regulation Standards and communicated with each stakeholder through a multitude of channels, including press releases and official websites, actively participating in Group-organized forums and charity functions, and determining and addressing the concerns of in-house employees and external customers through satisfaction surveys.

Stakeholder Communication Channels and Frequency

Cathay Securities' stakeholders mainly include investors, employees, customers, society, media, government and regulatory authorities, and suppliers. We have a significant responsibility to our stakeholders. Therefore, we communicate with them through various means and channels to understand their needs and expectations. This communication serves as a basis for formulating sustainable development policies and related plans. The communication methods and channels with stakeholders are shown in the following table. For detailed responses to relevant major themes and plans, please refer to each chapter.

Stakeholder	What it Means to Cathay Securities	Communication Channel and Frequency	Communication Results for 2023	Feedback and Suggestions
 Government and Competent Authority	The financial industry is one of the most highly regulated sectors. Cathay Securities strictly complies with government and regulatory laws, cooperates with government policies, and promotes industry development and positive cycles through two-way communication.	Annually - Publish stewardship reports - Prepare sustainability reports Irregularly - Compliance with laws and regulations - Disclosure of company information on the Market Observation Post System and company website - Policy seminars, panel discussions, and public hearings - Cooperation in audits by the competent authority and continuous interaction with the competent authority	- No violations of any laws, regulations, non-conformances, or penalties have been incurred. 2. Launched the new website and Corporate Sustainability Section. - Announced Cathay Securities ' Statement of Compliance with Stewardship Principles for Institutional Investors. - Published the 2022 Stewardship Report. - Adopted the data boundary of Cathay FHC ' s 2022 Sustainability Report.	Joined the "Coalition of Movers and Shakers on Sustainable Finance" with Cathay FHC to support Taiwan's net-zero transition. Established complete operational regulations based on international standards and regulatory directives, adhering to relevant regulatory requirements and climate risk scenario analysis.

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Stakeholder



Investors

What it Means to Cathay Securities

Cathay FHC is the sole shareholder of Cathay Securities. We actively follow the policies and development directions of the parent company, ensuring consistent information and management.

Communication Channel and Frequency

- Quarterly**
 - Board of Directors
- Annually**
 - Prepare sustainability reports
- Irregularly**
 - Subsidiary supervision by corporate shareholder Cathay FHC in accordance with the Financial Holding Company Act
 - The Board of Directors exercises the functional duties and power of the shareholders' meeting

Communication Results for 2023

- Convened a total of seven board meetings (including motions in which the Board of Directors exercises the functional duties and power of the shareholders' meeting.)
- Cooperated in providing data for review and supervision by parent company Cathay FHC.
- Adopted the data boundary of Cathay FHC's 2022 Sustainability Report.

Feedback and Suggestions

Cathay FHC sustainability office

Cathay envisions becoming the 'Best Financial Institution in the Asia-Pacific Region' and incorporates corporate sustainability into decision-making. By leveraging financial influence and core risk management functions, Cathay practices sustainable finance. Cathay has proposed three main sustainability development pillars: 'Climate, Health, and Empowerment.' Cathay Financial Holdings and its subsidiaries construct a sustainability strategy blueprint based on core functions, building group consensus, and assessing the risks and opportunities of core business activities concerning the SDGs. These efforts are actively implemented in daily operations to ensure Cathay maximizes its core financial industry functions, effectively addressing social and environmental issues, and providing stakeholders with sufficient resilience.

Stakeholder



Employees

What it Means to Cathay Securities

To strengthen corporate sustainable development and innovation capabilities, recruiting, training, and retaining quality, cross-disciplinary talent is key to future operations. Cathay Securities offers competitive compensation and benefits, diverse training, and encourages open-mindedness and out-of-the-box thinking.

Communication Channel and Frequency

- Weekly**
 - Regularly post ESG-related articles on social media
- Monthly**
 - E-newsletter Happy News at Cathay Securities
- Annually**
 - Employee Engagement Survey
- Semiannually**
 - Performance evaluation and communication
- Irregularly**
 - Employee Mailbox
 - Intranet for communication with employees
 - Bulletin board
 - Education and Training

Communication Results for 2023

- Posted 57 ESG-related articles with a view rate exceeding 80%.
- Established the Manager Performance Management and Development Guidelines and Employee Performance Management and Development Guidelines, and organized two sessions of the Performance Management and Interview Skills course.
- The Employee Engagement Survey indicated a satisfaction score of 4.32 out of 5.

Feedback and Suggestions

Colleagues from the International Financial Information Department

As a member of the company, I agree with National Securities' in-depth development and promotion of sustainable development issues. Actually, I also participated activities of the Wilderness Conservancy and therefore have some knowledge of sustainability goals. Enterprise support for sustainable development can have a positive effect on society and even influence government policies. In addition, the company continues to promote various activities so that colleagues can have more understanding of ESG through activities, and also allow us to consciously practice it in our lives.

Colleagues in the Audit Office

I think the company attaches great importance to the sustainable development of the enterprise. From the top (General Manager) to the bottom (employees), they are practical and carry out sustainable tasks diligently! Through the planning and results of sustainable operations, the group's corporate image can also be enhanced and investors can understand the effectiveness of the company's sustainability policies.

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Stakeholder

What it Means to Cathay
Securities



Customers

Customers are the main source of the company's revenue. Cathay Securities adheres to a customer-centric philosophy, offering diverse and friendly services or products while maintaining proper profits for corporate operation and development.

Communication Channel and Frequency

Promptly

- AI Customer Service
- A robust electronic trading platform
- A secure, well-protected network that conforms with the ISO 27001 Information Security Management System standards

Quarterly

- Fair Customer Treatment Committee, which reviews and evaluates relevant plans, goals, and implementation outcomes on a quarterly basis

Irregularly

- Net promoter score (NPS) management system
- Disclosure of company and customer service information on the company website
- Online Voice of the Customer (VoC) message board, customer service mailbox, and Cathay Securities' official LINE account and Facebook page

Communication Results for 2023

1. Pioneered the smart overweight or underweight service for Regular Saving Plan in the Cathay Securities App.
2. Provided 24/7 AI Customer Service.
3. Extended the availability of customer service hotline from business hours to 11 p.m.
4. Obtained the ISO 27001 Information Security Management System certification.
5. Convened four Fair Customer Treatment Committee meetings.

Feedback and Suggestions

Digital Operations Center/Channel
Operations

"Someone immediately greeted me and asked what service I needed. They were very patient and friendly. When there was an error with my remittance account number, the staff at the counter noticed it and quickly assisted me with the refund process. Highly recommended, a very friendly team."

"Customer service representative Mr. Li clearly explained the process. Handling matters through correspondence was very convenient. The section for downloading forms and required documents was also very clear, making the process easy and efficient for users."

"The service staff were very kind, courteous, professional, and friendly. The entire process was very comfortable and satisfying!"

"The handling personnel were very fast and professional, thorough in verifying information. The activation and verification of application functions were also handled meticulously. The key point is their speed."

(Data sourced from the NPS system)

Stakeholder

What it Means to Cathay
Securities



Suppliers

Ensuring suppliers provide products or services that align with Cathay Securities' sustainability philosophy, working with suppliers to minimize environmental impact from procurement and advocacy.

Communication Channel and Frequency

Annually

- Supplier evaluations
- Implementation of the ISO 20400 Sustainable Procurement Guidance certification and adherence to the "Cathay FHC Sustainable Procurement Policy"

Irregularly

- Invite suppliers to sign Cathay FHC's Declaration of Sustainability Values
- Advocacy for local procurement and sustainable procurement

Communication Results for 2023

1. Obtained the ISO 20400 Sustainable Procurement Guidance certification.
2. New suppliers signed Cathay FHC's Declaration of Sustainability Values.
3. Regularly conducted supplier evaluations every year.
4. Purchased only from local suppliers, reporting a sustainable procurement amount of TWD25.13 million.

Feedback and Suggestions

Standing on the shoulders of giants, we can fly higher and go further, especially on the path to sustainability. By collaborating with Cathay Securities, we can join hands to accelerate progress toward the ideals and goals of net-zero. We appreciate Cathay Securities' support for the Green Hope Spring Light Avenue Project. Officials traveled from the city to the rural mountains to join us in planting native Taiwanese trees, protecting the forests, strengthening local revitalization efforts, revitalizing abandoned farmland, and promoting local employment. We need the right people to plant the right trees in the right places, gathering the power of the public to make actions in the face of the climate crisis more impactful.

Chen Yuhua, Founder of Green Hope Spring

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Stakeholder



Media

What it Means to Cathay
Securities

Actively interacts with
CSR experts and the
media to strengthen
the effectiveness
of sustainability
promotion and
timely disseminate
information to the
public, enhancing
understanding of
Cathay Securities.

Communication Channel and Frequency

Annually

- Prepare Cathay FHC 's annual reports with Cathay FHC
- Spokesperson and a liaison office
- Active participation in sustainability awards
- Active participation in ESG activities or projects
- Issue press releases and hold press conferences

Irregularly

Communication Results for 2023

1. Adopted the data boundary of Cathay FHC' s 2022 Annual Report.
2. Won the 2023 Taiwan Corporate Sustainability Awards (for details, see Sustainability Awards and Recognition in the Report.)
3. Co-organized the Cathay Sustainable Finance and Climate Change Summit with Cathay FHC and invited media to attend.
4. Appointed a spokesperson and tasked the Strategic Planning Department with handling media communication matters.

Feedback and Suggestions

Cathay Securities maintains good interactions with the media, effectively conveying company information and performance to stakeholders, helping the public obtain accurate and timely company information, and continually strengthening the Company's image.

Stakeholder



Communities

What it Means to Cathay
Securities

As a social and
economic entity, the
company should also
contribute to society,
promoting corporate
social responsibility,
and establishing close
relationships with
stakeholders. Cathay
Securities actively
connects with social
partners, NGOs, and
NPOs to collectively
address social and
environmental issues,
expanding social
influence.

Communication Channel and Frequency

Irregularly

- Industry-academia cooperation projects and internship programs
- Special volunteering leave
- Purchases from social enterprises
- Disclosure of charity activities on the company website

Communication Results for 2023

1. Published information disclosure documents on the section "About Us" of the company website.
2. Published information disclosure documents on the section "About Us" of the company website.
3. Partnered with subsidiary Cathay Futures since 2020 to work on ESG research. collaboration projects with the National Taipei University
4. Employees volunteered their services, which amounted to up to 674 hours.
5. We held the 'Planting Together, Sowing Hope' tree planting event. We also partnered with Tribake Social Enterprise and the Little Shell Workshop, affiliated with the Taipei Autism Parents Association, to organize Mother's Day and Christmas events.
6. In Nanzhuang Township, Miaoli County, we held the 'Financial Education Together GO' anti-fraud education event, provided students with a one-day customer service experience, and donated supplies.

Customer Feedback and Suggestions

Principal of the Penglai Elementary School
In modern society, good financial management skills are one of the most important abilities. This practical knowledge not only comes in handy in daily life but also cultivates students' awareness of saving and investing. Cathay Securities provides easy-to-understand financial management courses to establish correct financial concepts, helping students become more independent and stable in their future lives. Additionally, the "New Homes for Second-hand Computers " initiative not only helps schools obtain usable computer equipment but also promotes environmental awareness and the concept of resource sharing, extending the lifespan of products and thereby reducing their negative impact on the environment. We hope everyone continues to support these activities, providing more possibilities and opportunities for the growth and development of students.
Lin Enhui, Principal of Penglai Elementary School, Miaoli County

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Philosophy

To mitigate the impacts of climate change and resource scarcity, we are committed to creating a green and sustainable operating environment. Through our efforts in carbon reduction within our operations, support for renewable energy, and initiatives to protect and improve the ecological environment, we view sustainable development as our responsibility. We not only implement these measures internally but also collaborate with suppliers, external partners, employees, and the public to actively address significant environmental and social issues, ensuring the well-being and coexistence of society and the environment.

Achievements

- Low-carbon investment amount: **NT\$501 million**
- **100%** completion rate of climate risk management training for all employees
- Accumulated carbon reduction of **56.74%** based on the year 2020
- Renewable energy usage rate exceeds **58%**
- Acquired **1.308 million kilowatt-hours of green electricity**
- Proportion of accounts using electronic transactions: **99.6%**
- Based on the year 2020, carbon emission intensity decreased by 24%; per capita electricity consumption reduced by 20.3%; per capita water consumption reduced by 12.2%

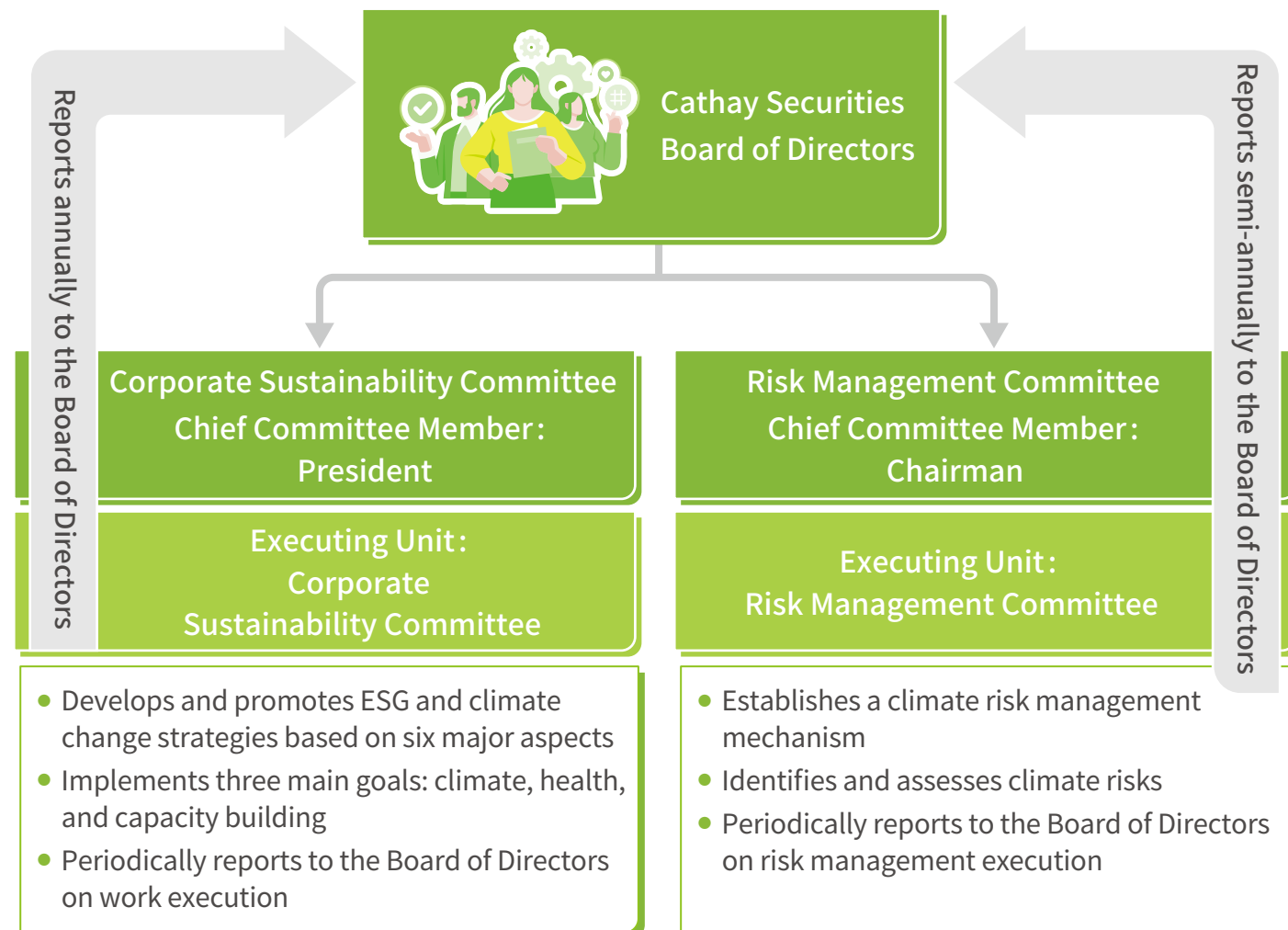
SDG7 SDG8 SDG13 SDG17

1-1 Climate Governance

Climate Governance Framework and Responsibilities

■ Board of Directors' Commitment and Top-down Implementation

The Board of Directors of Cathay Securities places great importance on climate governance and implements it from the top down. In accordance with the "Risk Management Practices for Securities Firms" promulgated by the Taipei Exchange, and following Cathay Financial Holdings' ESG strategy, the Board plans ESG and climate risk management, formulates climate-related policies, strategies, and objectives, and regularly oversees the execution of related business activities. Additionally, the Board reviews emerging regulatory measures related to climate risk and their impact on the company's reputation and legal obligations.



To establish an effective climate governance framework, Cathay Securities designates the Board of Directors as the highest governing body for climate-related issues. Senior executives lead the "Corporate Sustainability Committee" and its task force to promote climate-related strategies. Climate risks are further integrated into the enterprise risk management framework, supervised by the "Risk Management Committee." This structure continually enhances Cathay Securities' ability to respond to climate-related risks and opportunities, ensuring resilience. The entire organization, from top to bottom, aligns with the climate-related policies, strategies, and objectives set by the Board, implementing goals and creating business opportunities. Additionally, the company actively promotes group sustainability initiatives and provides annual reports on the execution status to the Board of Directors.

Organization	Chair / Lead	Reporting / Meeting Frequency	Climate Governance Responsibilities
Board of Directors	Chairman	At least once per quarter	The Board of Directors is the highest governance unit for ESG and climate risk management, responsible for formulating related policies and strategies, overseeing the implementation of ESG and climate risk management, and examining the impact of new regulatory measures on the company's reputation and legal obligations.
Risk Management Committee	Chairman	Quarterly	Assists the Board of Directors in supervising the company's overall ESG and climate risk management. Responsible for establishing the climate risk management mechanism, monitoring its implementation, and reporting to the Board of Directors on a semi-annual basis.
Corporate Sustainability Committee	President	Monthly / Annually	Comprising six groups, responsible for ESG and climate-related strategies and goal-setting. Focuses on three main aspects: climate, health, and empowerment. Implements measures and reports to the Board of Directors on the execution status every year.
TCFD Task Force	Chief Risk Officer of Financial holding	Monthly	Financial Holdings will convene projects related to climate and natural risks to leverage the expertise and resources of each subsidiary to maximize the group's benefits.

Climate Risk Awareness and Training

Cathay Securities proactively assists all employees in developing climate knowledge from the top leadership down to every employee. We continuously arrange a variety of internal and external educational trainings, specialized topics, and lecture-sharing sessions to enhance climate awareness, risk management, and financial structuring capabilities. For detailed information, please refer to the 2023 Cathay Securities Climate and Natural Risk Management Report.

Climate Knowledge Training Strategies



Raising Climate Risk Awareness

- Invite external consultants to provide climate-related educational training for board members. In 2023, directors participated in 102.6 hours of ESG-related training.
- Provide senior management education and training, including ESG courses and regular seminars, to deepen professional capabilities and share knowledge.
- Ensure 100% annual completion rate for mandatory climate risk management training for all relevant employees.
- Participate in TCFD task force meetings and promote company-wide climate strategy and related risk management practices through regular participation and case studies.



Understanding Climate Trends

- Cathay actively engages in various dialogues and collaborations, such as joining the Coalition of Finance Ministers for Climate Action (COP) and participating in forums on Cathay Sustainable Finance and Climate Change Summit, to learn about global trends and issues.
- Cathay serves as a board member and co-chair of the Asia Investor Group on Climate Change (AIGCC), supporting international and domestic climate risk management initiatives.



Enhancing Climate Risk Assessment and Financial Structuring Capabilities

- Cooperate with the parent company to introduce public databases and tools for evaluating and managing climate risk exposure at the company level.
- In 2020, Cathay began a long-term collaboration with National Taipei University to publish Taiwan ESG stock research reports and establish ESG rating indicators. In 2021, Cathay released an ESG credit risk report, and launch of sustainability zone in 2022, provide investors with opportunities to make sustainable investments, nearly 300,000 retail investors join the sustainability zone in 2023..

Climate Risk and Opportunity Identification

Cathay Securities identifies climate-related natural risks by referencing international trends and regulatory guidelines, including the TCFD and TNFD frameworks. This approach helps us evaluate the significant impacts of climate change and natural disasters on our business and operations. By linking these risks to traditional risk measurements, we not only enhance our management mechanisms but also uncover potential business opportunities.

The Cathay TCFD Task Force initially identifies potential climate-related issues, distinguishing 13 risks and 8 opportunities. These are assessed based on their types and characteristics, evaluating their impact on our business or operations. Senior management evaluates and analyzes each item, creating a risk-opportunity matrix for Cathay Securities. This matrix ranks the items based on the impact level and the probability of occurrence.

In this year's matrix creation and ranking, transition risks were found to be more significant than physical risks. This is mainly due to the nature of the financial industry. In 2022, we imported the "ISO 22301 Business Continuity Management System" to enhance our emergency response capabilities for major climate-related natural disasters. We also conduct regular drills and training to deepen our employees' understanding of climate change disasters.

Based on the ranking results, we develop corresponding work priorities and action plans to strengthen our corporate risk management mechanisms, fulfill our sustainability commitments, and enhance climate resilience. For detailed information, please refer to the 2023 Cathay Securities Climate and Natural Risk Management Report.



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1. Identification of Climate-related Natural Risks

Transition Risks

- Policy and Regulation
- Market factors
- Reputation and Technology

Physical Risks

- Acute Risks
- Long-term Risks

Opportunities

- Market factors
- Products and Services Resilience

2. Impact of Risk Factors

- Impact of macroeconomic/ microeconomic
- Market Risks: Securities Price Volatility
- Credit Risks: Collateral Fluctuations
- Reputation Risks: Reputation Damage
- Liquidity Risks: Customer Customer changes preferences, liquidity decline Liquidity Decline
- Operational Risks: Business Interruption

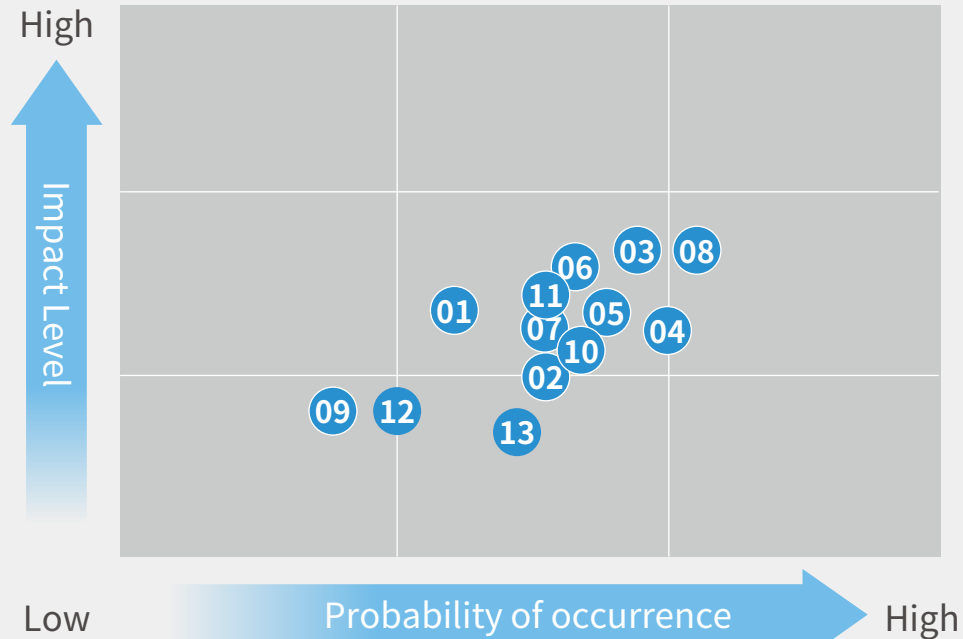
3. Business/Operational Impacts

- Investments
- Changes in Customer Preferences
- Legal and Regulatory Changes
- Operating Costs
- Business Relations (Real Estate)

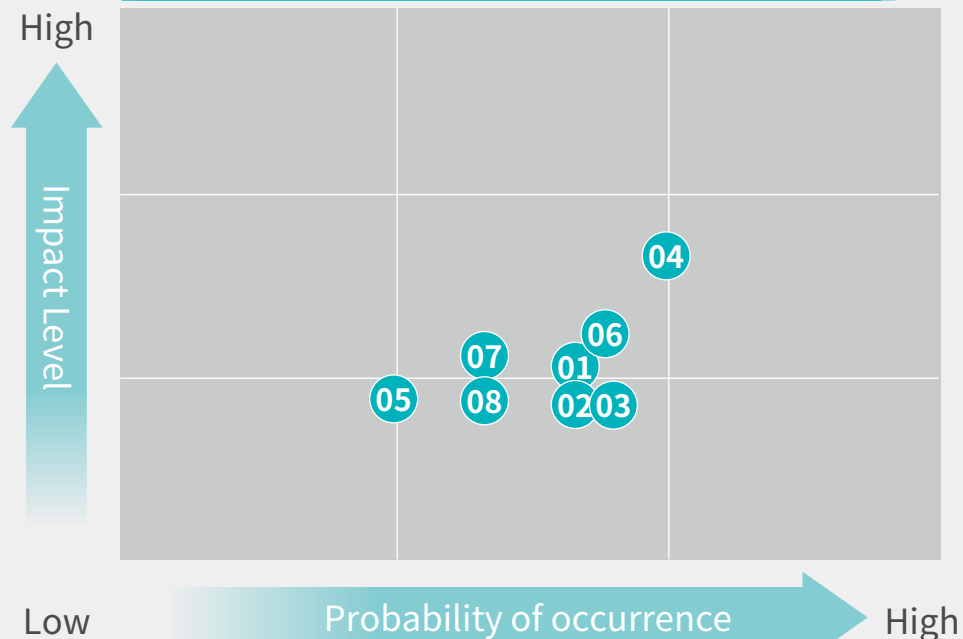
4. Risk Opportunity Analysis

Evaluate climate risk issues impacting business or operations, establish a risk qualitative questionnaire, and rank these issues through internal discussions for further analysis. Eventually, map these into the climate opportunity matrix.

Climate and Natural Risk Matrix



Climate and Natural Opportunity Matrix



Risk Items

- 01 Climate change litigation and liability risks
- 02 The engagement mechanism failed to meet the expectations of external stakeholders including risk management
- 03 Change in preferences for Customer investments or financial products
- 04 Regulatory uncertainty leading to transition risks
- 05 Promotion of eco-friendly products and services increasing risks
- 06 Risk of stakeholder backlash against climate strategy
- 07 Increased credit and market risks for high-carbon emission portfolios
- 08 Risks from inconsistencies between sustainability commitments and actual management actions
- 09 Low-carbon transformation risks of own operations
- 10 Increased company operating costs due to climate disasters
- 11 Operating risks to the oneself and investment and financing objects due to extreme climate
- 12 Investment and financing objects face natural physical risks
- 13 Investment and financing objects face natural transition risks

Opportunity Items

- 01 Establish climate-related risk management mechanisms to enhance credit ratings
- 02 Deepen engagement in climate-related investments
- 03 Improve the resilience of damage prevention at our own and customer operations sites
- 04 Develop green innovative services to enhance customer stickiness and strengthen brand value
- 05 Net-zero real estate transition and energy services management to enhance climate resilience
- 06 Exert financial influence through advocacy and engagement actions, and cooperate with collaborative companies to develop innovative finance for climate and nature.
- 07 Develop carbon-related business opportunities and services
- 08 Explore opportunities to innovate climate-related financial products and services

Cathay Securities follows the "Guidelines on Risk Management for Securities Firms" to ensure society understands our climate risk management actions. In accordance with the Financial Stability Board (FSB) and the Task Force on Climate-related Financial Disclosures (TCFD) guidelines, Based on 4 major aspects and 11 public projects as the main axis. We have compiled the "2023 Cathay Securities Climate and Natural Risk Management Report," which will be disclosed to the Board of Directors and made public in 2024.



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Major Climate Risks and Opportunities

Risk Type		Major Risks	Corresponding Risks	Impact Period	Impact Scope	Potential Financial Impact
 Transition Risks	Reputation	Inconsistent actions between external sustainability commitments and actual management may lead to risks.	- Credit Risks - Reputation Risks	Medium to Long-term	Investment	Demonstrating sustainable products/services may have competitive advantages but may also cause credit or reputation risks due to inadequate management, leading to financial losses.
	Market	Change in preferences for customer investments or financial products	- Market Risks - Reputation Risks	Short to Long-term	Operations	Increased customer awareness may lead to decreased demand for unsustainable products, impacting income and market reputation.
	Market	Risks associated with promoting green investment and financial products.	- Market Risks - Credit risks	Medium to Long-term	Investment	Based on domestic and international green finance policies, the promotion of green investments may involve high management costs and technological investment, affecting profits.
	Policy and Regulation	Policy uncertainty leading to transition risks.	- Credit Risks - Market Risks	Medium to Long-term	Operations	Regulatory uncertainty may lead to investment in non-compliant products, resulting in increased operational costs and potential financial losses.
	Policy and Regulation	Risk of stakeholder backlash against climate strategy	- Reputation Risks - Legal Risks - Operational Risks	Medium to Long-term	Investment Operations	Increased reputation and legal risks due to non-compliance or lawsuits related to climate policies, impacting market share and financial performance.

Major Opportunities

Major Opportunities	Impact Period	Impact Scope	Potential Financial Impact
Develop green innovative services to enhance customer stickiness and strengthen brand value	Short to Long-term	Operations	Developing green and innovative services may lead to increased revenue and market share, contributing to long-term growth.
Exert financial influence through advocacy and collaborative actions, and cooperate with collaborative companies to develop innovative finance for climate and nature	Medium to Long-term	Investment Operations	Leveraging financial integration to drive climate awareness and cooperation can increase company resilience and financial performance.
Establish climate-related risk management mechanisms to enhance credit ratings	Medium to Long-term	Operations	Establish a management mechanism to fulfill sustainability commitments to ensure the implementation of commitments, so as to enhance customers' willingness to do business with the company and the company's confidence and credibility.

Note: In the short term, it may happen within 1 year, in the medium term, it may happen in 1 to 3 years, and in the long term, it may happen in more than 3 years.

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Climate Scenario Analysis

To understand the impact of climate change on Cathay Securities, we utilize climate scenarios published by international organizations, including the "Intergovernmental Panel on Climate Change (IPCC)", the "International Energy Agency (IEA)", and the "Network for Greening the Financial System (NGFS)" of central banks and supervisors. We also incorporate "Nationally Determined Contributions (NDCs)" into our assessments, striving to develop quantitative scenario analyses. Based on the results, we evaluate the resilience of our climate strategies and the appropriateness of our risk management to ensure the company is equipped to handle climate change-related disaster risks.

Cathay Securities conducts at least one climate scenario analysis and stress test annually. The methodologies and data used are sourced from governmental agencies, credible organizations, or published research results from research institutions. The analyses use the latest and most appropriate data, reflecting the company's business scope and nature. Therefore, this scenario analysis method complies with regulations and accurately reflects the climate risks we face. The scenario analysis items are described below. For detailed analysis processes and results, please refer to the "2023 Cathay Securities Climate-related Natural Risk Management Report."

Climate Scenarios and Their Corresponding End-of-Century Temperature Rise

End-of-Century Temperature Rise	IPCC-AR5	NGFS	IEA
~1.5°C	-	Net Zero 2050 Divergent Net Zero	NZE
End-of-Century Temperature Rise	IPCC-AR5	NGFS	IEA
~2°C	RCP 2.6	Below 2°C Delay Transition	SDS
End-of-Century Temperature Rise	IPCC-AR5	NGFS	IEA
~3°C	RCP 4.5 RCP 6.0	NDCS	STEPS
End-of-Century Temperature Rise	IPCC-AR5	NGFS	IEA
~4°C >4°C	- RCP 8.5	Current Policies	-

Explanation of Scenario Analysis Items

A	• Operational disruptions due to flood disaster risks • Flood disaster risks: investment and underwriting					
	Risk Type	Physical Risk	Analysis Period	End of the century		
	Climate Scenario	RCP 8.5				
B	Impact of climate change-induced flooding on self-owned real estate					
	Risk Type	Physical Risk	Analysis Period	Near future, Mid-century, End of the century		
	Climate Scenario	RCP 2.6, 4.5, 6.0, 8.5				
C	Impact of global economic and natural disaster risks on investment portfolio valuation					
	Risk Type	Physical Risk	Analysis Period	Mid-century	Climate Scenario	RCP 8.5
	Risk Type	Transition Risk	Analysis Period	End of the century	Climate Scenario	NGFS
D	Impact of water stress on specific national investments					
	Risk Type	Physical Risk				
	Climate Scenario	very 100 years, severe drought lasting 5 years				
E	Expected Credit Losses on investment portfolio of stocks and bonds					
	Risk Type	Physical Risk, Transition Risk		Analysis Period	Mid-century, End of the century	
	Climate Scenario	NGFS				

Note: "Near future" refers to 2035, "Mid-century" refers to 2065, and "End of the century" refers to 2100.

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1-2 Low-Carbon Economy

Responding to International Carbon Reduction Initiatives and Developing a Sustainable Strategy Blueprint

We follow Cathay Financial Holdings' commitment to achieving "net-zero emissions for financial assets by 2050" by joining the RE100 international initiative, which aligns with the global 100% renewable energy initiative. In September 2022, we officially passed the Science Based Targets initiative (SBTi) review for our carbon reduction targets. Based on medium- and long-term goals, we have planned carbon reduction targets for our operations and related financial assets. We have established an internal investment portfolio temperature tracking and target management mechanism, which is incorporated into our sustainable strategy blueprint and adjusted annually. We mobilize all employees to fully implement these measures, taking on the responsibility of being a pioneer in sustainable development. In the future, we will also promote relevant data to the public to exert the influence of institutional investors. For detailed greenhouse gas emissions data, please refer to Appendix Table 5.

■ Environmental Sustainability and Low-Carbon Economy Goals

 Environmental Sustainability	Item	2025 Target	2030 Target
	Scope 1+2 GHG emissions	Cumulative reduction of 25%	Cumulative reduction of 42%
	Renewable Energy	Usage rate of 60%	Usage rate of 100%
 Low-Carbon Economy	Item	2025 Target	2030 Target
	Regulatory Restrictions on Coal and Fossil Fuels Investments	New investments should not exceed 20% of revenue for non-OECD countries in sectors: "Coal Mining", "Coal Power Generation", "Coal Transportation", "Coal Equipment Services", and "Fossil Fuel Power Generation"	New investments should not exceed 5% of revenue for OECD countries in sectors: "Coal Mining", "Coal Power Generation", "Coal Transportation", "Coal Equipment Services", and "Fossil Fuel Power Generation" (20% for non-OECD countries)
	Coal-Exit Action	New investments should not exceed 30% of revenue for non-OECD countries in sectors: "Unconventional Oil and Gas"	New investments should not exceed 20% of revenue for non-OECD countries in sectors: "Unconventional Oil and Gas"
	Low-Carbon Investment Amount	20% growth	40% growth

Note: Carbon emissions reduction and low-carbon investment amount targets are based on the baseline year 2020.

Commitment to Net-Zero Financial Assets by 2050, Fulfilling Institutional Investor Responsibility

Since 2021, Cathay Securities has begun conducting "carbon footprint assessments" of listed equity assets and corporate bonds. Using the TCFD guidelines and the Partnership for Carbon Accounting Financials (PCAF) methodology, we calculate carbon emissions scientifically and quantitatively. By establishing a forward-looking, practicable "carbon reduction pathway for investment portfolios" based on emission intensity (Emission-base), we manage the climate change risks faced by our investment portfolios. We also proactively respond to the group's initiative of adjusting net-zero targets every five years to exert the influence of financial institutions.

To actively control investment positions and ensure group consistency, we have adopted the MSCI system as a carbon accounting tool. Using the latest MSCI data to inventory Cathay Securities' total financed emissions and data quality from proprietary investment asset portfolios in 2023 were 12,051.8 tCO2e and 2.04 score respectively. The differences compared to the previous year, besides the accounting tool, are mainly due to the expansion of long-term investments in stocks and bonds, resulting from business growth and strategic shifts. Despite a 65% increase in total investment, the economic carbon emission intensity remains similar to last year, indicating continued diversification of investment positions.

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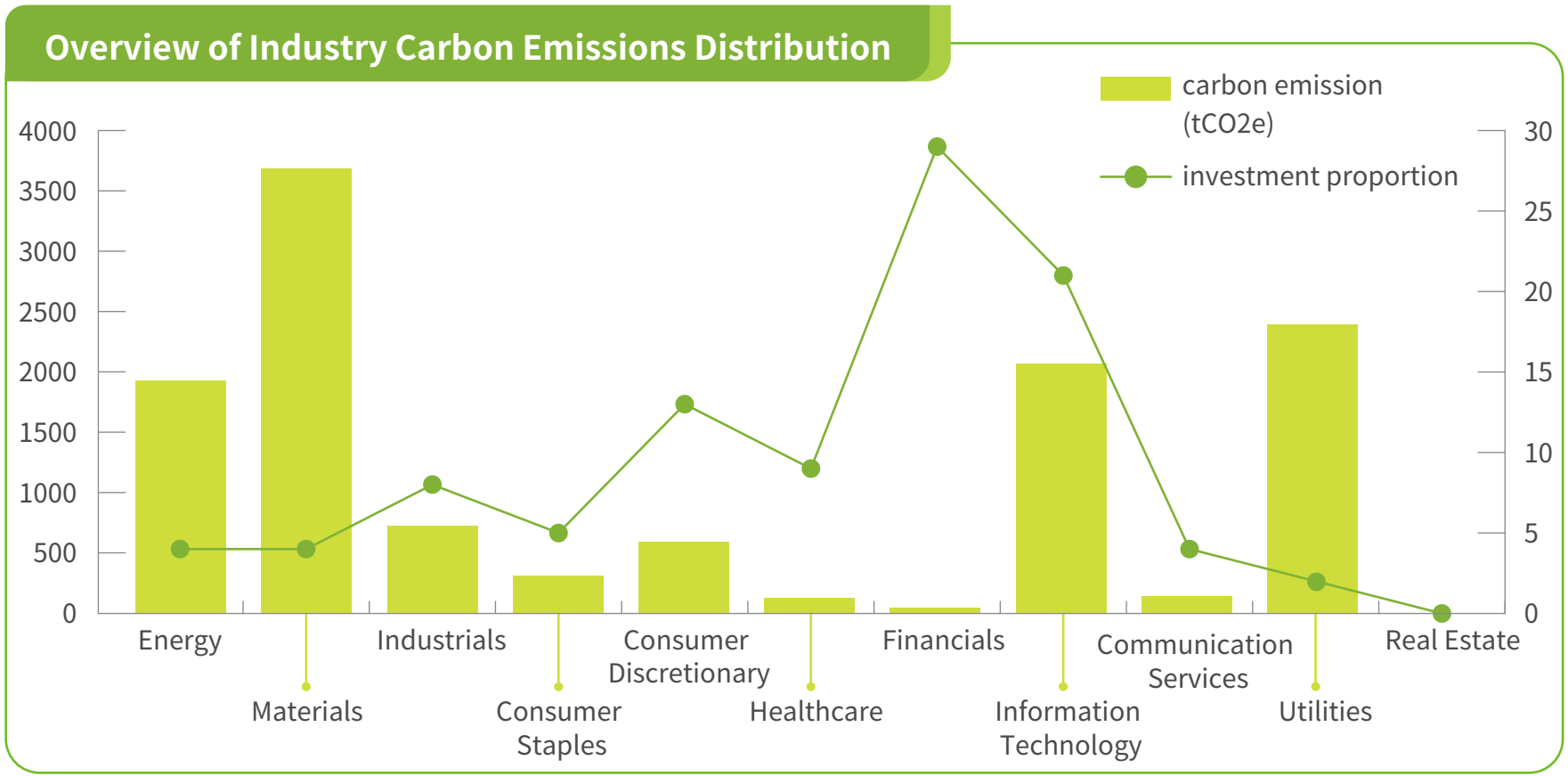
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Annual Investment Portfolio Carbon Emissions

Year	2021	2022	2023
Total Investment Amount (mn NTD)	2,616.12	4,012.27	6,627.79
Total Emissions (tCO2e)	6,701.21	7,278.46	12,051.80
Economic Carbon Emission Intensity (tCO2e/mn NTD)	2.56	1.81	1.82
Equity Investment Amount (mn NTD)	194.56	284.70	99.69
Total Emissions (tCO2e)	445.68	462.58	96.41
Economic Carbon Emission Intensity (tCO2e/mn NTD)	2.29	1.62	0.97
Corporate Bond Investment Amount (mn NTD)	2,421.56	3,727.57	6,528.10
Total Emissions (tCO2e)	6,255.53	6,815.89	11,955.39
Economic Carbon Emission Intensity (tCO2e/mn NTD)	2.58	1.83	1.83

Notes : 1. Data quality is based on the PCAF methodology, rated on a scale of 1-5, with 1 being the best.
2. Emissions exclude publicly disclosed data on cash, exceptions, and social categories (where assets are not included in emissions).
3. In line with the PCAF methodology, the original data sources are referenced. The 2023 data is derived from the MSCI system, thus data sources may differ from previous years.



Committed to Low-Carbon Investment
and Becoming a Comprehensive Climate
Finance Solutions Provider

Embracing the sustainable vision of "Leading Green Finance for a Sustainable Future," Cathay Securities responds to the global transition to a low-carbon economy and supports the government's "Five Plus Two Industrial Innovation Plan" by setting medium- and long-term low-carbon themed investment goals. We fulfill our responsibilities as a financial institution to exert our influence.

Low-carbon investments in 2023 (Unit: TWD 100 million)	
Renewable Energy	0.08
Transportation	3.02
Green bonds	1.91
Total	5.01

Climate action is a key component of Cathay's corporate sustainability strategy. By identifying the risks and opportunities brought by climate change, we actively develop climate strategies and risk management capabilities. We use climate scenarios published by international organizations such as the TCFD to develop quantitative scenario analyses. Based on the analysis results, we evaluate the appropriateness of our climate strategies and risk management to ensure we can respond to the disaster risks brought by climate change. We are committed to setting science-based carbon reduction targets and have declared the RE 100 initiative for 100% renewable energy. Through the climate strategy blueprint, we formulate clear climate strategies under the two major aspects of "Environmental Sustainability" and "Low-Carbon Economy."

Additionally, we focus on biodiversity issues, integrating them into the four key areas of climate-related natural risk management, and develop action plans. We aim to leverage the influence of the financial industry to drive corporate transformation and optimize our ESG, climate, and biodiversity risk management mechanisms, enhancing climate resilience and establishing the sustainable value of our corporate brand. We continue to move towards the vision of net-zero emissions and nature-positive development. For more detailed information, please refer to the "2023 Cathay Securities Climate-related Natural Risk Management Report."

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1-3 Environmental Sustainability

Green Energy

■ Deploying Renewable Energy to Mitigate Climate Change

Facing the risks of extreme climate change, Cathay Financial Holdings led the domestic financial industry by joining the RE100 international initiative in 2022, committing to 100% renewable energy usage in all Taiwan operations by 2030 and in all global operations by 2050, to achieve the SBTi 2050 net-zero carbon sustainability goal. Cathay Securities supports Cathay Financial Group's sustainability commitment by planning to gradually introduce renewable energy across all business locations. In 2023, through green leasing, we acquired approximately 1.3 million kWh of green electricity, a 367% increase compared to 2022, ahead of Cathay Financial Group's target of 100% renewable energy usage at the operational headquarters by 2025. The overall renewable energy usage rate for the company exceeded 58%. Cathay Securities continues to actively promote energy transition, aiming to build a sustainable vision alongside Cathay Financial Group.

Green Operations

■ Actively Implementing Energy Saving and Carbon Reduction to Create a Sustainable Workplace

Cathay Securities promotes the transformation of green operations with a sustainable mindset, aiming to create a low-carbon, low-energy, and low-waste sustainable workplace. Cathay Securities continues to control carbon emissions and has conducted greenhouse gas inventories annually since 2013, with third-party verification each year. In 2023, the total operational carbon emissions from Scope 1, 2, and part of Scope 3 were approximately 1,211.96 t-CO₂e, with a carbon emission intensity (CO₂ equivalent per million net revenue) decreased by 24% compared to 2020. Long-term investigations found that the main source of CO₂ emissions from operations is purchased electricity. In 2023, the total electricity usage was 2.248 million kWh, 100% of which was purchased electricity. Specific measures to reduce energy consumption include introducing data center environmental control systems, replacing old or energy-consuming equipment annually in the workplace, organizing energy-saving competitions, automatic computer shutdowns at night, and setting timers for sign lighting. From 2020 to 2023,

a total of 943 LED lights were replaced, with an estimated annual energy-saving benefit of 51,888 kWh; replacing old air conditioners in data centers and promoting server virtualization resulted in an estimated annual energy-saving benefit of 591,843 kWh. For detailed operational carbon emissions data, see Appendix Table 5, and for energy usage data, see Appendix Table 6.

■ Enhancing Resource Utilization Efficiency to Reduce Environmental Impact

As early as 2010, Cathay Securities established the "Energy Saving and Carbon Reduction Operational Guidelines," advocating for the concepts of energy saving, carbon reduction, and environmental sustainability. We continuously enhance the utilization efficiency of various resources and commission government-approved companies to handle waste disposal, ensuring resource recycling and waste reduction. In 2022, Cathay Securities responded to the Taipei City Government's policy banning single-use and melamine tableware by stopping the sale of PET bottled products in workplace vending machines to reduce the company's environmental impact. In 2023, Cathay Securities weighed general household waste for the first time, with a total weight of 21.1 tons, and an annual per capita waste of 21.6 kg. The total amount of recycled resources was 10.8 tons, with a recycling rate of 33.96%.

In terms of water resource management, Cathay Financial Group introduced the ISO 46001 Water Efficiency Management System for the first time in 2023, starting with inventorying equipment water usage, gradually replacing equipment to improve water resource utilization efficiency, and ultimately reducing water usage. In 2023, Cathay Securities' total water usage was 12,700 cubic meters, with a per capita water usage of 12.97 cubic meters, a 12.2% decrease compared to 2020. For detailed water resource usage data, see Appendix Table 6.

		
Carbon Emission Intensity	Per Capita Electricity Usage	Per Capita Water Usage
0.17 t-CO ₂ e per NT\$1 million revenue Reduction Compared to 2020	2,304 kWh per person Reduction Compared to 2020	12.97 cubic meters per person Reduction Compared to 2020
24%	20.3%	12.2%

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■ Controlling Greenhouse Gas Emissions to Steadily Achieve the Zero-Carbon Transition Goal

Cathay Securities introduced greenhouse gas inventory operations in 2016. In 2021, in line with Cathay Financial Holdings' "zero-carbon transition" initiative, we adjusted our carbon reduction targets to align with scientifically-based reduction targets. We continue to commission external organizations to conduct comprehensive greenhouse gas inventories and assessments for our headquarters, domestic business locations, and overseas subsidiaries.

In response to the digital wave, Cathay Securities actively meets investors' needs for electronic transactions, promoting "electronic statement subscriptions" and "digital account opening." The number of customers has surpassed one million.

In 2023, percentages of electronic transactions from natural persons at Cathay Securities was 99.6%.The proportion of online account openings also exceeded 90%, effectively guiding customers to use digital methods instead of physical counters and paper usage. Percentages of bills of Taiwan stock submitted via electronic statements in December 2023 was 95.9%. The long-term accumulation of statements not only consumes a large amount of paper but also generates additional CO2 emissions during delivery. We are actively partnering with stakeholders to move towards paperless operations, achieving environmental protection and sustainability goals.

Notes : 1. Electronic transactions include voice, internet, dedicated lines, and closed private network electronic transaction types.
 2.The statistical method is based on the Taiwan stock statements sent in December 2023 for the transactions in November 2023.
 3.The number of paper documents reduced by customers adopting digital account opening or subscribing to electronic statements is included in the "paper saving amount."

Paperless Promotion Results					
Promotion Item	Use of Electronic Statements		Digital Account Opening		
Year	Carbon Reduction (t-CO2e)	Proportion (%)	Carbon Reduction (t-CO2e)	Proportion (%)	Total Paper Savings (sheets)
2020	18.41	87.6%	93.76	89.0%	16,496,000
2021	44.72	92.8%	156.84	92.0%	29,640,000
2022	55.51	94.7%	142.17	94.4%	29,071,000
2023	70.65	95.6%	170.68	92.6%	35,489,000
					Total Carbon Reduction (t-CO2e)
					170.68
					201.56
					197.68
					241.33

Notes : 1.Taiwan stock and sub-brokerage paper statements approximately use 1.8 sheets of A4 paper per statement.
 2.Taiwan stock paper account opening approximately uses 9 sheets of A4 paper per account; outsourced printing for Taiwan stock contracts uses 32 sheets per set; sub-brokerage paper account opening approximately uses 13 sheets of A4 paper per account, and sub-brokerage combined with Taiwan stock version uses 33 sheets.
 3.Carbon reduction is estimated based on the corresponding CO2 equivalent generated by traditional paper account opening; paper carbon emissions are referenced from the Environmental Protection Administration's Taiwan product carbon label website, which estimates 3.4 kg-CO2e per package (500 sheets per package).

■ Promoting Green Operations Transformation to Create a Green Workplace

To effectively reduce the carbon emissions generated by our operations, Cathay Securities actively promotes the creation of a green workplace by integrating green thinking into our operations transformation management. Specific actions include:

Cathay Securities' Actions for Operational Transformation

1 Introduce Digital Systems and Work Platforms

Utilize virtual electronic signatures and expense reimbursement systems for public documents and internal processes.

2 Deepen the Use of Electronic Platforms for Communication

Use electronic emails and internal messaging systems for business communication and document processing to promote paperless operations.

3 Adopt Green Procurement

- Purchase products certified by the Forest Stewardship Council (FSC).
- Use paper certified by the Programme for the Endorsement of Forest Certification (PEFC).
- Prioritize the procurement of environmentally friendly products, such as green label public relations gifts and sustainable products.

4 Reduce Paper Usage, Water Resources, and Waste

- Promote the use of both sides of paper and non-confidential document recycling series printing. Encourage every employee to reduce paper and water consumption.
- From 2019 to the end of 2023, participate in the Tzu Chi Foundation's e-recycling initiative. A total of 292 computers and 452 computer screens have been donated.

■ Encouraging Employee Participation to Foster Collective Carbon Reduction Awareness

Actively responding to the global net-zero carbon emissions issue, we aim to raise awareness of sustainability among all our employees. This year, we partnered with Cathay Futures to set a sustainability milestone by organizing the "Planting for Sustainability, Sowing Hope" event in Chishang, Taitung. We launched a multi-faceted initiative that combines environmental sustainability, biodiversity promotion, and social welfare, creating a meaningful green sustainability action.

During this event, we planted 420 precious native Taiwanese seedlings, including species like "Cinnamomum kanehirae" and "Diospyros philippensis." These trees, through their natural photosynthesis process, are expected to generate carbon-neutral benefits, offsetting approximately 5 tons of carbon emissions per year. The carbon reduction benefits will continue to grow as the trees mature, achieving the goal of sustainable circulation. When the trees reach maturity in ten years, the social enterprise will propose public welfare utilization plans to support the development of local communities and indigenous tribes, maximizing the benefits of the trees.

Additionally, Cathay Securities has been organizing energy-saving competitions since 2021 to promote energy-saving and carbon reduction awareness and to implement practical measures to save electricity and paper. Despite continuous business expansion and a significant increase in employees, we remain committed to energy conservation and carbon reduction. From 2022, we have been pushing ESG and sustainability knowledge weekly through internal communication software channels and regularly organizing events to engage and invite all employees to participate.




Climate Achievements Video

■ Results of Energy-Saving and Paper-Saving Competition

Year	2020	2021	2022	2023
Workplace Paper Usage (sheets)	960,117	755,645	627,600	653,716
Per Capita Monthly Paper Usage (sheets/person)	408.21	291.53	227.64	230.10
Per Capita Saving Rate	-	28.58%	44.24%	43.63%

Notes: The baseline year for the paper-saving competition was 2020. The competition periods for 2021 and 2022 were from October to December, and for 2023, the period was from July to September. Statistics include the company headquarters and all branch offices.



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Philosophy

Every employee is an integral part of the organization. We value the skills and development of our employees and respect the diversity and uniqueness of each colleague. Through diverse development systems, welfare measures, and a healthy work environment, we ensure that our colleagues are placed in roles that suit their abilities, fostering an environment where they can excel. Additionally, we actively support socially and environmentally friendly businesses and communities, working together to promote sustainability in Taiwan.

Achievements

- Female employees account for **54.6%** of the total workforce
- Received multiple awards for **corporate image and talent cultivation** in recent years
- Scored **4.32 points (out of 5)** on the annual employee engagement survey
- Certified as a **Healthy Workplace** by the Health Promotion Administration, Ministry of Health and Welfare
- Certified as a **Sports Enterprise** by the Sports Administration, Ministry of Education, **for three consecutive years**
- There were 0 reported cases of sexual harassment or complaints violating customer privacy throughout the year
- Provided services such as **free translation in sign language and foreign languages**
- Customer satisfaction reached **91.2%** in the Net Promoter Score (NPS) survey
- Green procurement expenditure amounted to **TWD20.63 million** for the year, marking **a growth of 60.6%** compared to the previous year

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2-1 Talent Attraction and Retention

Talent Recruitment

■ Establishing diverse recruitment channels to optimize selection mechanisms

At Cathay Securities, we establish clear personnel selection criteria to aid hiring units in finding the right fit for our teams. To ensure steady business development, we continuously seek out new talent by participating in various recruitment platforms. For instance, we joined the group's annual joint recruitment events at National Taiwan University in March, fostering long-term partnerships with academia to empower young talent and broaden our talent pool. Additionally, we participate in the Cathay Internship Program (CIP) every July, guiding exceptional young students in exploring careers and deepening their understanding of the financial technology industry. Moreover, our ongoing collaboration with universities specializing in finance and economics allows us to nurture promising talent, creating a dynamic workplace environment and actively fostering excellence.

■ An Effective Talent Recruitment System for a Friendly Job-Seeking Experience

In 2022, we adopted Cathay FHC's iMatch Talent Recruitment System, providing an easy, one-stop online career platform for job applicants to search for job vacancies, submit their resumes, and complete the enrollment process. This system has been integrated into our hiring system to streamline data entry tasks, improve work efficiency, and prevent data breaches, thereby creating a friendly service experience for job applicants.

■ High-caliber Talents are Attracted to Companies with a Positive Corporate Image

In 2023, we were honored with several prestigious awards, including the 17th Golden Goblet Award for Outstanding Talent Development, the 20th National Brand Yushan Award for First Prize

in Outstanding Enterprise Nationwide, the Taiwan Enterprise Sustainability Award for Talent Development Leadership, and the Commonwealth Talent Sustainability Award for Third Prize in the Medium-sized Enterprise Category. Cathay Securities has made a deep impression on members of society through its efforts toward the youth, innovation, digital transformation, and sustainability. Moreover, our diverse and innovative financial products and services have attracted a large base of young customers. In the future, we hope to maintain our positive reputation so that more high-caliber talents will be willing to join our team and contribute their skills to the long-term development of the securities trading market.

■ Continuously Assessing Talent Demand to Build a Well-Rounded Team

To facilitate our long-term development, we regularly review our workforce arrangement, assess future business development needs, and actively assist departments and divisions in bridging their talent gap. In 2023, there were more new employees than those who resigned, and all our employees were capable of delivering their best performance under an appropriate workload. For new employees, we have planned a complete set of training courses tailored to their capability and duties and assigned a senior employee to mentor them and help them quickly blend into their work team. In doing so, we hope that every employee can harness their talent and skills and in turn, recognize their personal development in the process of self-realization.

Talent Retention

■ Establishing a Systematic Talent Development Strategy to Define Key Talent Profiles

Each year, the Chairman and President preside over mid-year and year-end review meetings to establish the company's operational strategies and development objectives. Through the Training Development Committee, training needs and annual training plans for each department are identified. Key talent profiles and competencies required to meet the company's goals and strategies are formulated, ensuring alignment between training direction and organizational

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development. Transitioning from a traditional Personnel Administration Unit to a Human Resources Development Center, the HR Department officially implemented the HR Business Partner (HRBP) system in Q1 of 2021. This initiative aims to transform every HR colleague into a strategic partner for business units, effectively addressing external talent development trends and internal manpower needs, and providing corresponding professional advice and services.

■ Incentives and a Competitive Salary System are Key to Talent Retention

We have consulted Willis Towers Watson (WTW) to develop salary and compensation policies. Every year, WTW furnishes us with reports of peer industry salaries for various employee categories, which we then benchmark against industry salaries to make adjustments for high-performing and talented employees who show growth potential, ensuring differentiated compensation. We prohibit pay discrimination based on gender, race, age, religion, national origin, or political affiliations, and salaries are paid in accordance with job responsibilities/ requirements, individual capability, and job performance. This includes the basic salary, performance bonus, remuneration for employees, bonus for supervisors, and transportation allowance.

Team cohesion is augmented when the company compensates for benefits generated. Therefore, we have established the "Performance Bonus Policy" to reward employees' performance based on business outcomes. In addition, we endeavor to create a friendly and happy workplace by imbuing it with a sense of humanity in five areas, namely, learning and development, family, health and leisure, social interaction, and asset allocation, to help employees work comfortably and live happily. Moreover, in response to the Financial Supervisory Commission's "Trust 2.0" initiative, and in alignment with the Group's launch of the "Employee Share Ownership Trust" program at the end of 2022, we have implemented a long-term incentive and reward system for employees. Through the trust mechanism, employees can share in the company's business achievements, aiming to retain talent and promote employee well-being.

Happy Tycoon

 Basic Subsidies	Holiday Bonuses	TWD3,000 per person during the Dragon Boat and Mid-Autumn Festivals
	Birthday Gift	Cathay MyRewards points equivalent to TWD3,000
 Insurance	Group Insurance ((including Health Care Subsidies))	Insurance policy with an insured amount of TWD200,000–TWD1.2 million, covering general injuries, illness, death (3 times for general death, 6 times for accidental death), disabilities, and medical compensation, as well as hospitalization and death of a spouse.
	Stock Ownership	1. Contribution by employees: TWD1,000 to TWD3,000 depending on job position, deducted from employee's salary every month. 2. Contribution by the Company as a reward: 100% of the above contribution (TWD1,000–3,000) made by employees themselves.
	Pension	1. In accordance with the "Labor Standards Act" or "Labor Pension Act" 2. For employees who choose or apply to the pension system under the "Labor Pension Act," the Company contributes 6% of their monthly wage to their individual labor pension account. 3. By the end of 2022, the "Labor Standards Act" and "Labor Pension Act" applied to 1.5% and 98.5% of our employees, respectively. See Table 15 in the Appendix for details of pension expenses and expenditures.
	Emergency Aid	TWD100,000 when an employee's home is completely destroyed during a natural disaster; TWD30,000 when an employee's home is partially destroyed, or his/her property is damaged during a natural disaster
 Marriage and Childbirth Subsidies	Marriage and Childbirth Subsidies	1. Marriage subsidies: TWD15,000–30,000 depending on job position 2. Childbirth subsidies: TWD9,000–24,000 depending on job position
	Children's Education	Children's education is subsidized twice every year and education scholarship is provided
 Learning and Development	Further Education Subsidies	Study grant for employee's further education during non-working hours
 Health and Leisure	Travel Subsidy	TWD3,600 per person per year
	Social Club Subsidy	Employees'social club expenses are subsidized

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■ Optimizing Employee Experience through Diverse Employee Engagement Activities

We actively foster a culture of workplace happiness by organizing a variety of engagement activities such as celebrations for Mother's Day, Father's Day, Christmas, and the Cathaysec Dream Works program. These events aim to help employees strike a balance between their work and personal lives, ultimately boosting overall job satisfaction. Additionally, we provide various channels and internal instant communication platforms and regularly convene labor-management meetings to facilitate smooth communications and interactions between employees and employers and to understand employees' honest opinions of the Company. We are also committed to innovation in hopes of fostering positive

relationships with our employees. For instance, our monthly e-newsletter Happy News at Cathay Securities informs employees of important news about the Company's business development, and an employee mailbox has been set up on our intranet. All sent mails are reviewed personally by the Chairman and President and are kept completely confidential so that employees can freely express their opinions on the Company's policies.

In 2020, our Chairman launched the inaugural Cathaysec Dream Works program, providing a platform for employees to pursue their dreams. Due to its resounding success, we organized the second round of the Dream Works program by the end of 2023. Through customized dream opportunities, we strive to empower employees to realize their aspirations. As of 2023, five



groups of employees from the initial round have successfully completed their dream projects. This includes five colleagues who obtained the SCA International Barista Certification, and others who completed the 2021 Challenge Taiwan International Ironman Triathlon, conducted financial literacy classes in rural elementary schools, organized a 3-day city tour with a friendly match for rural elementary school football teams, and assisted colleagues in the Digital Finance Department to finalize the Himalayas - Annapurna Circuit Trekking Plan. In 2023, seven groups of employees were selected for the second round of the Dream Works program, with their achievements showcased on the company's internal website.

■ Taking Employees' Opinions to Heart Promotes Talent Sustainability

Every year we conduct an Employee Engagement Survey, focusing on corporate sustainability, organizational commitment, employee happiness, leadership and management, and career identity. In 2023, employee engagement scored a total of 4.32 points (out of 5) on average, with the survey response rate exceeding 80% in recent years, indicating that we have created a positive work environment through two-way communication.



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2-2 Occupational Safety and Health

Occupational Safety and Health Management System

■ Health and Safety are Protected by a Healthy Workplace Mechanism

In adherence to the "Occupational Safety and Health Act" of Taiwan, we have established a dedicated unit to oversee safety and health matters to create a healthy workplace and build a supportive work environment. We adopted a risk-centric occupational safety and health management mechanism, creating a Workplace Health Promotion Model that encompasses four pillars of influence for a healthy workplace: the physical work environment, psychosocial work environment, personal health resources, and enterprise community involvement. In 2023, Cathay Securities was certified as a Healthy Workplace by the Health Promotion Administration of the Ministry of Health and Welfare.



■ Two-Way Interactive Management for a Healthy Workplace

We have enforced the "Labor Safety and Health Work Rules," "Contractor Safety and Health Management Regulations," "Safety and Health Automatic Inspection Program," and "Infectious Disease Prevention and Reporting Guidelines," and other regulations throughout our headquarters and branches to keep all employees and contractors safe and healthy. Moreover, we regularly convene labor-management meetings to ascertain employees' needs concerning occupational safety and health. In 2023, no occupational safety and health-related agendas were proposed.

Occupational Risk Assessment

We implement comprehensive people-centric risk control mechanisms, such as occupational risk assessment. A review of our risk assessment results showed that there were no high-risk factors in the workplace. Nevertheless, we continue to reinforce our Health Risk Mitigation Measures. In 2023, there were 4 work-related injuries (accounting for 4‰ of total employees), all of which were sustained in traffic accidents during commutes. To address this, we have intensified our education, training, and awareness efforts to enhance employee safety awareness.

Health Risk Mitigation Measures

Implement a program for the prevention of diseases from abnormal workload

1. Administer heavy workload risk identification and assessment questionnaires to conduct risk analysis
2. Implement prevention measures and a hierarchical management system

Implement prevention measures and a hierarchical management system

1. Administer self-reported musculoskeletal disorder inspections
2. Arrange consultations with on-site physicians for employees and provide advice on work environment and habit improvements
3. Make plans to progressively replace conventional office chairs with ergonomic chairs to prevent discomfort from prolonged sitting

Make plans to progressively replace conventional office chairs with ergonomic chairs to prevent discomfort from prolonged sitting

When employee pregnancy is reported, labor health service will be provided. The physician will evaluate the impacts of the work environment and work activities on maternal health to conduct health hazard and risk assessment. The employees will be informed of the results to safeguard workplace safety and their health during pregnancy.

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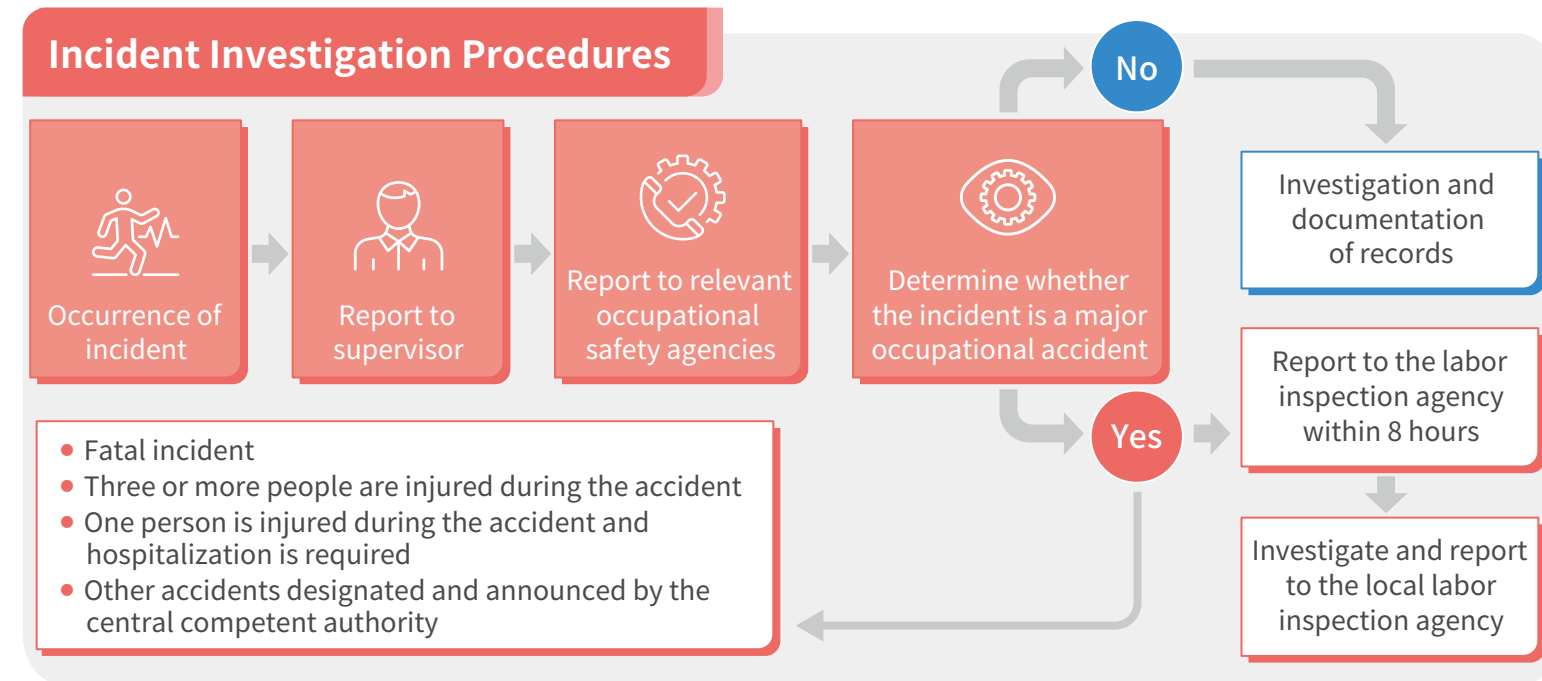
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Risk Assessment and Incident Investigation



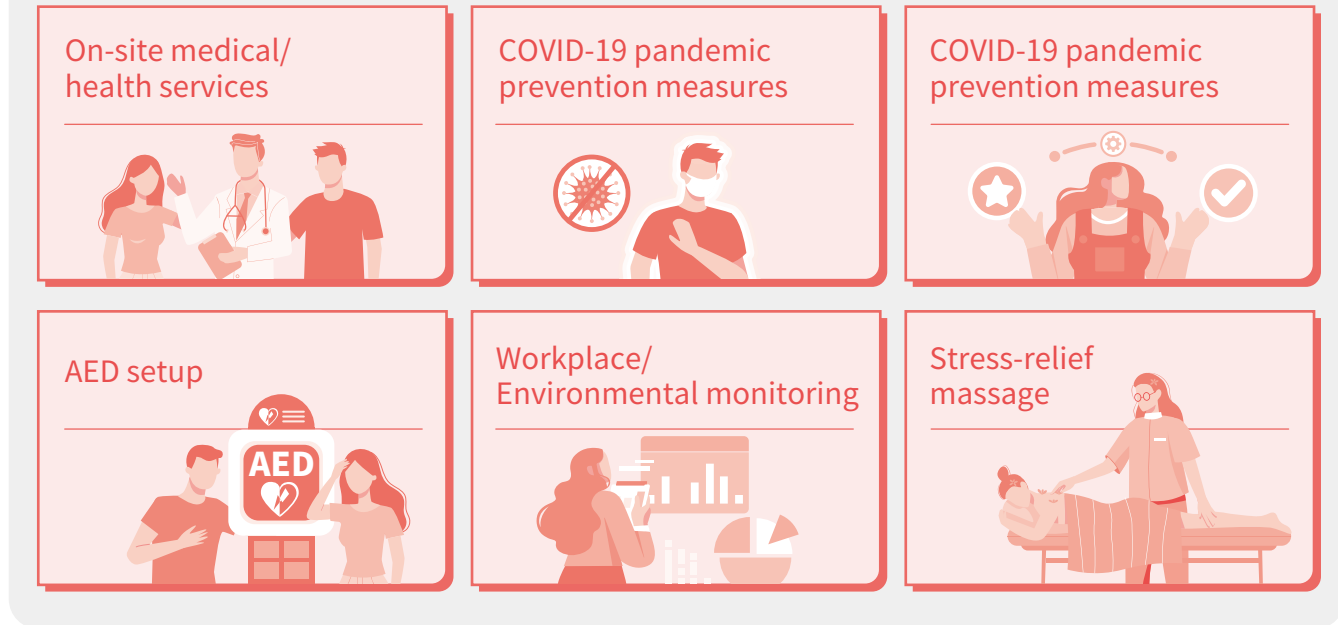
Occupational Health Program

Leading a Healthy Life in Partnership with Employees

"Prevention is Better than Cure" has been the central belief of our health promotion efforts. Employees are at risk of obesity and hypertension in a society where work occupies most of their time. We therefore launched an Employee Health Service Program through which a physician gives on-site consultations every three months. To implement the Group's initiative of "Sub-Health Reablement" and actively assist employees in keeping track of their body mass index (BMI), we have introduced various reward measures, such as Every Step Counts and Weight Loss Contest activities, to improve employees' physical health.

Furthermore, we extend practical support to new parents in the workplace. We provide maternity gifts and establish lactation rooms, obtaining "Excellent Lactation Room Certification" to ensure employees can breastfeed in a conducive environment during work hours. Additionally, employees can apply for shortened work hours based on their childcare needs. In 2023, the total amount of childbirth gifts paid was TWD149,600, benefiting a total of 31 employees.

A Healthy and Safe Workplace



Promoting a Healthy Lifestyle through Exercise Culture

Cathay Securities is committed to the United Nations Sustainable Development Goal 3, "Good Health and Well-being." Building on our previous accolades, including the "Sports Enterprise Certification" and the "Sports Calendar Enterprise Points Competition" third runner-up awarded by the Ministry of Education's Sports Administration in 2020 and 2021, we are proud to announce our reaccreditation with the "Sports Enterprise Certification" in 2023.



Inspired by Chairman Shun-Yu Chuang's mantra, "Start a healthy lifestyle with the simplest step of walking," we've championed a walking initiative since 2018, and over the past five years, our collective step count has exceeded 3 billion steps. Moreover, we have combined these steps with



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charitable efforts, such as our collaboration with the 1919 Food Bank in 2021, which provided meals to over 700 disadvantaged families. In 2023, our "Walk for Tree Planting" campaign engaged over 90% of our employees. This initiative translates each step taken by employees into a green action, promoting both exercise and environmental responsibility, reflecting our commitment to mutual prosperity in society.

Furthermore, to care for the physical and mental well-being of our employees, we launched a club revitalization program after the easing of the pandemic. Through strengthening club operations, providing activity subsidies, and refurbishing workplace spaces, we encourage active participation in club activities. This fosters healthy exercise habits, enhances social interaction, and cultivates a vibrant and healthy workplace environment for all.

Healthy Lifestyle

Weight Loss Contest:
Paper Reduction X Weight Loss Challenge

Number of Participants Total Weight Loss
313participants **951.11**kg

Amount Subsidized- Walk for Tree Planting

Number of Participants Total Steps
895participants **649**million steps

Employee
Health Examinations

Number of
Participants **608**

Employee
Coverage Rate **89%**

Amount TWD
Subsidized **1,945,600**

Occupational Safety and Health Educational
Training

In the event of emergencies, disasters, or safety accidents, any worker must be capable, both intellectually and physically, of escaping or taking the necessary actions within the golden hour. We therefore built a powerful and overarching network for occupational safety and health by planning a series of safety training programs, such as evacuation drills, safety and health training for new employees, on-the-job safety and health training for general workers, first aid training, and fire prevention management personnel training.

Occupational Safety and Health Educational Training			
Course Title	Safety and Health Training for New Employees	On-the-job Safety and Health Training for General Workers	Evacuation Drills
Number of Participants	114	836	578

2-3 Workplace Diversity and Inclusion

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Human Rights, Diversity, and Inclusion

■ Commitment to Harmony and Equality in Response to International Initiatives

To fulfill our corporate sustainability responsibility and safeguard the basic human rights of employees, suppliers, and other stakeholders, we pay high attention to the United Nations Universal Declaration of Human Rights and other international human rights conventions and abide by the laws of Taiwan, including the Labor Standards Act and the Act of Gender Equality in Employment. Moreover, we provide benefits to our employees that exceed legal requirements. For instance, each year we provide 5 days of paid menstrual leave/sick leave, 10 days of paid prenatal check-up leave, and paid miscarriage leave are also granted for employees with less than six months of service. Additionally, we provide one paid day off annually for volunteering and learning purposes. These initiatives contribute to achieving a balance between work and family life for our employees, aligning with our commitment to uphold human rights principles.

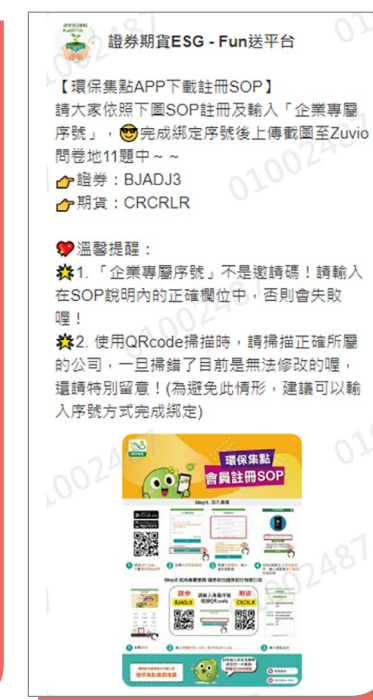
■ Establish a Diversity-Embracing, Inclusive, Friendly, and Harmonious Workplace

As an active supporter of international initiatives, Cathay Securities implements the Group's human rights policy and does not discriminate against or treat any individuals differently based on race, social class, religion, political party, gender, gender orientation, age, marital status, appearance, disability, or other factors. We respect cultural diversity, offer equal pay and opportunities, and ensure a diverse and inclusive workplace by continuously reviewing key employment indicators, such as that in 2023, the retention rate of employees who took parental leave was 80%, and the percentage of female employees with managerial roles reached 40%, and currently, our Board of Directors consists of a female independent director. Furthermore, in line with the Group's policies, we have initiated the "Slow Down but Stay on Board" program, which encourages employees with caregiving responsibilities to continue accessing learning resources during their leave without pay, facilitating their seamless return to the workforce. Please refer to Table 7 in the Appendix for the

composition of employees and Tables 8 and 9 in the Appendix for details of the workforce structure and parental leave related data.

■ Deepening the Impact of Diversity and Inclusion by Encouraging Participation from All Individuals

Creating a diverse and inclusive environment is a responsibility shared by a company and its staff. Therefore, we regularly share information concerning SDGs and other sustainability issues among employees via our internal e-newsletter Happy News at Cathay Securities. In addition, we have also made available a sustainability channel through our internal communication software platform, namely, Securities and Futures ESG Fun. Employees are encouraged to take part in volunteer services and remain aware of issues regarding disadvantaged individuals, the elderly population, women, and new immigrants. Moreover, we hire people with physical or mental disabilities, granting them job opportunities that facilitate their self-actualization. We ensure that they adapt to our work culture and environment, and continuously adopt a variety of accessible measures, thereby deepening the impact of inclusiveness and mutual prosperity.



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Human Rights Risk Management

To safeguard human rights, we observe Cathay FHC’s rules concerning human rights, including its Human Rights Policy and Human Rights Risk Investigation and Management. We keep abreast of the human rights risks associated with stakeholders and formulate and adopt risk mitigation and compensation measures to effectively protect the interests and rights of all our employees, customers, suppliers, and stakeholders.

	Risk Issues		Risk Mitigation Measures		Impact Compensation Measures	
 Employees	Extended working hours		1. Implement overtime restrictions 2. Administer mental health questionnaires		1. Provide overtime pay or overtime leave 2. Implement a management mechanism for employees with high risks of illness induced by abnormal workload	
	Occupational safety and health		1. Implement a program for the prevention of diseases from abnormal workload 2. Implement an ergonomic hazard prevention program 3. Implement a maternity health protection program 4. Implement a program for the prevention of wrongful harm during the execution of job duties 5. Implement occupational safety and health education and training 6. Set up first aid equipment: Automated External Defibrillator (AED) 7. Arrange first aid training for employees 8. Offer free-of-charge employee health examinations 9. Organize free-of-charge workplace massage sessions 10. Provide on-site medical and nursing services		1. Set up an occupational hazard reporting and handling mechanism 2. Assist applications for group insurance and loss notice 3. Introduce EAPs and offer professional counseling/consultation 4. Provide emergency care and assistance for employees 5. Purchase public accident insurance	
	Discrimination and harassment		1. Establish the Code of Conduct for Employees 2. Establish the Sexual Harassment Prevention, Grievance, Investigation, and Handling Guidelines, relevant prevention measures, and disciplinary actions 3. Issue Happy News at Cathay Securities and set up relevant educational training courses		Implement a reporting and complaint-handling mechanism in accordance with applicable regulations	
 Customers	Customer rights and interests		1. Establish a Fair Customer Treatment Committee 2. Actively organize educational training on treating customers fairly		1. Set up a AI customer service system and customer service hotline and other grievance channels 2. Formulate the Plan for Improving Complaints and Ombudsman Cases	
	Personal information protection		1. Set up a personal information management system 2. Implement personal information educational training		Formulate the Procedures for Handling Personal Data Infringement	
 Suppliers	Occupational safety and health		1. Observe Cathay FHC's Sustainable Procurement Policy and formulate the Cathay Securities Procurement Management Regulations 2. Adopt the ISO 20400 Sustainable Procurement Guidance 3. Invite suppliers to sign the Cathay FHC Statement of Sustainability Values during price negotiation		1. Prepare a procurement contract template that includes terms, conditions, and clauses with respect to corporate social responsibility and occupational safety and health, and states liabilities for violations 2. Implement the supplier assessment mechanism and reject suppliers with low scores	

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Employee Communication and Grievance Mechanism

■ Establish a Comprehensive Communication Mechanism that Effectively Safeguards the Interests and Rights of Employees

At Cathay Securities, we continue to optimize corporate governance by actively establishing internal communication channels, such as holding labor-management meetings, setting up an employee mailbox, conducting annual Employee Engagement Surveys, etc. Thus, two-way communication between employees and senior executives can be achieved efficiently and problems can be identified and handled as soon as possible, thereby creating a harmonious workplace environment.

■ Zero-Tolerance Policy Against Discrimination and Harassment Reinforces Prevention Actions

To build a gender-friendly work environment, we enforce a zero-tolerance policy against any form of harassment. In addition to formulating the "Measures for Sexual Harassment Prevention, Grievance, and Disciplinary Actions" and "Sexual Harassment Prevention, Grievances, Investigation, and Handling Guidelines," we organize educational courses on sexual harassment prevention and gender equality every year to ensure that everyone at Cathay Securities has a correct understanding of these topics. In 2023, no sexual harassment grievances or complaints were reported.

■ Prevention of Wrongful Harm to Safeguard Employees' Right to Work

In accordance with the Enforcement Rules of the Occupational Safety and Health Act, we have established a program for the prevention of wrongful harm during the execution of job duties. The program serves to prevent wrongful harm to employees during their performance of duties, both at work or outside of work, thereby maintaining a safe work environment to protect the physical and mental health of employees. On the bulletin board in the workplace, we put up a poster

displaying a written statement of the Company's commitment to preventing wrongful harm in the workplace. Every year, we also conduct audits and assessments of our measures to prevent wrongful harm during the performance of duties.

■ Educational Training in Human Rights

As the global awareness of human rights issues continues to increase, we have designed different types of educational training courses in response.

For example, videos of lectures on gender quality in employment and sexual harassment

prevention have been made available on the Cathay e-Learn website, and human rights issues are incorporated in orientation training programs. In addition, we set up courses specifically to address issues that are associated with high human rights risks according to risk management and assessment results, hoping to cultivate employee crisis awareness and prevent human rights risks.

Attendance of sexual harassment prevention courses in 2023:	Attendance of wrongful harm prevention courses in 2023:
908	847

■ Programs Supportive of Employees

Cathay Securities has introduced an array of programs that help and support employees to work through their social stress, thriving to create a friendly work environment. For example, during the resurgence of COVID-19 in 2022, the Company launched a flexible working hour scheme for employees to avoid commuting during peak hours, and allowed some employees, depending on the nature of their work, to work from home. Through the Employee Assistance Programs (EAPs) introduced in 2021, we have continuously assisted employees in improving their physical and mental well-being. We have also gone above and beyond by offering other programs that offer support to employees as follows:

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Happy Tycoon



Menstrual
leaves/
Sick leaves

5 days of paid menstrual leave/sick leave throughout the year, which is better than the half-pay standard of the law



Miscarriage
leaves

Those employed for less than 6 months are still granted paid miscarriage leave, which is better than the half-pay standard of the law



Prenatal
check-up
leaves

10 days of paid prenatal check-up leave for female employees, which is better than the 7-day standard of the law



Volunteering
leave

1 day of paid volunteering leave every year



Learning
leave

1 day of paid learning leave for employees who have completed 8 hours of the Hahow for Business courses

Equal Pay for Equal Work Framework

At Cathay Securities, we constantly review our workforce composition to establish a competitive salary structure. We respect social and cultural diversity, offer equal compensation conditions and job promotion opportunities, and collaborate with external consulting firms to regularly review employees' salaries. The market salary structure is interconnected with the aim of facilitating salary adjustment for high-performing and talented employees who demonstrate potential for growth. This approach serves to attract and retain skilled workers, ensuring their contribution to the organization. See Tables 12 and 13 in the Appendix for more information on salary and compensation.

Additionally, we formulate the Performance Bonus Policy to appropriate a certain percentage of pre-tax earnings for the year as performance bonuses, which are allocated according to employees' job performance. In doing so, our business performance and employees' salary and compensation are geared toward one another, incentivizing employees to unleash their expertise.

Reconstructing Employee Professional Skills

A Systematic On-the-job Training Program for Employees

We have established a Training Development Committee. Every December, in accordance with the company strategic targets, the committee reviews key talent profiles and competencies in our talent database, and determines annual course requirements and training plans for each unit to ensure the employee training is aligned with the Company's organizational development. Both physical and online training courses are tailored for new employees, entry-level employees, management associates, and middle/senior management, who may choose whichever course and learning methods that best fit them to achieve their own annual development goals. For details of employee training hours, please see Table 10 in the Appendix.

Educational Training
Expenses in 2023

TWD 11.54 million

To encourage self-improvement among employees, we established the "Procedures of Reward for Employees with Professional Certification" and provided a wide range of incentives, which vary according to competencies and department attributes, to facilitate long-term talent development.

A Comprehensive Orientation Training System

After reporting for duty, all new employees are enrolled in our employee development program. To help them blend into their work teams more quickly, each new employee is assigned a senior employee as a mentor. These mentors provide support by sharing work-related knowledge and experiences, helping the newcomers get acquainted with the corporate culture. We also host a three-day-two-night orientation training at the Cathay Life Insurance Tamsui Training Center to introduce our systems and organizational culture to them. Lecturers are invited to design team

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activities that are in tune with the Company's core objectives, values, and principles. Through fun and interactive activities, solidarity and consensus are established to foster strong teamwork. See Table 11 in the Appendix for details of employee recruitment and turnover.

Orientation Training

〈Digital Marketing Department〉

During this three-day, two-night training for new employees, we first got a deeper understanding of the company's departments through various activities. This allowed us to learn more clearly about the roles and directions of different departments and to gain a deeper understanding of the Cathay family. In the subsequent series of practical courses, the instructors used engaging methods to help us grasp the company's and the group's core values through hands-on experiences. Additionally, discussions with our peers helped us find solutions to challenges we might encounter in our work, which will be very useful in the future. Throughout these three days, whether through learning in courses or exchanging ideas with fellow trainees, collaborating and growing with colleagues from different departments, and sharing thoughts and opinions, it was a rare and valuable opportunity from which we greatly benefited.

〈Institutional Trading Department〉

The three-day training for new employees was truly interesting. Through engaging activities, a detailed introduction to Cathay Securities' history and benefits by the Vice President of the HR Department, and interviews with heads of various departments who took the time to explain their roles, we gained valuable insights. Additionally, the humorous and inspiring talks by Lecturer Zhao, centered around Cathay Securities' three core values: "Integrity, Accountability, Innovation," provided us with a foundational understanding of how the company operates. This experience not only fostered a sense of unity and identification with the company among us new employees but also proved to be a meaningful educational experience.



An Array of Digital Empowerment Courses

We have embraced a digital business model as the cornerstone of our development. For this reason, we highlight digital talent development and digital empowerment training, which integrates the core competencies required for digital transformation. We plan and host a multitude of digital technology courses encompassing data science, software tools, digital communication, data analysis, and process optimization. These courses are aimed at helping employees improve their digital skills and job competencies in an era where technology continues to advance rapidly.

Over the past three years, we have hosted a total of 10 digital empowerment courses, with topics ranging from "Power BI Data Visualization," "Data Citizen Workshop" to "RPA Digital Tool Learning" to help employees hone their abilities on data analysis and scientific systems/ tools utilization, and to cultivate digital talents by bridging them with the latest technology.

Hours of Digital Empowerment Training

Participation Headcount	Training Hours (hours)
336	2,561

Top-Down Sustainability Transformation to Spread Influence
Inside-Out

At Cathay Securities, we value talent transformation in sustainability. The Board of Directors adopted the "Sustainable Talent Transformation Program" as well as short-, medium-, and long-term development policies to continuously address sustainability issues of the society. To incorporate sustainability concepts into daily operations at the management level, we began to hold a series of ESG courses for senior management in 2021. As of the end of 2023, eight experts and scholars have been invited to provide lectures on sustainability issues, hoping to achieve the Company's sustainability goals by spreading influence inside-out.

We believe all employees are essential to securing a sustainable future, and in response, we have created a sustainability knowledge-sharing channel on our internal communication platform, namely, Securities and Futures ESG Fun. The channel is managed by in-house employees and approximately 1 to 2 ESG-related knowledge posts are posted weekly, covering topics ranging

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from knowledge, news, and events, to practical applications of sustainability issues, trends, and information aimed to raise sustainability awareness. Meanwhile, internal activities and rewards were designed to encourage participation. In 2023, we launched the "Senior Management Sustainability Relay," inviting 14 senior executives to respond to sustainability initiatives. Led by the Chairman, discussions centered on sustainability perspectives and departmental responses, aiming to drive sustainability efforts from the top down and expand sustainability impact from the inside out. Feedback from 94% of employees indicated a deeper understanding of the company's sustainability actions through the relay videos.



We continue to transform beliefs into actions through diversified online/offline themed courses and charity activities that boost stronger ties with employees, such as Christmas charity events. Our core business competencies and sustainable development are interlinked to not only drive sustainable learning for employees but also co-create an excellent and harmonious social environment among different stakeholders.

Employee Upskilling

■ An Autonomous Learning Environment Shaped by Diverse Digital Learning Resources

We provide employees with a diverse array of learning methods, including the "Cathay e-Learn website," "Cloud Library," "Hahow for Business," and "PaGamO" e-sport learning platform, among other online resources, enabling employees to learn whenever, wherever, and whatever topics interest them, thereby shaping new learning norm.

Hours of Training in "Hahow for Business"	
Total Hours of Class Attendance (hours)	Usage Rate
9,910	83%

To encourage constant self-fulfillment, employees are entitled to apply for a day of paid learning leave when they complete eight hours of online learning on the "Hahow for Business" platform. Furthermore, we helped departments that are involved in securities brokerage to set up the "Hahow Learning Passport Reward Program," which rewards target-achieving units with an afternoon tea session to encourage continuous learning in the workplace.

■ Employee Training Development System that Leads to a Comprehensive Feedback Mechanism

Since 2021, we have adopted Cathay FHC's "360 Degree Ability Feedback System" and "Individual Development Program" to help employees hatch a learning development plan that aligns with their job position, capabilities, and needs. Results of self-assessments, peer reviews, and evaluations by supervisors are analyzed scientifically to provide employees with an overview of their strengths and weaknesses in "problem analysis and solving," "contribution to team success," "three critical digital skills," and "work management." Identified weaknesses are addressed by furnishing employees with information about learning courses to help them fill in any competency gaps.

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■ Performance Management Policy and Evaluation Management System

At Cathay Securities, we have adopted the "Manager Performance Management and Development Guidelines" and "Employee Performance Management and Development Guidelines" to help employees align their job performance with the Company's strategic goals and continuously develop their professional job competencies. We consistently implement effective performance management; in 2022, we hosted two course sessions titled "Performance Management and Interview Skills" to assist supervisors in understanding their functions and roles in performance management and the full potential of the performance management system. Furthermore, the course showcased performance tracking and diagnostic methods, providing participants with valuable insights on how to identify and capitalize on improvement opportunities for their subordinates.

In preparation for annual performance evaluations, at the beginning of each year, employees are required to set personal performance targets based on the Company's and their department's annual strategic goals, their job position, responsibilities, key tasks, and other related aspects. The performance targets will then take effect after discussion with their direct supervisor, ensuring that personal performance targets are closely aligned with organizational strategies. Employees self-assess their performance and capabilities halfway through and at the end of the year, and performance evaluations are then carried out by their direct supervisors at the end of the year. The results will serve as the basis or reference for determining whether an employee is entitled to a pay rise, job promotion, or bonus.

Our performance review system is made more complete with a performance review grievance channel for employees. Procedures are stated in the "Employee Performance Improvement Guidance Plan" and "Performance Review Grievance Regulations." Employees who need guidance undergo interviews, counseling, and monitoring to support their professional development and enhance job performance, ultimately enabling them to effectively contribute to achieving organizational goals. See Table 14 in the Appendix for statistics on the number of employees subject to performance evaluations.

Building a Leadership Echelon

■ A Pool of Well-Rounded Talents Built Through a Job Rotation Mechanism

We are committed to fostering all-encompassing talents during our business transformation. To drive a positive cycle in talent development, employees are rotated from time to time to other positions according to their personal interests, capability, performance, and development orientation. Job rotation makes employees more versatile, allowing them to be better prepared for business changes and challenges that may arise in the future. Occasionally, employees are assigned to other branches to support the Group's overall business requirements. By so doing, talent exchange and development are facilitated across the Group so that talented employees can harness their skills and get things done.

■ A Management Associate Program Makes Succession Planning All the More Perfect

In 2022, we launched the 1st Management Associate Program, selecting participants from a pool of well-performing entry-level and mid-level talents for inclusion into our critical talent base. Through a series of competency improvement and training courses, the Company is adequately equipped with the talents needed to achieve sustainability.

Management Associate Training	
Participated Headcount	Total Training Hours (hours)
301	2,107

■ Fostering Sustainability Awareness and Providing Integrated Business Solutions

Since 2021, we have been conducting a series of ESG courses for senior management to cultivate awareness of sustainability among them and to brainstorm ways to integrate sustainability with our business operations. By the end of 2023, we had invited eight external experts and scholars to lecture on sustainability-related topics. In line with the group's sustainable strategy development goals, Cathay Securities partnered with PwC Taiwan in June 2023 to organize a three-day, two-night "ESG Sustainability Consensus Camp" in Hualien for our managers. During this event, participants engaged in ESG workshops to discuss and generate ideas on sustainability issues. They also experienced indigenous activities in a mountain forest base, with the aim of inspiring managers to develop innovative operational strategies by aligning with the group's three core sustainability pillars: Climate, Health, and Empowerment, and integrating them with the core business of securities.



ESG Sustainability Consensus Camp

Celebrity Lecture

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Inclusive Financial Products

■ Systematic Investment Plan

Since 2017, Cathay Securities has offered a Systematic Investment Plan (SIP) for domestic stocks, continuously optimizing the service. Currently, we provide 93 individual stocks and 121 ETFs as investment targets for the Systematic Investment Plan's "Daily Investment Mechanism" service. Starting in 2022, we have reduced the minimum transaction requirement of the Systematic Investment Plan in domestic stocks to TWD100; in addition, investors can participate in the US stock market with regular investments for as low as USD10. Cathay Securities also offers promotional handling fees to investors by setting a flat rate for brokerage fees to both the domestic and US stock markets. By lowering the entry barriers to investment, we aim to enable investors to participate in the profit growth of leading domestic companies with minimal capital over the long term. This approach allows small-scale investors to invest in stocks consistently and grow their income. In doing so, we provide inclusive financial services and fulfill our corporate social responsibility.

Over 60% of Cathay Securities' Systematic Investment Plan customers are under the age of 40, indicating a strong demand for small-scale investments among the younger generation. Since young people are accustomed to using digital tools, Cathay Securities has introduced the smart assistant "Alpha" chatbot to enhance the service. With just a few interactions, investors can complete their Systematic Investment Plan subscription on the App. By the end of 2023, 300,000 customers had used Cathay Securities' SIP services for domestic stocks, with total SIP investment amounts reaching TWD 38.08 billion, a 37.7-fold increase compared to 2019.

Regular Saving Plan in Domestic Stocks

Minimum
transaction
requirement

TWD**100**

Handling
fee

TWD**1**

Market
share

Nearly**40%**



Regular Saving Plan in US Stocks

Minimum
transaction
requirement

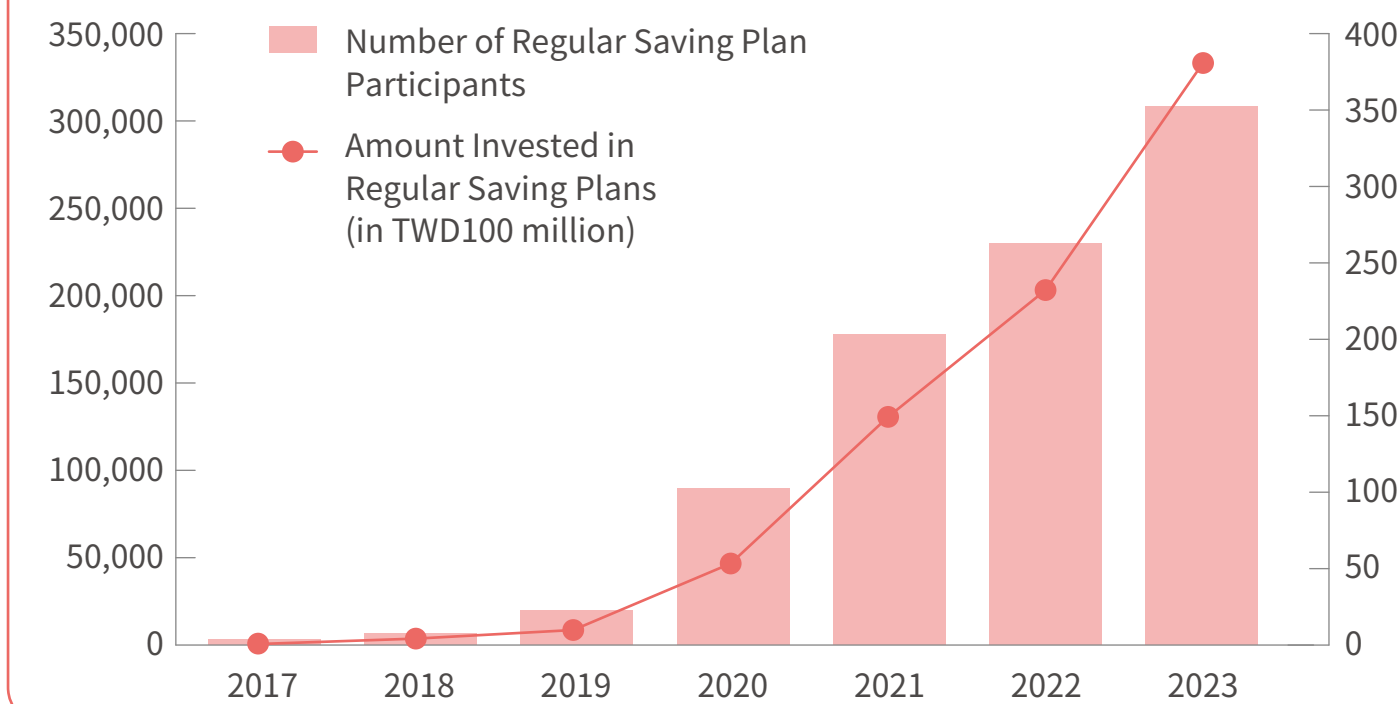
USD**10**

Handling
fee

USD**0.1**



Regular Saving Plan Overview



Popularization of Financial Knowledge

Promoting Trading Knowledge

To respond to the structural changes in the securities investment market in recent years and the influx of new investors, Cathay Securities provides an "Essentials of Trading" guide for novice traders. This guide includes explanations of various product trades, tutorials on new trading systems, and features a settlement and payment reminder function. This helps customers get started easily and effectively reduces the default rate. Furthermore, since 2014, we have sponsored the Securities Research Society at National Taipei University, offering young students knowledge in finance and investment. The topics covered include Capital Analysis and Practical Application, Stock Capital Analysis, Advanced Practical Applications of Futures and Options

Understanding Institutional Investors' Strategies through Capital Analysis, How to Use Stock Selection Apps, Smart Financial Management for Young Investors: Using Systematic Investment Plans to Accumulate Your First Pot of Gold in Taiwan Stocks, and Small Investment Techniques: Using Systematic Investment Plans to Build Wealth in Taiwan and US Stocks. These initiatives aim to enhance students' financial literacy and the practical application of financial tools.

Anti-Fraud Education Campaign

In recent years, investment fraud cases have become increasingly frequent and sophisticated in Taiwan. In response, Cathay Securities has aligned with Executive Yuan's "Next-generation Anti-fraud Strategy Guidelines 1.5," continuing to fulfill its sustainable responsibilities as a securities firm and actively implementing the "Principles of Fair Treatment of Customers." In 2023, the total of 68 students, indigenous people, and senior citizens aged 65 and above benefited from Cathay Securities conducted financial knowledge education.

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Investment Six-Part Series - Learn U.S. Stocks Easily



Prelude

How can you achieve financial freedom?

Part One

Advantages of investing in U.S. stocks

Part Two

Overseas brokers vs. Domestic brokers

Part Three

Cathay Securities offers the most convenient way to open a U.S. stock trading account

Part Four

U.S. stock trading rules

Part Five

Recommended for beginners: Regular fixed-amount investments

Part Six

Introduction to popular ETFs

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(1) Financial Education in Rural Areas

In 2023, Cathay Securities organized three financial literacy education campaigns, reaching nearly 70 individuals, including elderly indigenous people and elementary school children in rural areas. One notable event was the "Financial Education Together GO" campaign held in Nanzhuang Township, Miaoli County. Through lively and easy-to-understand interactive games, the campaign shared financial knowledge with elderly indigenous residents, helping them recognize common types of financial fraud and protect their hard-earned assets from scams.



(2) Financial Knowledge Education using Electronic Direct Mail (eDM)

Taking note of the massive volume of scam text messages present in society, In 2023, Cathay Securities implemented one anti-fraud financial knowledge education for senior citizens aged 65 and above using electronic direct mail (eDM). Utilizing the high usage and penetration rate of our internal instant messaging platform and integrating it with interdisciplinary resources, we have popularized relevant knowledge through a relaxed, interactive, and entertaining approach.

We utilized our Smart Assistant Alpha chatbot to assist customers in recognizing investment scams through a question-and-answer format. This initiative helped customers develop awareness and avoid falling victim to fraud, enhancing their ability to identify various scam tactics. Our efforts have made a significant social impact, attracting participation from 32,000 individuals.



Treating Customers Fairly

Policy and Standards

To safeguard customer rights and interests and enhance service quality, Cathay Securities follows the Financial Service Enterprise Treating Customers Fairly Principles and the Financial Consumer Protection Act promulgated by the Financial Supervisory Commission. In 2015, we established the "Procedures for Financial Consumer Dispute Resolution," and in 2019, we formulated the "Principles of Treating Customers Fairly." These internal regulations are regularly updated to comply with legal changes and address significant issues of concern to stakeholders.

Fair Customer Treatment is Linked with Sustainable Development

Thanks to the efforts of the Fair Customer Treatment Committee and the active supervision of the Board of Directors, we have combined fair customer treatment with sustainable development. We have performed well in various aspects, including inclusive financial instruments, financial knowledge and education, user-friendly financial services, and integrity governance, thereby forming a solid foundation for our corporate sustainable development, and paving the way toward co-prosperity in society.

Responsibilities and Organizational Chart

It is our commitment and mission to become the most compassionate securities firm in Taiwan. To achieve this, we have formulated the "Regulations on Fair Customer Treatment Committee Authority, Responsibilities, and Organizational Structure" and established a cross-departmental "Fair Customer Treatment Committee," chaired by the President. The committee reviews and evaluates relevant objectives and their implementation results on a quarterly basis. To ensure the smooth implementation of key fair treatment initiatives, the committee is divided into three major implementation units: the Financial Services and Product Working Group, the Financial Consumer Dispute Handling Working Group, and the ESG Sustainability Working Group. The organizational members and their responsibilities are regularly optimized based on practical needs, and progress and effectiveness are reported to the Fair Customer Treatment Committee every quarter.

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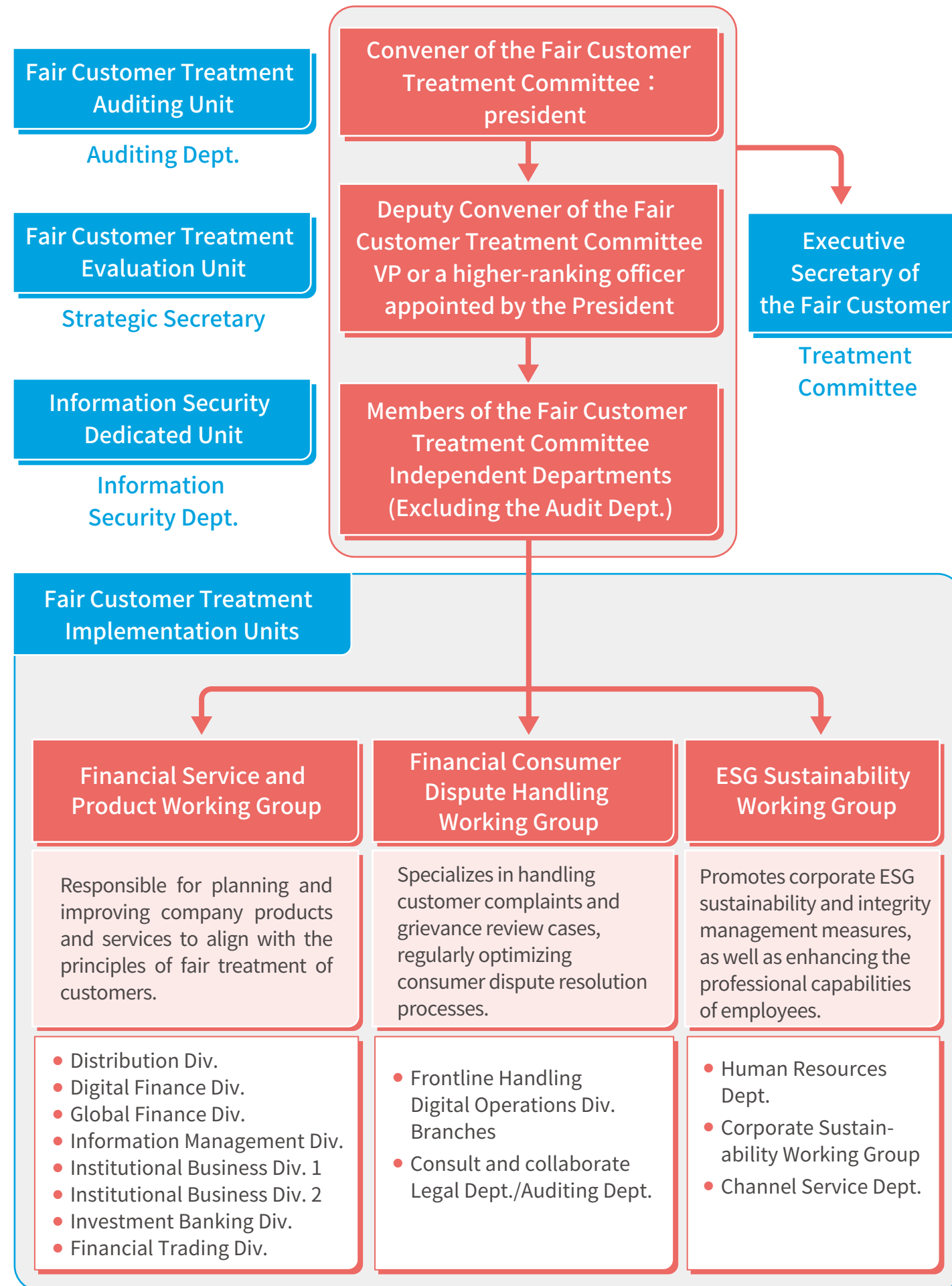
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Implementing Fair Customer Treatment

Financial Instruments

All transaction agreements and contracts between Cathay Securities and customers are drafted in accordance with the relevant standards of the competent authority and industry associations, and the terms and conditions that both parties should abide by are clearly stated. This is to ensure that we have adequately explained the important contents regarding the financial instrument, service, and contract to the client before the provision of said financial instrument or service, and that relevant risks have been adequately disclosed. If a customer has any concerns, the contract can be used as a tool to protect their rights and interests.

Diversified Education and Training

Our employees are the key to treating customers fairly. For this reason, we highly value the literacy and professionalism of our employees. Besides providing the legally mandated 3 hours of fair customer treatment courses to staff each year, in the spirit of continuous improvement and innovation, we also organize diverse professional courses to continuously improve our employees' professional knowledge, which in turn help us provide quality customer service. Furthermore, we also optimized the fair customer treatment learning roadmap in 2022. Different courses have been specially designed for frontline salespersons, managers, backend support, and directors and supervisors; in 2023, a total of 121 sessions of training were given, allowing personnel to learn key knowledge related to their own functions, helping everyone work together to create an ideal investment environment for our customers.

All Employees		Business Units	Customer Service and Others
Training Hours	Training Completion Rate	No. of Sessions	No. of Sessions
10.5	100%	97	24

To further enhance customer service experiences and establish high-quality service, we organize related activities each quarter, such as telephone service etiquette competitions and "Star of Service" events, aimed at improving friendly financial services. These initiatives encourage staff to brainstorm and create barrier-free services, fostering a friendly customer service image. We also include competition results in performance evaluations, ensuring the principles of fair customer treatment are effectively implemented. This approach aims to provide warm, empathetic service and create valuable customer experiences.

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Internal Control System

To guard against risks associated with salespeople striving for personal profits, we formulated a remuneration system upon approval of the Board of Directors, which considers "non-financial indicators" rather than purely business goal achievements. To reinforce the implementation of fair customer treatment, upon approval of the Board of Directors, since 2020, we have included "implementation effectiveness of fair customer treatment" into each division's performance evaluation indicators. In addition, to guide all business managers to enhance and promote fair customer treatment actions in day-to-day practices, all business units are also required to submit actual cases of fair customer treatment every six months.

Moreover, to establish a framework for integrity management, in 2023, we incorporated fair customer treatment into the "Accountability System for Major Issues" and developed a "Responsibility Map for Major Issues." This map defines the supervising managers and dedicated departments responsible for overseeing fair customer treatment affairs. The accountability system operates according to the PDCA (Plan-Do-Check-Act) management cycle and involves annual

reporting to the Board of Directors on the annual plan, execution results, reasons for any gaps in annual goals, and improvement measures.

Feedback from Frontline Staff

Since 2018, the National Health Administration has been promoting the Dementia-Friendly Community Plan. Through recruiting "Dementia-Friendly Angels," the initiative aims to educate more people, businesses, and organizations on using "Dementia-Friendly Communication Skills (STE²P)" to interact and communicate with individuals with dementia and their caregivers. This collective effort helps build a crucial dementia-friendly support network within communities. Cathay Securities is committed to providing a more comprehensive barrier-free service experience for disadvantaged groups. As part of this commitment, we initiated a month-long campaign to become Dementia-Friendly Angels. Nearly 60 back-office colleagues from our branches have obtained certification. We aspire to provide timely assistance during service interactions, creating a supportive environment, and becoming guardians for those with dementia.



Guardian Angel for People with Dementia

Chunghsiao BranchFinancial Administration Unit Gao

Feedbacks

To enhance accessible and friendly services for vulnerable customers and improve our financial service quality, our company organized the Dementia-Friendly Angel certification. My colleagues and I used the government's e-learning platform to gain a basic understanding of dementia. The course improved my knowledge of dementia, how to care for individuals with the condition, and how to empathize with them and their families. We learned to understand the language of those with dementia, communicate patiently, and provide proactive support. This training enables us to assist customers with dementia in our work, promoting a dementia-friendly service environment and creating a safe and friendly financial space for them.



Business Management Department Huang

Feedbacks

In Taiwan, one in 13 elderly people has dementia, a significant proportion. As financial professionals, it is crucial to understand dementia and the needs of different groups to address this societal issue.

The Dementia-Friendly Angel certification is not just a qualification; it is an opportunity to gain a proper understanding of dementia, respect human rights, and eliminate stigma and discrimination. Through the certification course, I gained a deeper understanding of the needs and challenges faced by dementia patients and learned how to communicate effectively and provide assistance.

Respect, patience, and empathy are essential when interacting with dementia patients. This certification is more than just a piece of paper; it symbolizes our commitment to respecting and caring for human dignity.



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Business Management Department
Lin

Feedbacks

With an aging population on the rise, the Business Management Department of the Channel Business Division has planned to set up silver counters in our branches to provide an accessible and friendly financial service environment for elderly and vulnerable customers. Additionally, we have arranged for back-office staff to undergo Dementia-Friendly Angel certification.

The certification courses help our back-office staff understand dementia and the care concepts of dementia-friendly communities. Through these courses, we actively support the company in creating a respectful and caring environment that meets the special needs of individuals with dementia while also promoting a deeper understanding of dementia issues.

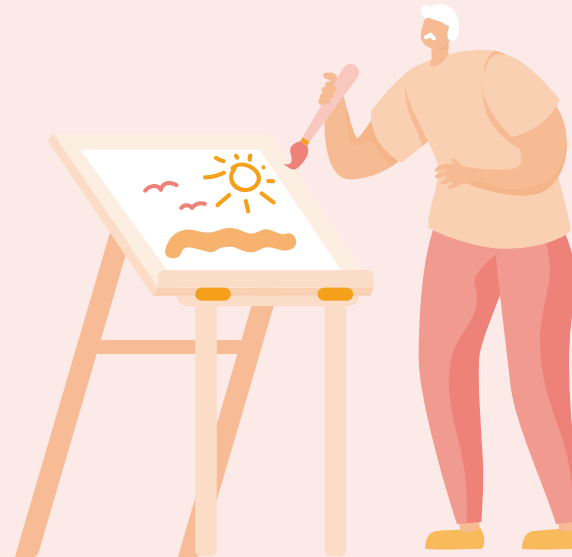
I am proud to be part of this series of initiatives to enhance dementia care.



Banchiao Branch
Huang

Feedbacks

Recently, our company launched a new wave of friendly service initiatives for vulnerable groups, such as installing intercom systems, providing seats with armrests, and fitting handrails. This resonates deeply with me, as our company has already implemented several related measures. For example, our headquarters has cataloged the accessibility facilities at each branch, established friendly service counters, and provided tools like reading glasses and magnifying glasses. In the first quarter, we also held the Dementia-Friendly Angel certification course to help us understand dementia and learn how to assist those affected. These actions demonstrate that Cathay Securities is genuinely committed to providing friendly services for vulnerable groups, not just paying lip service. As a member of Cathay Securities, I feel very proud.



Hsinchuang Branch
Hsieh

Feedbacks

I am grateful for the opportunity to participate in the Dementia-Friendly Angel certification course, which deepened my understanding of dementia.

As everyone ages, the decline in physical functions may lead to dementia. As financial professionals, we should consider how to enhance our service value with an inclusive, respectful, non-discriminatory, and non-rejective attitude. When serving customers, we should:

1. Smile: Introduce yourself to the person with dementia with a smile.
2. Say Thank You: Thank the person with dementia for their assistance.
3. Eye Contact: Lower your body to make eye contact with the person with dementia without avoiding their gaze.
4. Embrace the Moment: Listen to the person's topics, understand their current needs, and avoid blaming, arguing, or correcting.
5. Patient Listening: Listen patiently and respond slowly to their questions.

Dementia is like an arrow that has been released from a bow. People with dementia gradually lose their cognitive and behavioral abilities. Forgetfulness, irritability, delusions, and suspicion are common symptoms. They begin to forget their loved ones and even themselves. The Dementia-Friendly Certification course, led by professional instructors, helped me understand the worries brought by dementia and how caregivers can face and accompany them. The course was rich in content and I learned a lot.



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User-friendly Financial Services

Accessible Financial Services

Disabled people

At Cathay Securities, we are actively committed to building an accessible financial service environment. Our company website has already obtained the Level A Web Accessibility Guidelines 2.0 after passing the software identification test and manual inspection of the National Communications Commission. Through access keys or the sitemap, users with physical or mental disabilities can quickly obtain the services they need on our website. They can also use the cellphone text-to-speech function to listen to the information on our website.



Elderly-friendly Services

Elderly people

Population aging is an ongoing global trend. Cathay Securities strives to build a high-quality investment journey for senior customers and continues to enhance user-friendliness and security. These efforts include amending internal operating procedures, providing large, size 20-font lettering for important announcements, and allowing customers to download the "Important Notice for Elderly Customers." After a senior customer makes an initial transaction, we also actively call the customer to provide additional care and customer service, thereby enhancing security for senior customer transactions. A total of 361 people will be executed in 2023. After the transaction, each customer will be selected to provide in-depth care including sources of funds, financial capabilities, suggestions for the company, etc. A total of 252 elderly customer care will be completed from 2023.

English Environment and Services

Foreigner

To make it easier for non-native Mandarin speakers to access various service information, we launched our brand-new English company website in April 2022. If customers wish to apply for billing and monthly statements in English, they only need to call the Customer Center and the service will be provided for free.

Online Contract Revision Services for New Adults

Teenager

To assist minor customers to continue using their existing accounts after they come of age, Cathay Securities has revolutionized the traditional procedure that required customers to process relevant documents over the counter by setting up a convenient online application platform. Additionally, we proactively notify minor customers approaching the age of 18, so that they can complete all operating procedures online anytime and anywhere. Since the launch of this service, over 2,400 customers have successfully completed their applications online. For more information on the online application process, please visit <https://webap.cathaysec.com.tw/Micro/RIA/TurnAdult/intro.asp>.



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Enhancing Customer Experience

Advanced Service Quality Management System

We have introduced the Net Promoter Score (NPS) management system, which covers all points of contact with customers, from online to offline, allowing us to immediately obtain genuine customer feedback and actively follow up with them. Through cross-functional communications, we continuously adjust our points of contact and user interfaces to optimize the customer service experience.

In 2023, we added three new points of contact for our brokerage business: account opening, systematic investment plans, and periodic stock investments. Throughout the year, our NPS customer satisfaction score reached 91.2%. Additionally, all staff members who underwent the offline NPS job evaluation scored above 75, demonstrating that Cathay Securities maintains high-quality human interactions while actively pursuing digital development.

Free Multilingual and Sign Language Translation Services

To ensure that individuals with hearing impairments and non-native Chinese speakers can fully participate in investments, our branches launched sign language and foreign language translation services in July and August 2023. This initiative supports our commitment to fair customer treatment. We collaborate with the Taiwanese Association of Sign Language Interpreters for sign language services and Kingston Translation Services Co., Ltd for foreign language translations, offering support in English, Japanese, Indonesian, Vietnamese, and Thai. Customers can book these services by contacting us one day in advance. Upon arrival at the branch at the scheduled time, they will receive seamless and barrier-free service. These translation services are provided free of charge to prevent any additional burden on our customers.

Training Frontline Staff for Serving Customers with Disabilities

We prioritize meeting the diverse needs of all our customers. To better serve clients with disabilities, we organized specialized training sessions for our frontline staff. These sessions, conducted by lecturers from the CRPD Practical Research Center of the Eden Social Welfare Foundation, focused on improving interactions with individuals with disabilities. Topics covered included understanding their needs, effective communication methods, the Convention on the Rights of Persons with Disabilities (CRPD), relevant disability laws, guidelines for providing friendly financial services in the securities industry, and practical Q&A sessions. Our staff honed their skills, ensuring compliance with regulations and upholding the principles of fair customer treatment.

We continuously monitor current events and customer needs and invite external experts and consultants for lectures or have internal departments design different courses to continuously instill the spirit of fair customer treatment in our internal staff. The contents of these courses range from service etiquette, complaint handling, the Financial Consumer Protection Act, ombudsman procedures, types of disputes, etc.

Convenient Service Hours and Network

To provide customer-oriented services, in November 2022, we began discussing the feasibility of extending our service hours. By dispatching and rotating multiple groups of service teams, we were able to actively extend our service hours to 11 pm during business days from February 2023, exceeding the service hours of most industry competitors, and providing more convenient and thoughtful services to customers. We hope to lead by example and encourage the securities industry to improve its customer services, thereby achieving a co-prosperous securities market and a positive industry ecosystem.

By pooling together all the resources of subsidiaries in the Group, we provide convenient services for customers through collective marketing. For instance, our customers can open securities accounts at any of the 165 branches of Cathay United Bank or any of the 32 Cathay Life branches throughout Taiwan. Moreover, while in line with relevant laws and regulations, most of our services allow for cross-site agency or proxy services, so that customers can continue to enjoy friendly and thoughtful quality digital services when they relocate.

Ensuring Customer Rights and Interests

■ Unimpeded Channels of Communication

At Cathay Securities, we prioritize our customers by providing inclusive financial services. Customers can file complaints through telephone, email, or in-person visits. All complaints are handled by a dedicated unit to ensure timely resolution and effective follow-up.

3 Major Service Channels

 24/7 AI Customer Service	 24/7 AI Customer Service	 All Branches in Taiwan
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In 2023, our customer service and complaint hotline extended its service hours from 6:00 PM to 11:00 PM on business days to accommodate inquiries outside regular service hours. This year, all complaints were properly resolved within 30 days, with 87% resolved within 15 days. Cathay Securities provides 24/7 service channels throughout the year. Customers can use our 24-hour AI customer service system should they have any questions, call the customer service hotline of our Customer Service Center during business hours, or choose to approach any of our counters in person at our branch offices all over Taiwan. Customers can also engage in bilateral communications and provide effective feedback through Voice of Customer (VOC) messages on our website or write to the customer service mailbox, our LINE@ account, and/or our Facebook fan page.

What’ s more, to provide diverse, friendly, and heartwarming financial services to our customers, Cathay Securities established the User-Friendly Financial Services Section on our website and provides outbound care services such as first transactions for senior customers and notification for new customers' transactions.

■ Properly and Efficiently Addressing Customers' Opinions

To actively respond to customer demand and properly handle questions or complaints from customers, the Board of Directors formulated the Plan for Improving Complaints and Ombudsman Cases in 2022. We have actively implemented the four aspects of the plan, namely, raising concern, exceeding service expectations, accelerating processing speed, and improving professionalism. In addition, we are committed to customer privacy and did not receive any complaints or experience any violations regarding customer privacy infringement in 2023. After receiving a customer's complaint, we immediately launch a cross-functional "integrated handling mechanism." The Financial Consumer Dispute Handling Working Group is in charge of coordinating the relevant tasks, as well as properly handling the complaint in accordance with the Procedures for Financial Consumer Dispute Resolution. We consecutively review and regularly

Rate of Completion of Complaint Handling Within 30 Days	Rate of Completion of Complaint Handling Within 15 Days
100%	83%

discuss the handling procedures of each case and report them to the senior management. We will carry on with our commitment to listening to the Voice of Customer (VOC) and providing even more friendly service experiences.

Supplier Management

■ Influencing the Value Chain and Collaborating with Suppliers to Achieve Sustainability

Currently, we have more than 170 suppliers, including farmers, social enterprise innovation, IT equipment, and other environmental and social-oriented suppliers and agents. To exert our influence in the value chain, all new applicants who want to become suppliers are required to sign the "Cathay FHC — Declaration of Sustainability Values," and complete a "Supplier Self-Assessment." Suppliers are expected to participate in and progress towards corporate sustainability.

To fulfill supplier management and influence suppliers’ ability to achieve sustainable development, our supplier management over existing suppliers includes annual supplier evaluations, which are a comprehensive appraisal of suppliers’ service quality, timeliness of product delivery, and green and sustainable practices. Supplier evaluations are carried out each year, and high-risk suppliers are requested to improve, while sub-par suppliers are eliminated. We did not have any high-risk suppliers in 2023. We will actively establish partnerships with quality suppliers to enhance the benefits of corporate procurement and reduce procurement risks.

■ Encouraging Suppliers to Implement Human Rights Policies

We have incorporated sustainability-related guidelines in procurement processes to encourage stakeholders involved in our procurement decision-making or who will be affected by such decisions to collectively pay attention to and practice a

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human rights policy. These guidelines include the execution of due diligence, human rights risk status, discrimination, and important topics such as disadvantaged groups, economic, social, and cultural rights and interests, etc. In our effort to influence the value chain, we have undertaken the actions shown in the figure on the right.

Promoting supplier-shared commitment	When the procurement unit conducts price negotiation and reaches a certain threshold, we will invite the supplier to sign the "Cathay FHC — Declaration of Sustainability Values" to commit to practices of relevant standards, including employee safety and health, and human rights laws and regulations.
Formulating internal operating rules	We have formulated the "Contractor Safety and Health Management Regulations" in accordance with the Occupational Safety and Health Act to ensure the safety and health of personnel from both Cathay Securities and contractors.
Human rights clauses in agreement templates	Clauses on occupational safety and health, safety and responsibility, and corporate social responsibility have been included in the template agreement, which covers key issues of labor and human rights.
Implementing supplier management	Supplier evaluation mechanisms are executed and supplier evaluation tasks are regularly carried out.

Sustainable Procurement

Cathay Financial Holdings is dedicated to embedding sustainability into its procurement practices. This effort aims to minimize the environmental and social impacts of services provided by upstream suppliers while promoting local economic and environmental growth. In 2018, Cathay Financial Holdings became the first global financial institution to implement and pass the audit for ISO 20400 Sustainable Procurement Guidance. The Company incorporates environmental, social, and governance (ESG) factors and seven core values important to stakeholders: integrity management, healthy workplaces, labor rights, sustainable environment, fair business practices, consumer concerns, and social welfare. These considerations help identify supply chain risks and shape the "Cathay FHC Sustainable Procurement Policy" and the "Corporate Social Responsibility Code of Practice for Suppliers," establishing a comprehensive "Sustainable Procurement Process." All suppliers are invited to complete the "Supplier Self-Assessment" and sign the "Cathay FHC — Declaration of

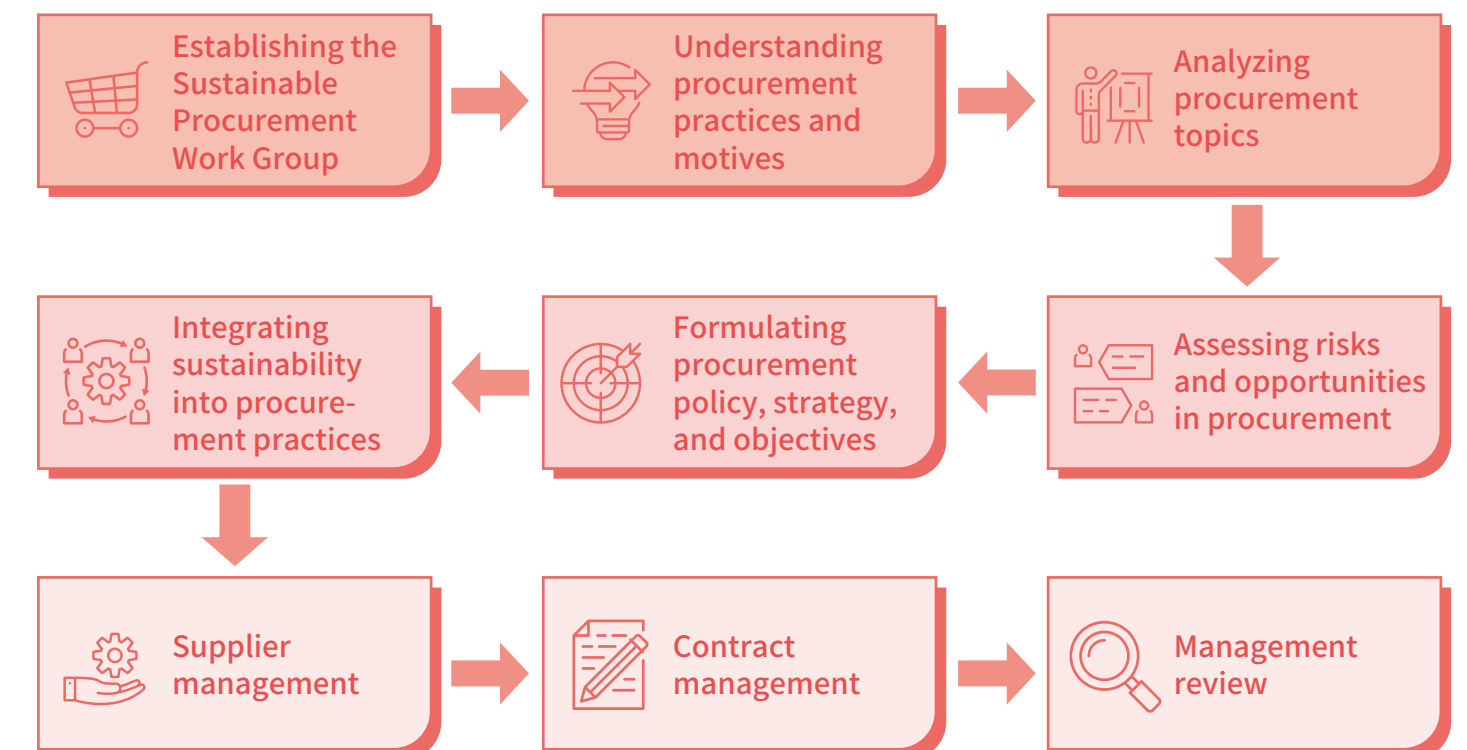
Sustainability Values." Existing suppliers undergo regular reviews, with annual evaluation results published, and high-risk suppliers are required to make improvements. Cathay Financial Holdings collaborates with suppliers to systematically deepen corporate sustainability initiatives, ensure compliance, create local employment opportunities while protecting human rights, and implement the group's ESG value strategy.

Sustainable Procurement Management Process

We have formulated the Procurement Management Procedures to clearly specify and guide our procurement management process.

Principles, Strategy, and Objectives of Procurement

While carrying out procurement tasks, in principle, all divisions must comply with the "Cathay FHC Sustainable Procurement Policy," and prioritize protecting the Company's interests. Suppliers must not be treated differently without proper reasons, and appropriate procurement decisions may be made based on considerations of fairness and rationality, procurement benefits, or by using professional judgment within the scope of not violating the provisions of the Company's Procurement Management Procedures.



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■ Procurement Item Management

For energy-related procurement, the standard corresponding to the "Energy Procurement Standards" should be met. For the procurement of other non-energy equipment, selection should prioritize sustainable products such as green/eco-friendly products, green building materials, and/or fair trade.

Green Procurement

To realize Cathay Financial Group's vision of sustainable development and societal prosperity, we adopted the ISO 20400 Sustainable Procurement Guidelines in 2018. This systematic integration of sustainability principles into our procurement policies and practices prioritizes locally sourced products with environmental, green energy, and water-efficiency labels. By doing so, we fortify our resilience in financial and environmental aspects. Moreover, leveraging our corporate influence, we invite all supplier partners to undergo sustainability education and training, jointly endorse the Cathay FHC — Declaration of Sustainability Values, and adhere to sustainability procurement standards. This encourages suppliers to prioritize sustainability and contribute to environmental, social, and economic sustainability efforts.

Cathay Securities actively promotes local procurement and green purchasing, aligning with SDG 12, "Responsible Consumption and Production." In 2023, our total procurement amounted to approximately TWD409 million, sourced entirely from legal companies registered at the Department of Commerce, MOEA, achieving 100% local procurement. To promote the sustainable development of a green environment and uphold the principles of green consumption and sustainable procurement, the declared amount of total green procurement in 2023 was TWD25.13 million, accounting for 6.14% of the total procurement.

Youth Empowerment

■ Promoting Internship Programs to Foster a Virtuous Cycle in Society

To bridge the gap between education and employment for young people, Cathay Securities actively collaborates with universities through industry-academia partnerships and internship programs. These initiatives aim to help young individuals understand themselves, consider their career paths, and develop both soft and hard skills for the workplace. For instance, in partnership with Cathay Futures and National Taipei University's Business Sustainability Research Team, we enhance students' knowledge of ESG principles. We are industry leaders in launching innovative financial services, such as ESG stock selection and client investment portfolio performance reviews, thereby raising public awareness of ESG. Furthermore, in collaboration with our parent company, Cathay Financial

Holdings, we hosted the "2023 Impact Investment Campus Tour Forum: Invest in Your Impact - Achieve a Sustainable Future" at National Taipei University. The event encouraged students to foster greater focus on sustainable development.



Intern Feedback

1. Yuan Ze University / Department of Finance / Wei / Internship Unit: Channel Business Division - Channel Management Department

Before entering my senior year, I pondered for a long time about whether to intern and gain some practical experience. By chance, I joined the Channel Management Department family. Whether it was the Vice President, department heads, or full-time colleagues, everyone took great care of me. During the internship, I realized how challenging it is to develop a project from idea conception to communication and coordination with various departments and finally to project execution. Due to the nature of the department, I also learned many skills on how to communicate with different departments and field staff. I'm very glad that I joined Cathay Securities at the end of my university life, making my college experience more fulfilling.

2. National Sun Yat-sen University / Institute of Financial Management / Li / Internship Unit: Strategy Planning Department

After enrolling in graduate school, I decided to intern during my second year to gain practical experience. Joining the Strategy Planning Department family not only greatly improved my research and data analysis skills, as well as my report and presentation abilities, but also provided me with extensive experience in cross-departmental communication and collaboration. The supervisors and full-time colleagues were very supportive; they not only provided me with work advice and support but also frequently checked in on my internship status and feelings. Here, I received many opportunities to challenge myself and grow, laying a solid foundation for my future career. Therefore, I'm really happy and feel fortunate to have joined Cathay Securities!

3. Tamkang University / Department of Chinese Literature / Shao / Internship Unit: International Finance Division - International Financial Settlement Management Department

I chose to major in Chinese Literature in college due to my interests, but when planning my future career path, I found that the prospects for a pure Chinese major were relatively fixed and narrow, and I wasn't very interested in them. After interning at Cathay Securities, I discovered that the company's system is well-organized, allowing me to learn a lot of cross-disciplinary knowledge. The workplace environment is also very friendly to newcomers, with interesting activities like walking competitions. My internship at Cathay has given me a clearer idea of my future career plans, and I am willing to seize the opportunity to become a member of Cathay Securities.

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■ Forming Industry-Academia Cooperation to Inject Sustainable Growth in Society

To inspire society to be committed to sustainable development and achieve a virtuous cycle of sustainability globally, we have developed a new sustainable ESG vision, in which, E equals "Encourage" (encouraging the promotion of ESG analysis in Taiwan); S equals "Share" (sharing the ESG research results with the public); and G equals "Get-together" (get together to encourage the participation of all). We formulated our ESG research strategy around this new comprehension and have collaborated with subsidiary Cathay Futures and National Taipei University in an industry-academia ESG research project since 2020. We played a pivotal role in supporting National Taipei University in establishing Taiwan's inaugural professional ESG analyst team. Through the utilization of our proprietary SEED evaluation methodology, we developed Taiwan's first ESG evaluation system that aligns with international methodologies. The results have been adopted by our corporate customers as a reference for investment decisions. In our commitment to making sustainable investment accessible to general investors, we continuously introduce innovative investment services. By leveraging our research skills, we strive to foster a virtuous ESG cycle and ecosystem that benefits securities firms, academic institutions, and listed/OTC companies. Furthermore, we aim to guide students in accumulating more research experience, enhancing their employability, thereby nurturing sustainable talents for the future.

Women's Empowerment

■ Facilitating Women's Autonomy and Self-Sufficiency

Cathay Securities envisions creating a diverse, equal, and inclusive (DEI) workplace environment and takes concrete actions to support gender equality and women's empowerment. To this end, we have established the "Women's Development Initiative Plan." Through various employee engagement activities, we support women entrepreneurs by purchasing their products and services, aiding their economic independence and self-sufficiency. Additionally, we promote positive development for women by organizing celebrity lectures, where outstanding women share their success stories. These events encourage employees to break gender stereotypes, actively participate in society, and unleash their potential and influence, thereby achieving self-realization and growth.

■ Assisting Women Self-Actualization

To help women achieve "financial, daily life, and work independence," we have appointed female managers to attend the Female Empowerment Forum held by Cathay FHC on multiple occasions in recent years. We aim to encourage women to break out from traditional social constraints through concrete actions and encourage society to collectively guide women to realize their full potential. We also continue to explore ways to assist women to break the glass ceiling and fulfill their autonomy and self-sufficiency by leveraging our core competencies as a securities firm, such as financial knowledge empowerment, or by providing career opportunities and more.

Supporting the Underprivileged

We remain dedicated to supporting socially disadvantaged groups. For many years, we have encouraged employees to engage in volunteering activities to collectively give back kindness and compassion to disadvantaged groups. In addition, we also provide special paid volunteer leaves so that employees can engage in social services without any worries.

Key data	2023 Volunteering Service
	674 hours

1. 【Financial Education Together GO】Combating Fraud

In line with the United Nations' Sustainable Development Goals (SDGs) and the trend towards Diversity, Equity, and Inclusion (DEI), Cathay Securities is dedicated to fostering not only the professional development of our employees but also supporting the broader community, especially vulnerable groups. To embody holistic care and achieve our group's ESG goals, we have established the "Diverse Society and Mutual Prosperity Plan." In 2023, we collaborated with subsidiary Cathay Futures and the Nanzhuang Township Office in Miaoli County to conduct several financial literacy outreach activities. These events aimed to empower elderly Indigenous people and elementary school children in remote areas with essential knowledge



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about fraud prevention and financial management. Additionally, we donated refurbished computers, stationery, and books to aid in their education. Our goal is to reduce urban-rural disparities and promote positive social development.



2. 【Financial Education Together GO】 One-Day Customer Service Experience

In alignment with the United Nations' SDGs and our financial literacy promotion plan, Cathay Securities and Cathay Futures have extended their outreach to rural areas. We recently visited Penglai Elementary School in Nanzhuang Township, Miaoli County, to provide students with financial management and anti-fraud education. We aim to instill proper financial concepts in children and ensure inclusive financial services reach every corner of Taiwan. As part of this initiative, we invited students to visit the headquarters of Cathay Securities and Cathay Futures. Here, they participated in a one-day "Junior Customer Service" experience, where they learned through simulated phone interactions and basic communication techniques. This hands-on experience not only showcased Cathay's commitment to friendly financial services but also offered a practical and engaging financial education journey, bridging the gap between theoretical knowledge and real-world application.



3. 【Tribake Social Enterprise】 Christmas Event

We organize a variety of employee engagement activities combining festive celebrations with social welfare. In 2023, during Mother's Day and Christmas, we partnered with the Little Shell Workshop of the Taipei Autism Parents Association and Tribake Social Enterprise. These events included handmade essential oil soap making and Wagashi painting experiences. Through these activities, our employees had the opportunity to interact closely with individuals with disabilities, fostering their socialization skills and promoting their spirit of independence and self-reliance.



4. 【Supporting Cultural Industries】 Jointly Create a High-quality Cultural Environment

Following the lifting of pandemic restrictions, we aimed to encourage the public to return to normal life by sponsoring a series of cultural events. These included the Cloud Gate Theater Family Concert, Rock with Cloud Gate, Tsai Chin at Cloud Gate, Cathay Cloud Gate Bar, and the Dancing with Cloud Gate series. Our support for these events reflects our commitment to fostering the arts in Taiwan. In addition, after our 2015 exclusive screening of the ecological documentary Fly, Kite Fly we once again collaborated with subsidiary Cathay Futures to address environmental sustainability issues. We launched an ecological film screening initiative, which included two screenings at Xinyi Vieshow Cinemas and one at Wonderful Theatre, along with the purchase of 250 tickets. Nearly a thousand employees and their families participated in this initiative. Through these activities, we not only highlighted our concern for environmental sustainability but also supported the development and production of ESG-related ecological films. Cathay Securities also promotes art and education by sponsoring the AAEON Foundation's "Art Corridor" project. This project involves art exhibitions in various factories and offices, as well as the "Art Light" project in rural elementary schools. By leveraging our corporate influence, we enhance the impact of the arts and contribute to cultural enrichment.



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Philosophy

At Cathay Securities, we are dedicated to delivering innovative financial services and products to our customers. Rooted in our core business in securities, we prioritize listening to our customers' voices and feedback. Our philosophy revolves around simplifying complex processes for our clients while providing them with convenient services. Through this approach, we offer personalized and comprehensive investment and wealth management services. Our ongoing commitment is to develop products and features tailored to meet our customers' needs, thereby fostering inclusive financial development.

Achievements

- Pioneered the **Regular Saving Plan Smart Overweight or Underweight** feature in the Cathay Securities App
- **Zero information leakage incidents** from 2020 to 2023
- Obtained **ISO 27001 certification for Information Security Management Systems**
- **Over 77% of long-term investment positions** are in companies ranked in the **top 20%** for corporate governance evaluations
- Engaged in engagement with **13 companies, an increase of 4 times compared with the previous year**
- Evaluated listed/OTC companies in the Sustainability Section of the App reaches **864 companies**

SDG8

SDG13

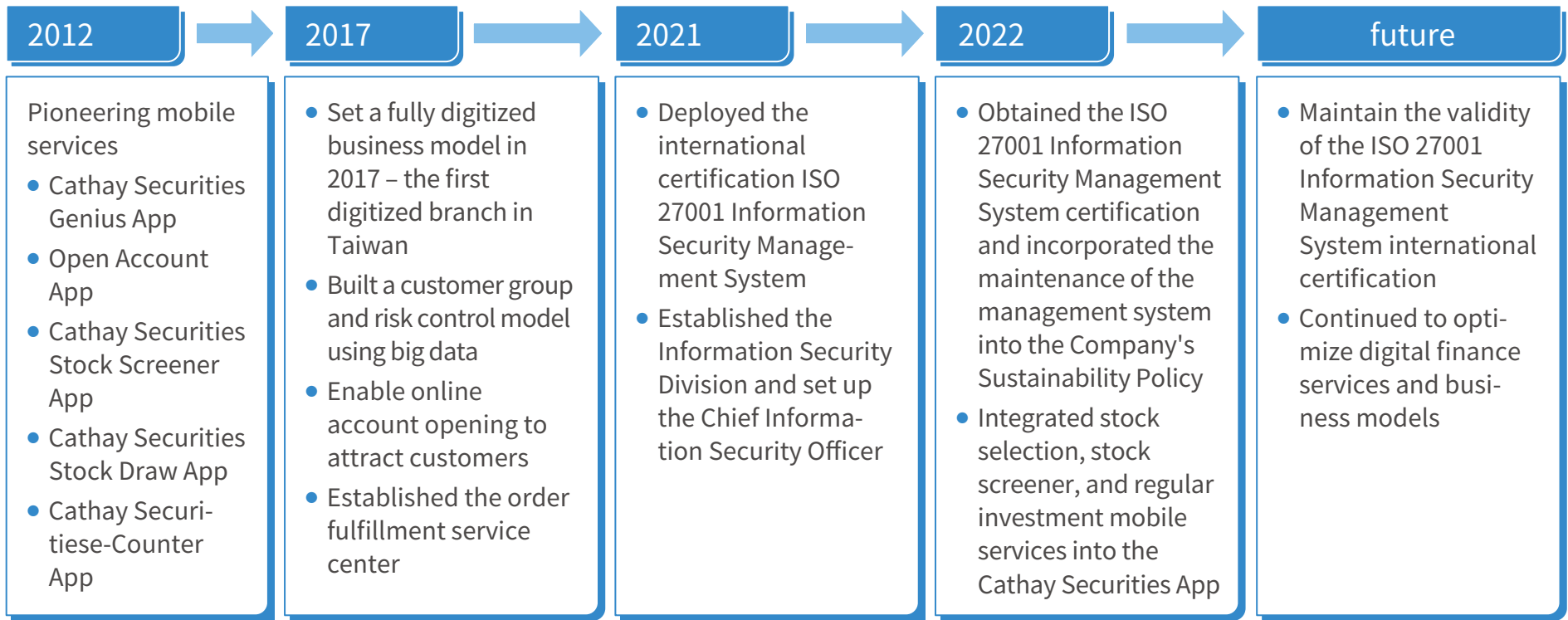
SDG16

3-1 Digital Finance and Information Security

The Taiwan Stock Exchange has reported a continuous surge in securities account openings in Taiwan, reaching a record high by the end of 2023, with over 12.51 million account holders. Particularly noteworthy is the fact that, for the first time, the cumulative number of accounts opened by individuals aged 20 to 30 has surpassed 50% of this demographic's population. This increase can be attributed in part to the regulatory changes allowing intraday odd-lot trading in 2020, which has attracted more young investors to the market. To meet the growing demand and provide excellent services to our customers, Cathay Securities has been proactive in embracing digital transformation. Since 2017, we have been steadily progressing in our transformation efforts, leveraging the collective resources of our group to develop application services centered around the customer's investment journey. The positive market response to our services has drawn significant customer interest. To further enhance our offerings, we actively solicit and respond to customer feedback, swiftly introducing innovative products and services tailored to their needs while continually striving to streamline our processes.

Moreover, as digital growth increases the risk of cyberattacks and security incidents, cybersecurity has become a vital part of our operations. We promote digital finance and corporate sustainability, meet the latest international standards and trends, and enhance our information security defense mechanisms to provide a secure system environment and services for our customers.

Digital and Information Security Timeline



Digital Finance Strategies

Following the wave of digitization, Cathay Securities has actively launched digital transformation plans and embraced a design thinking, data-driven and agile development approach to transform the organization, compensation system, and talent development. For instance, we have established the order fulfillment service center, Digital Finance Division, and undertaken digital business management in our Dunnan Branch in recent years. In addition, we actively attract digital talents to enhance our digitization competency and management performance thereby creating customer value through well-rounded online-to-offline (O2O) training, project-based practices, and agile project management. These actions guide our employees to develop diverse competencies, priming them to deal with challenges from the new era.

Cathay Securities prioritizes customer needs and remains at the forefront of digital innovation. Through surveys and Net Promoter

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Score (NPS) satisfaction metrics, we actively listen to our customers, gathering both quantitative and qualitative feedback. In 2023, we introduced the Regular Saving Plan Smart Overweight or Underweight feature in response to their investment needs, receiving significant approval from our clients and enhancing their overall service experience.

Digital Transformation Plan

■ Talent Development & Cultivation

In the dynamic landscape of the VUCA and BANI era, Cathay Securities is dedicated to refining talent cultivation across all fronts. We prioritize reskill and upskill initiatives to empower our employees to adapt and excel, focusing on 3 core competencies for digital transformation: “learning power,” “agility power,” and “dialogue power.” Through a comprehensive array of online and offline courses covering areas such as data analysis, process optimization, and digital communication, we foster the growth of our digital workforce. Additionally, through the introduction of digital cloud tools, the implementation of RPA automated processes, and the cultivation of an agile mindset, we aim to transform and reshape the new value of talent. This approach not only boosts the efficiency and safety of our workplace but also enhances the digital trading experience for our customers. It drives our vision of delivering exceptional value through digital innovation and sustainable practices, propelling us towards becoming a top-tier digital securities firm.

Digital Innovative Services

■ AI Customer Service "Alpha" Chatbot

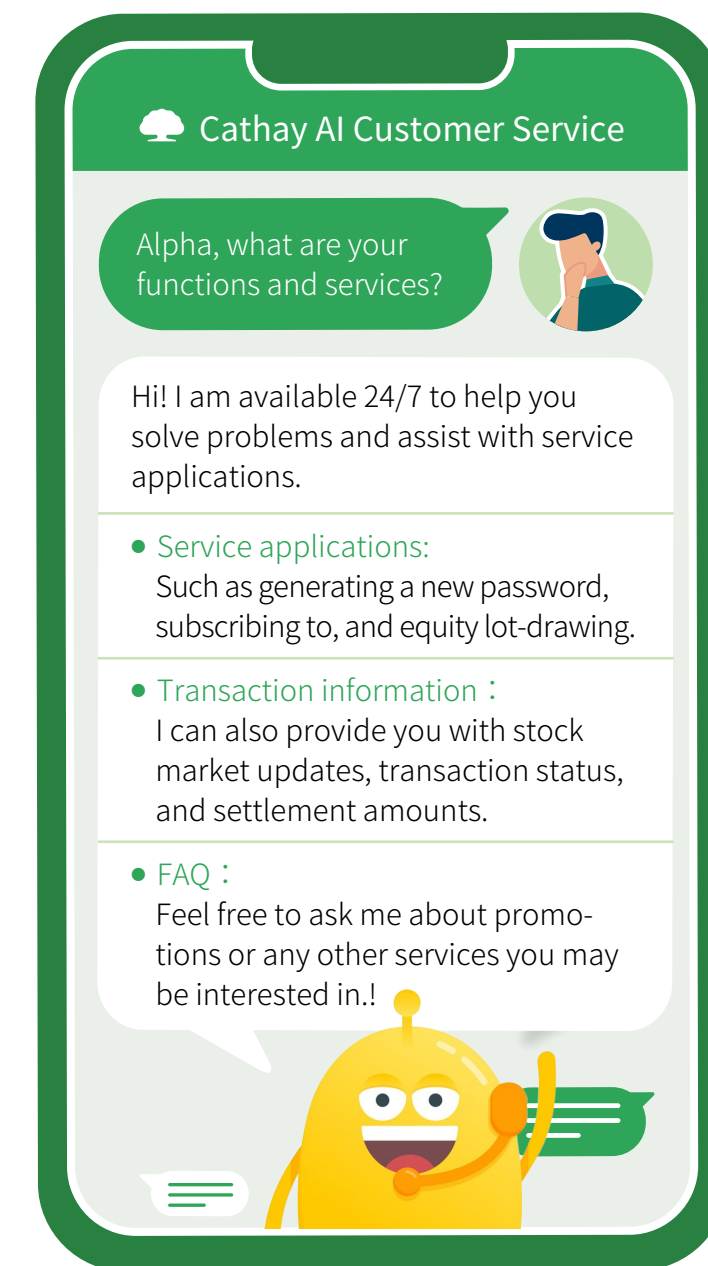
Our brand-new AI customer service "Alpha" chatbot was launched in July 2020, which helps customers solve problems and apply for a variety of banking services via text-based services on a 24/7 basis. The "Alpha online subscription of IPO ETFs service" launched in 2022 has 4 competitive advantages: A 24-hour conversation-based subscription

process, customer info auto-filling, subscription status application queries, and high levels of expandability. Customers can complete the ETF subscription through this conversation-based innovative service in as little as 3 minutes. In addition, this brand-new AI-based digital customer service model, free of business hours and service location constraints from traditional securities operators, has won the "Best FinTech Securities Award" from the Taiwan Financial Award's FinTech Innovative Application category.

In 2023, we renamed our smart “customer service” Alpha to smart "assistant" Alpha, enabling the assistant to proactively provide services rather than passively responding to inquiries. This transformation aims to provide customers with convenient and rapid service while also offering features tailored to their usage habits and investment preferences.

■ One-Stop Account Opening Service

Cathay Securities has undergone strategic transformations to meet the growing demand for digital services and regulatory policy change. Through an agile development approach, we have collaborated with banks to prioritize the most convenient account opening experience for customers. This collaboration involves designing user interfaces and developing APIs to seamlessly integrate securities and banking account opening services. By streamlining the identity verification process of the settlement bank with the securities account opening process, customers can complete the application without repeatedly entering personal information. This reduces the account opening process from five steps to three, enabling customers to quickly open Taiwan stock securities and sub-brokerage trading accounts online within 5 minutes. Additionally, applications are processed within 24 hours, significantly reducing the time needed for account opening.



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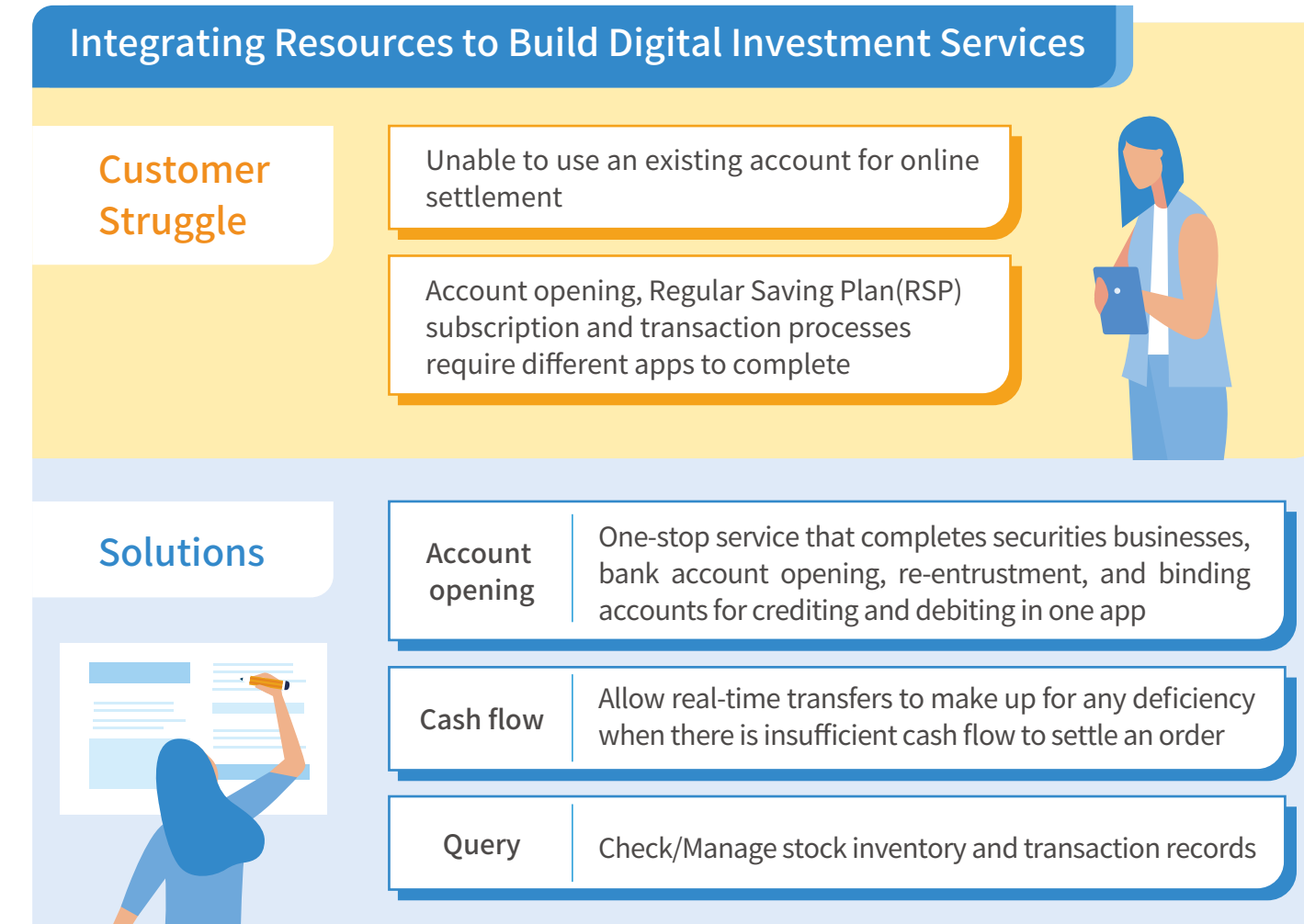
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This service also plays a crucial role in promoting financial inclusiveness by addressing the investors' concerns regarding traditional business hours and geographical constraints. It enhances investment convenience, accessibility, usage rates, and financial service quality. As a result, the public becomes more willing to access financial and investment services, leading to greater financial awareness and fulfillment of our vision for financial inclusiveness.



■ Cathay Securities App

The first step in Cathay Securities' digital transformation is to enhance the digital experience for customers. We launched a customer-oriented app to meet the digital service needs of different customer groups. Through collaboration with Cathay Financial Holdings' User Experience Design (UED) team, we integrated our 8 existing apps into the Cathay Securities App, providing customers with one-stop digital investment services. As a result, the active user base of the Cathay

Securities App increased by 80% compared to before. By optimizing digital investment services and user experience, Cathay Securities rapidly reached a million customers within just three years, becoming the best partner for customer investment and wealth management.

Given the increasing interest of Taiwanese investors in US stock investments, sub-brokerage investment in US stocks has become a major demand among Cathay Securities customers. In 2023, we introduced a dedicated section for US stock ETFs to provide customers with consolidated information for reference. Additionally, by the end of the year, we developed the US stock trading in amounts feature, becoming the first brokerage firm in Taiwan to offer customers the ability to trade US stocks in terms of amounts, enabling them to allocate their assets between Taiwanese and US stocks.

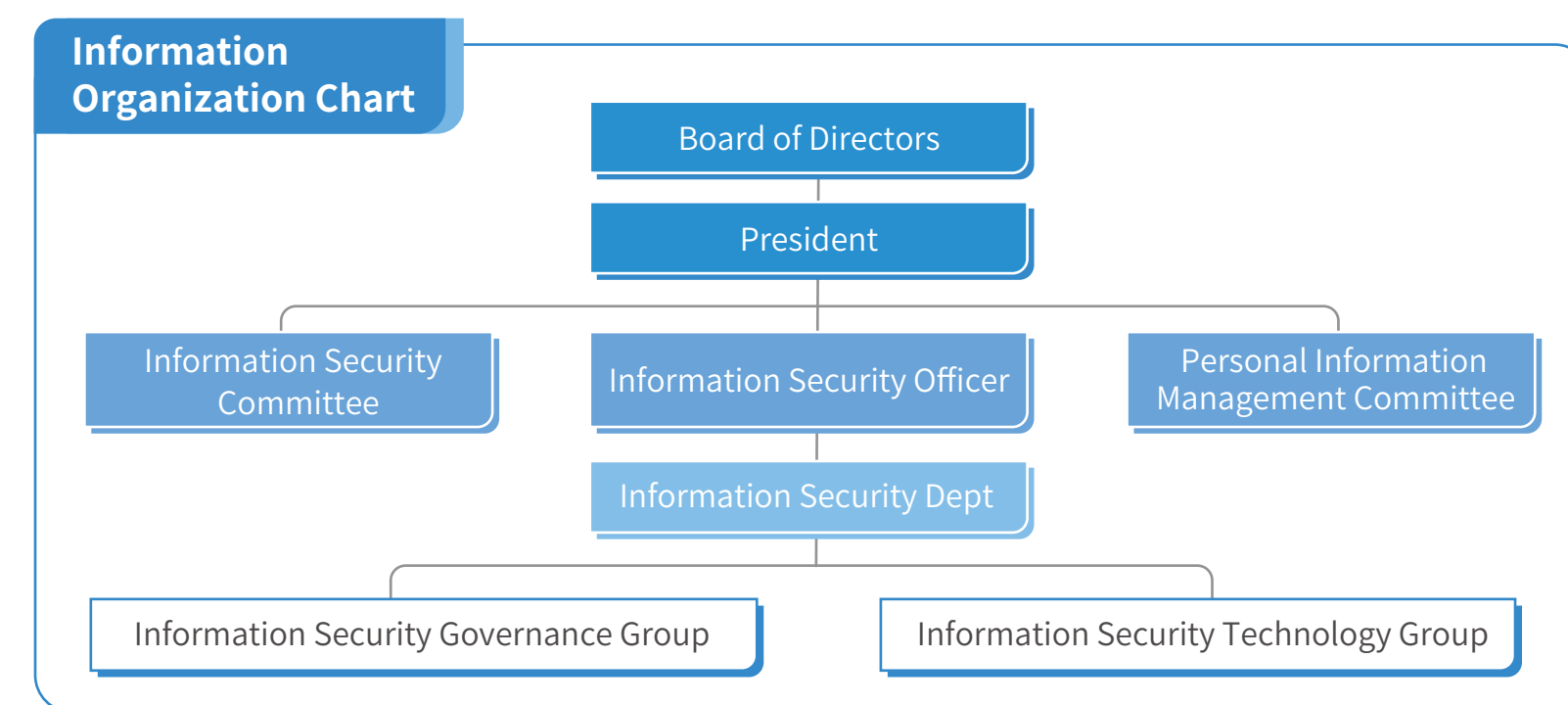


Information Security Governance

At Cathay Securities, we continue to enhance the standards of our information security management to be in line with the rapid advancement of information technology. To provide a secure transaction environment to customers, we are committed to strengthening our overall information security and protection capabilities, thus protecting customer privacy and personal information as well as preventing and reducing information security risks.

■ Establishment of a Robust Information Security Structure and Organization

In November 2021, Cathay Securities established the Information Security Department and appointed a Vice President-level Information Security Officer. The department consists of one director and seven dedicated information security personnel, divided into the Information Security Governance Team and the Information Security Technical Team. They are responsible for revising and promoting information security policies, planning the blueprint for information security architecture and defense mechanisms, handling significant information security incidents, overseeing the overall implementation of information security, conducting information security advocacy and education training, promoting the management system for personal data, and coordinating and maintaining information security. Moreover, they are also responsible for promoting, coordinating, maintaining, and executing information security management procedures.



The Information Security Management System is chaired by the President. It consists of division-level and independent department heads as members, collectively forming the Information Security Committee to supervise the operation of information security tasks. The investment budget for information security has been increasing annually, with 8.54% of the total information expenses allocated to information security in 2023. For 2024, the planned investment in information security is expected to account for approximately 13.18% of the total information budget, demonstrating our high regard for information security and the creation of a culture that values it within the organization. Additionally, an Information Security Advisory Group has been established to enhance the Board of Directors' understanding of cybersecurity trends, incorporate cybersecurity risks into strategic decision-making considerations, and promote a culture that prioritizes information security.

Information Security Management Policy

To ensure that all employees pay attention to the critical nature of information security and personal information management, we have established the "Information Security Policy" and "Personal Information Management Policy." These policies are crafted with a focus on aspects like confidentiality, integrity, availability, and legality. Following approval by the Board of Directors, they have been communicated to all staff members for implementation. This demonstrates our management's steadfast dedication to information security and personal data protection. By encouraging full adherence from our team, we aim to lay a robust foundation for our digital transformation journey.

■ Obtained International Security Certification - ISO 27001

Cathay Securities adopted the international standard ISO 27001 in July 2021 as our information security framework to enhance our information security measures, mitigate cybersecurity risks, and uphold personal data protection. This involved a comprehensive review of personnel, processes, and systems, as well as a reassessment of legal and regulatory requirements and guidelines set by regulatory

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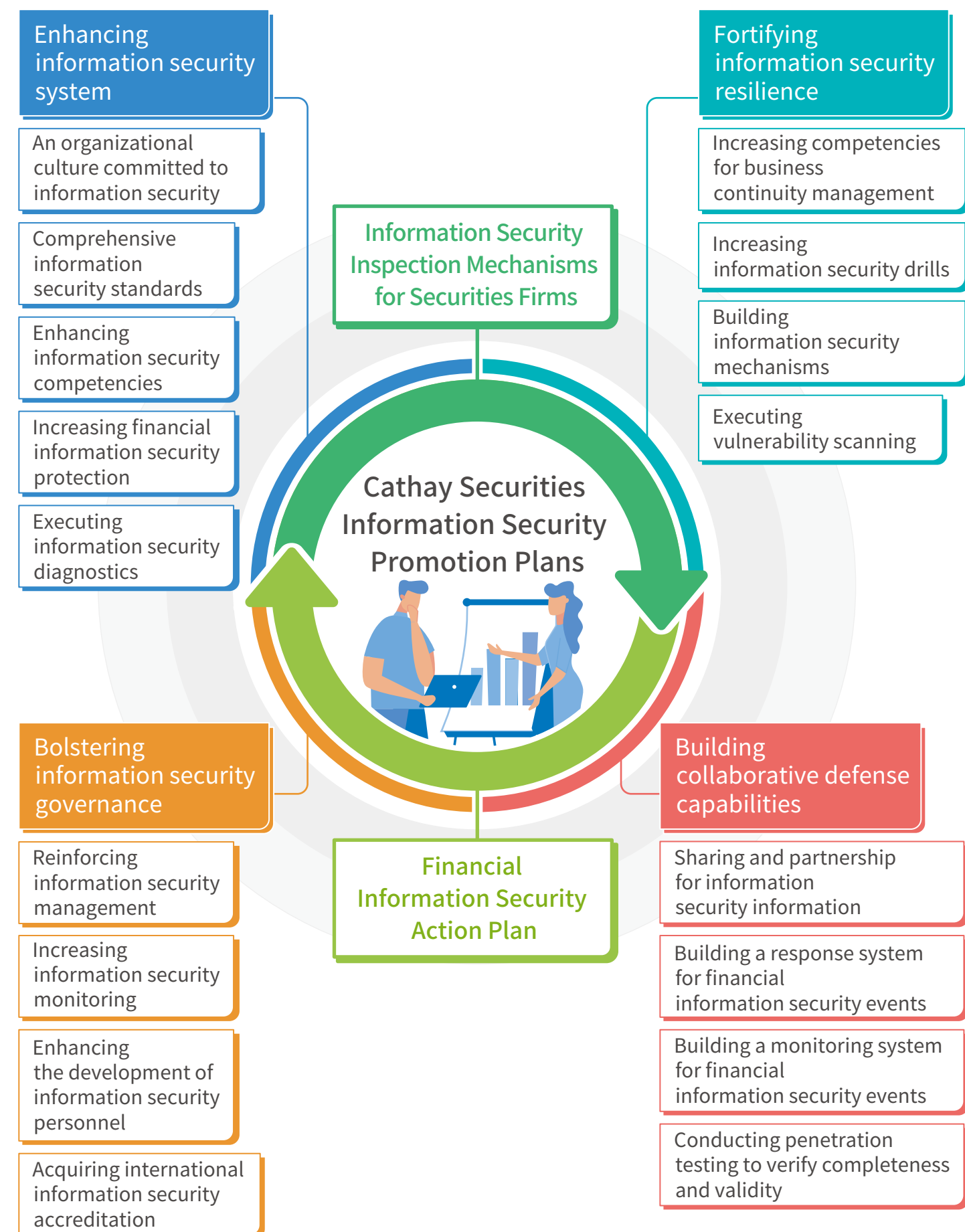
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authorities. The scope of implementation covered activities related to the development, operation, and maintenance of all information systems, network support services management, and the operation and maintenance of computer rooms. In August 2021, we updated our information security policy and established information security management system documents, incorporating new information security indicators. Regular reviews are conducted to assess appropriateness and goal achievement, and we enforce a corporate governance accountability system. Annually, we conduct comprehensive evaluations of the effectiveness of major cybersecurity initiatives to significantly improve the implementation of information security and practically reduce cybersecurity risks. In February of this year, we successfully recertified for the "ISO 27001 Information Security Management System," with the certificate valid until 2025. We remain committed to maintaining the validity of international standard certification, demonstrating our dedication to and assurance of information security.

Along with the progress of our internal digital development progress, we are also dedicated to reducing both external and internal information risks and hazards through reinforcing our management mechanisms and incorporating an information security plan into our corporate sustainable development strategy. In November 2022, the Board of Directors formally included "maintaining the validity of the ISO 27001 international standard" into the short-, medium-, and long-term corporate sustainable development policy as well as annual KPI to achieve top-down implementations throughout the organization. In addition, in August 2023, we also implemented the international standard BS10012 Personal Information Management System, covering the entire company (including subsidiaries). We aim to obtain "BS10012 Personal Information Management System" certification by the end of 2024.

Information Security Defense Mechanisms

At Cathay Securities, we are committed to establishing comprehensive information security protection mechanisms and strengthening relevant actions through four strategies, namely, "enhancing information security systems," "bolstering information security governance," "fortifying information security resilience," and "building collaborative defense capabilities."



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■ Establishing Dedicated Personnel

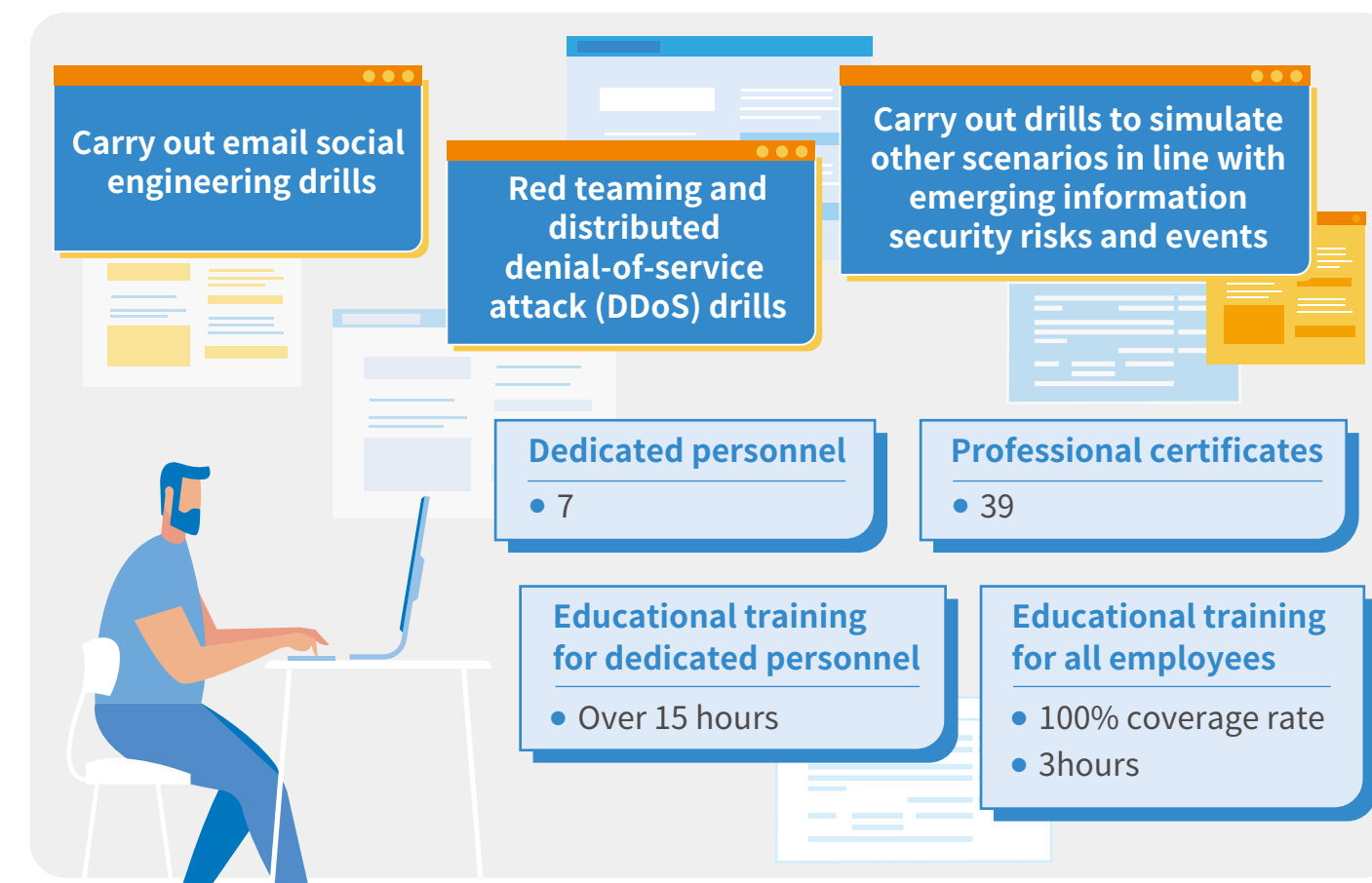
Cathay Securities places a strong emphasis on cultivating professional information security talent to enhance their expertise. Currently, our information security personnel hold a total of 19 international information security professional certifications. These certifications include ISO 27001 Lead Auditor (issued by BSI), ISO 27701 Privacy Information Management Lead Auditor (issued by SGS), Certified Ethical Hacker (CEH) (issued by EC-Council), Certified Information Security Manager (CISM) (issued by ISACA), Cisco Certified Network Associate (CCNA) (issued by Cisco), CompTIA Security+ (issued by CompTIA), Intermediate-Level iPAS Information Security Engineer (issued by the Ministry of Economic Affairs), Certified Incident Handler (ECIH) (issued by EC-Council), Certified SOC Analyst (CSA) (issued by EC-Council), and Certified Threat Intelligence Analyst (CTIA) (issued by EC-Council).

Information security relies on the collective efforts of all employees. Each information security professional undergoes over 15 hours of information security training annually, and a certification incentive program is established to encourage colleagues to obtain information security certifications. Additionally, a 3-hour information security educational training course is conducted for all employees each year. The content includes topics such as deepfakes, social engineering, IoT, and mobile devices. The completion rate for the training session is 100%. Furthermore, regular information security advocacy campaigns and social engineering exercises are carried out annually to continually strengthen the information security capabilities of personnel and enhance their awareness of information security.

■ Strengthening Information Security Governance Structure

To prevent potential information security risks upon the launch of new systems, we have implemented an information project security risk review mechanism. Before the deployment of new systems, we utilize a deployment checklist to ensure compliance with internal controls, regulations, and information security risk requirements. Additionally, we conduct annual information security maturity assessments to proactively identify potential risks and promptly respond to information security threats. We have established a 24/7 Security Operation Center

to monitor and respond to security risks in real time. Furthermore, we regularly conduct security exercises, including red teaming, distributed denial-of-service attack (DDoS) drills, and social engineering exercises. During disaster recovery exercises, we integrate actual business operations to validate our procedures. We also tailor our exercise scenarios to address emerging information security risks and incidents, allowing us to formulate crisis management and response strategies for significant security events. Moreover, to stay abreast of critical information security intelligence, Cathay Securities has joined the Financial Information Sharing and Analysis Center (F-ISAC) established by the Financial Supervisory Commission. We have developed mechanisms for collecting and processing security intelligence, collaborating with Cathay Financial Holdings to share threat intelligence and warnings. As a result of our efforts, we were honored with the "F-ISAC Outstanding Performance Award" for member intelligence sharing.



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Handling Information Security Events

Cathay Securities did not have any data breach events caused by information system accidents between 2021 and 2023. There was one physical data breach events involving personal data, affected three customers. The percentage of data breach events involving personal data was 100%. This incident was caused by the inadvertent loss of items during shipment by a courier company. Fortunately, the incident did not involve any significant breaches of information or infringements on customer privacy. We have obtained the understanding of the affected customers and managed the situation appropriately. Overall, Cathay Securities' information security mechanisms operate effectively, safeguarding customer rights and interests.

To further strengthen our reporting and response measures for information security events, we continuously practice and actively optimize relevant response handling procedures. We have comprehensive operating rules in line with international standards, laws, and directives from competent authorities on top of the policy formulated upon approval from the Board of Directors. We have specific and detailed response and simulation drill mechanisms and guidelines available for all levels of information security incidents, reporting methods, and digital identification processes. In the event of an information security incident, Cathay Securities responds based on business requirements, information environment, and the specific circumstances of the incident. Following the principles of identification, containment, eradication, recovery, and improvement, we handle the situation accordingly. Reporting is conducted according to operational procedures, and in the case of major information security incidents, the President convenes an "Emergency Response Team" to ensure effective response measures. Subsequently, we conduct reviews and learn from our response experiences to prevent future occurrences, thereby mitigating potential damages to material information and assets as well as operational losses. We also regularly conduct internal audits to assess the soundness and completeness of our information security and personal information protection mechanisms. We are committed to continuously enhancing our information security management, strengthening defense capabilities, and leading the industry in pioneering practices. Our goal is to provide a safe, convenient, and uninterrupted financial service environment for our customers.

3-2 Sustainable Products and Services

Emphasizing Innovative Technologies and Leading the Industry into Asset Tokenization

Cathay Securities has taken the lead in the industry by obtaining approval from the Financial Supervisory Commission (FSC) to operate Security Token Offering (STO) services, making it the first securities firm in Taiwan authorized to do so. Collaborating with Cathay Financial Holdings' Blockchain team, Cathay Securities has developed its own STO trading platform. In its inaugural offering, it partnered with GRINNODOT Incorporation to issue the "SunnyFounder Debt STO," successfully raising TWD30 million. The funds raised will be used for the installation of renewable energy equipment, with an expected carbon reduction of approximately 5,309 metric tons over 20 years. Apart from providing a new fundraising channel for businesses and reaching out to potential investors, STOs also offer diverse and innovative investment options for professional investors. Additionally, investors purchasing this STO will have the additional right to purchase green electricity from the issuer at a competitive price, allowing them to contribute to the gradual transition of companies towards energy transformation and towards the goal of net zero emissions while enjoying investment benefits.



Cathay Securities not only focuses on financial innovation, but also echoes the regulatory authorities' strategy to promote sustainable investment. It uses "sustainable enterprises" as the main issuance target of STO and encourages Small and medium-sized enterprises in ESG fields such as renewable energy, carbon reduction, plastic reduction, and water resources. Small businesses raise funds to promote sustainable development and social responsibility practices.



STO section

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ESG-linked Warrants

ESG concepts have drawn significant attention from the public in the current international financial market. In response to current ESG trends, as a warrant issuer, Cathay Securities has observed the popular transaction targets in the securities market and selected individual stocks with ESG awareness to issue warrants, enabling investors to utilize the transaction characteristics of warrants with low investment entry barriers, high leveraging, and flexible operations, and simultaneously enhance their awareness of sustainability topics, including ESG.

	2020	2021	2022	2023
Number of ESG-linked warrants	439	673	521	1,074
Total warrants issued	1,200	1,571	1,181	1,504
Ratio of ESG	37%	43%	44%	71%

Underwriting Green Bonds and Leading Companies Towards Net Zero Emission

As a capital mediator, Cathay Securities actively supports companies engaging in climate and green efforts, allowing them to take part in the capital market. From 2020 to 2023, Cathay Securities has cumulatively underwritten 14 green bonds and social responsibility bonds, including enterprises with high levels of practical impact and positive ratings such as Far EasTone, Taiwan Power Company, and TSMC. To broaden our sustainable influence, we have expanded worldwide from our base in Taiwan. In 2022, we underwrote an international green bond from Natixis on both the Taipei Exchange and Luxembourg Stock Exchange and steadily advanced our international green bond underwriting services. We have cumulatively invested TWD100 million in green bonds while prioritizing the underwriting of targets that have been certified by either the International Capital Market Association (ICMA) or The Climate Bonds Initiative (CBI) in the hopes of realizing sustainable impact and leading businesses to jointly promote the carbon reduction and the net-zero emissions objective. By doing so, we aim to mitigate climate change risks through substantial actions. For more details, please refer to Table 1 in the Appendix on the implementation.

Year	2020	2021	2022	2023
Issuing Company	- TaiPower (2 green bonds) - TSMC	- Chailease Finance - TaiPower - TSMC	- TaiPower - Natixis (Natixis SA)	- TaiPower (2 green bonds) - TSMC (2 green bonds) - Far Eastern New Century - Far EasTone

Advising Sustainable-themed Corporate Fundraising to Facilitate Industry Transformation and Upgrading

Upholding the Group's brand-new "What if We Could" mindset and a strong sense of corporate social responsibility, Cathay Securities hopes to contribute toward the sustainable development of society. We provide consulting services as a capital mediator, leveraging our expertise as a securities underwriter and financial advisor. We have offered underwriting and consulting services to 17 companies with environmental or social benefits that met the internal definitions from 2020 to 2022 (refer to Table 2 in the Appendix for definitions.) In 2023, Cathay Securities facilitated underwriting and consulting services to 7 companies, involving 11 cases that met our internal definitions for environmental or social benefits. Moreover, during the consulting process, we included sustainable development and ESG promotional plans during the evaluation and audit process for issuers applying for an IPO, further supporting these companies to steadily achieve sustainable transformation. By helping issuers enter the capital market, Cathay Securities hopes to not only effectively assist them in raising funds, but also promote sustainable goals, including industrial transformation and upgrading, climate change adaptation, enhancing medical resources, and achieving sound governance capabilities.

Year	2020	2021	2022	2023	Total
Number of environmentally or socially responsible companies to which we offered consulting and underwriting services	5	5	7	11	28

*Refer to Table 3 in the Appendix for other achievements

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Offering Fundraising Consulting Services to SMEs and Exerting Financial Influence

As a capital mediator, Cathay Securities leverages its expertise as an underwriter and financial advisor to exert sustainable influence. In 2023, Cathay Securities offered underwriting and consulting services to 11 projects across 7 companies with environmental or social benefits that met the internal definitions, including assisting power supply giant AcBel Polytech Inc. to issue convertible bonds to develop 3 major fields: power supply, electric vehicles, and new energy, as well as aiding advanced material manufacturer DingZing Advanced Materials Inc. to issue convertible bonds to develop environmentally friendly TPU materials.

Cathay Securities has actively referred to the "White Paper on Small and Medium Enterprises in Taiwan" from the Small and Medium Enterprise Administration, MOEA, and offered fundraising consulting services to SMEs with a capital of not more than TWD100 million or with less than 200 employees to assist those with growth potential to consistently advance. Cathay Securities cumulatively offered consulting services and provided underwriting services to 2 SMEs in 2023, with the participatory amount to NTD 92.84 million.

ESG Research Report and Rating Service

In 2020, Cathay Securities and its subsidiary Cathay Futures, collaborated with National Taipei University in conducting Taiwan Sustainability Rating, which incorporates the Sustainability Accounting Standards Board (SASB) methodology and is conducted mostly based on ESG reports along with other public information. The number of companies being assessed has increased over the years; there are many as 864 companies assessed as of 2023. By conveying the ESG performance of listed/OTC companies, we help corporate



customers evaluating their investment options. According to the Taiwan Sustainability Rating from National Taipei University, the ratings of an individual stock being assessed can be classified into eight ranks. Cathay discloses the overall ESG assessment as well as performance from each aspect on the first page of individual stock reports. Customized ESG assessment services can also be provided based on requests from institutional investors.

Cathay Securities App - Sustainability Section

Following the pioneering launch of the "Sustainability Section" in the Cathay Securities App in 2022, which achieved over one million clicks within its first year online, we continued to integrate customer feedback and service needs from the past year. We have upgraded our sustainability services to "My ESG Sustainability Impact," allowing customers to intuitively and simply assess their personal sustainability impact on their Taiwan stock inventory with just one click. The evaluated corporate entities now cover 864 listed/OTC companies, accounting for approximately 92% of the total market value.

"My ESG Sustainability Impact" highlights three main features: Stock ESG Performance Insights, ESG Investment Focus, and ESG Plain Language. To help investors align with international sustainability trends, "Stock ESG Performance Insights" reveals the ten dimensions of stocks in terms of "environmental, social, and governance" aspects. It assists customers in evaluating the performance of their Taiwan stock holdings across various dimensions, including greenhouse gas and energy, air management, customer rights and experience, employee development and welfare, investor relations, and risk management indicators. Additionally, investors can link to the ESG Dashboards of listed companies in the Taiwan Stock Exchange's ESG InfoHub to access and compare ESG information across companies and industries, providing investors with a one-stop information integration service.

Furthermore, considering that investors value both financial and non-financial performance when making investments, we provide the "ESG Investment Focus" feature. This function selects stock indicators that investors are most concerned about and frequently click on, such as dividend yield greater than 5% and foreign investors buying for three consecutive days,

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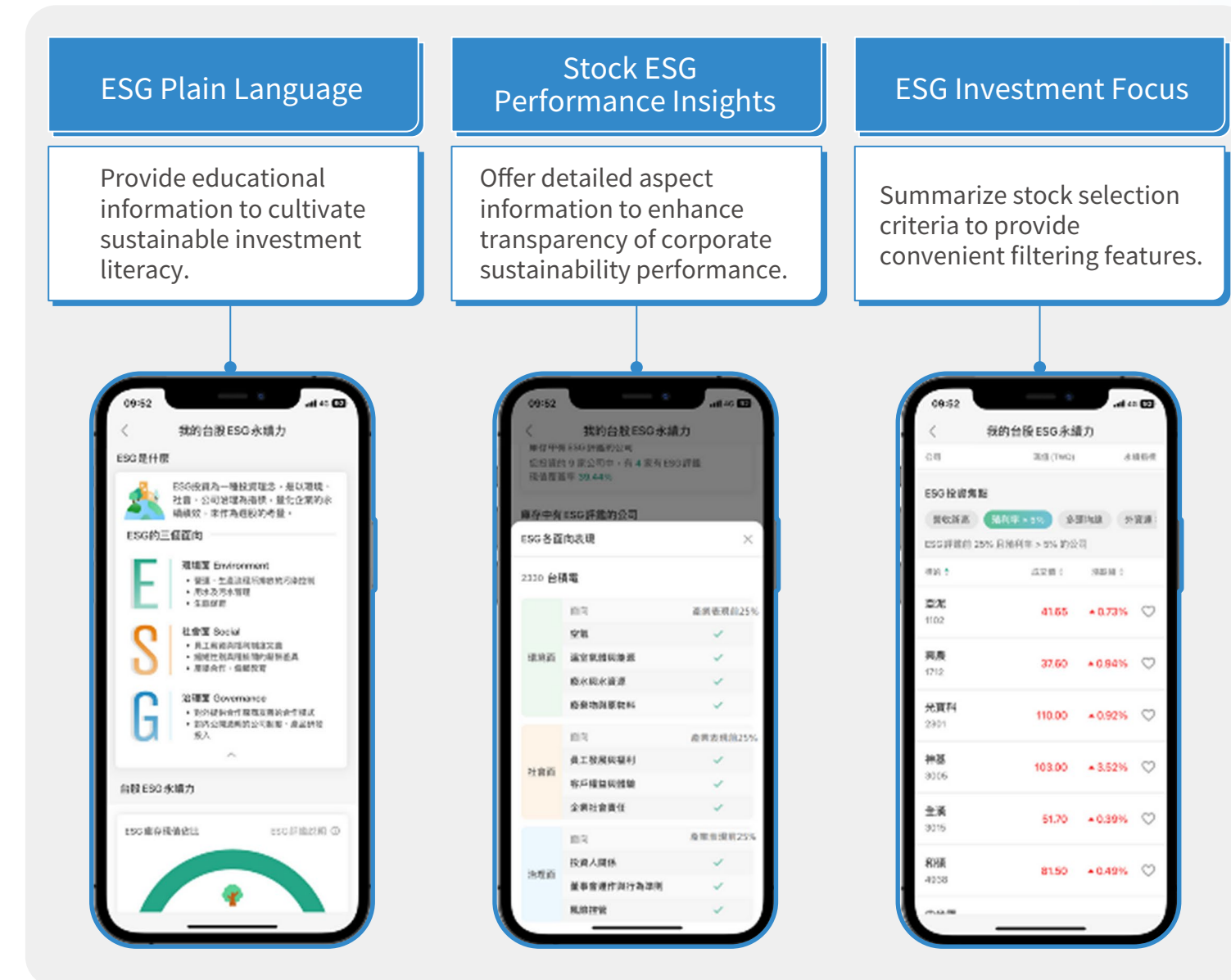
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through backend data analysis from three major aspects: fundamentals, technicals, and chips. It supplements this with the top quartile of corporate sustainability performance, not only providing investors with quick and convenient cross-stock selection services but also allowing them to support financially sustainable companies while considering the financial growth opportunities of investment targets.

Recognizing that some investors may still be unfamiliar with the concept of ESG, we have specially designed the "ESG Plain Language" section to explain the three main aspects of ESG indicators in a simple and understandable manner. This provides educational information to the public, cultivating the sustainability literacy of a wide range of investors and implementing inclusive finance.

Cathay Securities is committed to bridging investment and sustainability. As ESG becomes increasingly prominent in the investment market, we have been continuously pondering how to lead investors toward ESG investment and leverage market influence. By assisting investors in understanding their ESG impact while generating profits, we aim to create a positive cycle between stock selection, investment, asset management, and sustainability. Moreover, we aim to surpass traditional institutional investor constraints and rally public awareness of sustainability, thereby encouraging corporations to prioritize ESG. Together, we strive to build a sustainable financial ecosystem.



3-3 Responsible Investment

Responsible Investment Policy

■ Formulating Rigorous Responsible Investment Policy to be Aligned with International Sustainability Trends

Cathay Securities complies with the "Stewardship Principles for Institutional Investors" to enhance long-term investment value and reduce relevant risks. In addition, by taking into account material environmental, social, and governance (ESG) issues, the Company has formulated the "Responsible Investment and Engagement Policy Operating Procedures" in reference to the "Responsible Investment and Lending Policy," "Exclusion Policy," and "Engagement Policy" of Cathay Financial Holdings Co., Ltd., enabling impact funding and fostering positive social progress.

Cathay Securities' Corporate Sustainability Committee regularly reviews responsible investment policies and processes to meet responsible investment trends, reduce relevant risks, and enhance the Company's long-term investment values. Furthermore, responsible investment and ESG-related sustainability goals have been included in the evaluation process for formulating key performance indicators (KPIs).

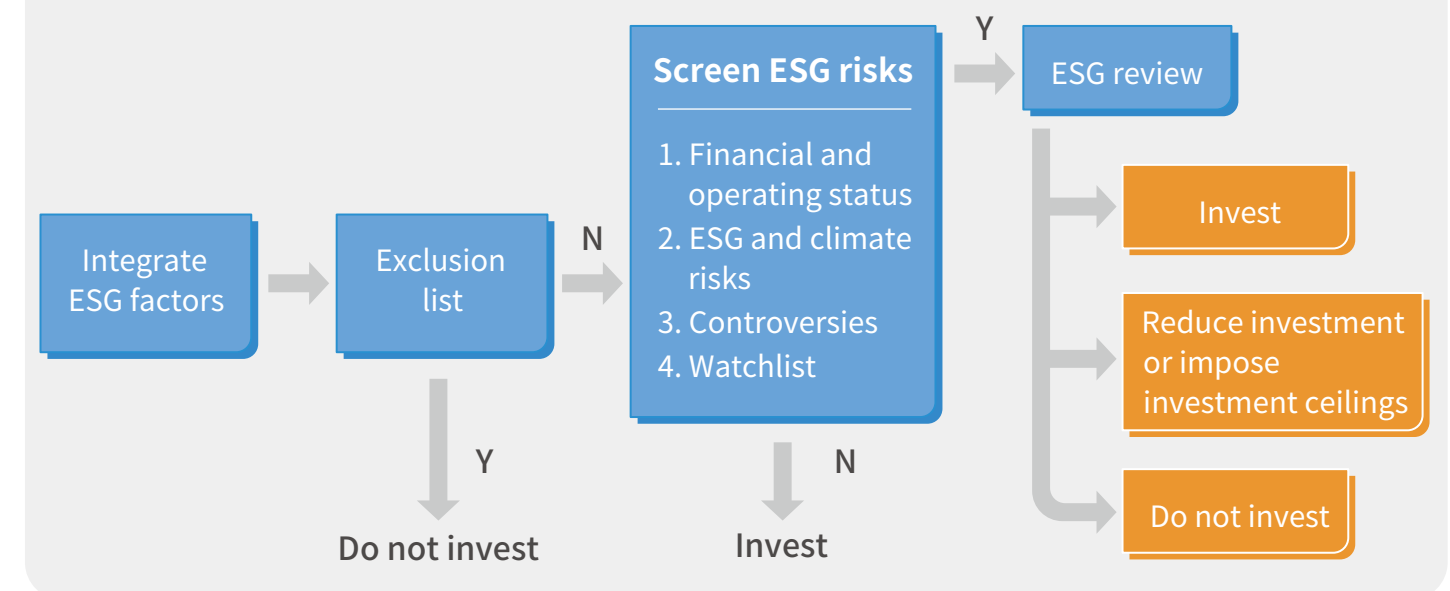
■ ESG Investment Risk Management

At Cathay Securities, we actively enhance our ESG and climate risk reaction capability to strengthen operational resilience and meet sustainable development trends worldwide. Based on the assessment or ratings of internal and external professional institutions, such as Bloomberg, S&P, or the Science-based Targets initiative (SBTi), while factoring in the accessibility of information, Cathay Securities has opted to use greenhouse emissions and carbon intensity, among other indicators, to undertake ESG and climate risk exposure evaluation and management. Additionally, the Board of Directors approved the formulation of the "ESG and Climate Risk Management Guidelines" and the relevant procedures in May 2022.



Stewardship
Principles for
Institutional
Investors

ESG Risk Review Process



■ Stay on Top of International Sustainability Focuses and Carry Out Risks and Implementing Exclusion Policy

Cathay Securities emphasizes investment risk management, and thus has formulated the "Responsible Investment and Engagement Policy Operating Procedures." Investment targets and industries that may pose negative impacts on social development, present high environmental, social, or ethical risks, or have major national controversies are placed on the exclusion lists. In addition, we closely follow international trends and sustainability focuses and have established and maintained continuing information exchange mechanisms with our parent company, Cathay Financial Holdings Co., Ltd., to engage in ad-hoc communications, which enable us to collect information and share experiences to ensure the timeliness of information and to maintain consistent objectives, expanding our benefits.

Type	Number of companies in exclusion lists in 2023
Controversial weapons	13
Adult entertainment industry	4
Controversies	1

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■ Focusing on ESG and Climate risks to Effectively Adopt Response Measures

Before investment, Cathay Securities consistently adheres to regulatory standards and scenario analysis results. Industries with increased ESG and climate risks are placed on the "watchlist," totaling 9 categories. Cathay Securities initiates an ESG assessment for long-term investments, in which a watchlisted target is expected to be held for more than 1 year. All investment units are required to provide at least one evidence that is better than the standardized ESG ratings result from internal/external institutions; otherwise, they will be requested to reduce the investment or impose an investment ceiling, or they may even be prohibited from investing. Where investment is required even if the standard has not been met, an ESG and climate risk evaluation report shall be prepared to present the reasons for investment and means to hedge against relevant risks.

Cathay Securities implements ESG risk management mechanisms post-investment, and all investment units are required to carry out ESG and climate risk assessment operations. For outstanding investments that do not meet the ESG ratings or standards of external/internal institutions, investment units are requested to review the ESG and climate risk exposure of said investments semiannually. They are also requested to submit review results before the 10th of the following month and to explain their risk hedging, control, or offsetting method to their divisional managers for approval. Subsequently, the risk management unit is notified of the result, which is also submitted to the Risk Management Committee for supervision.

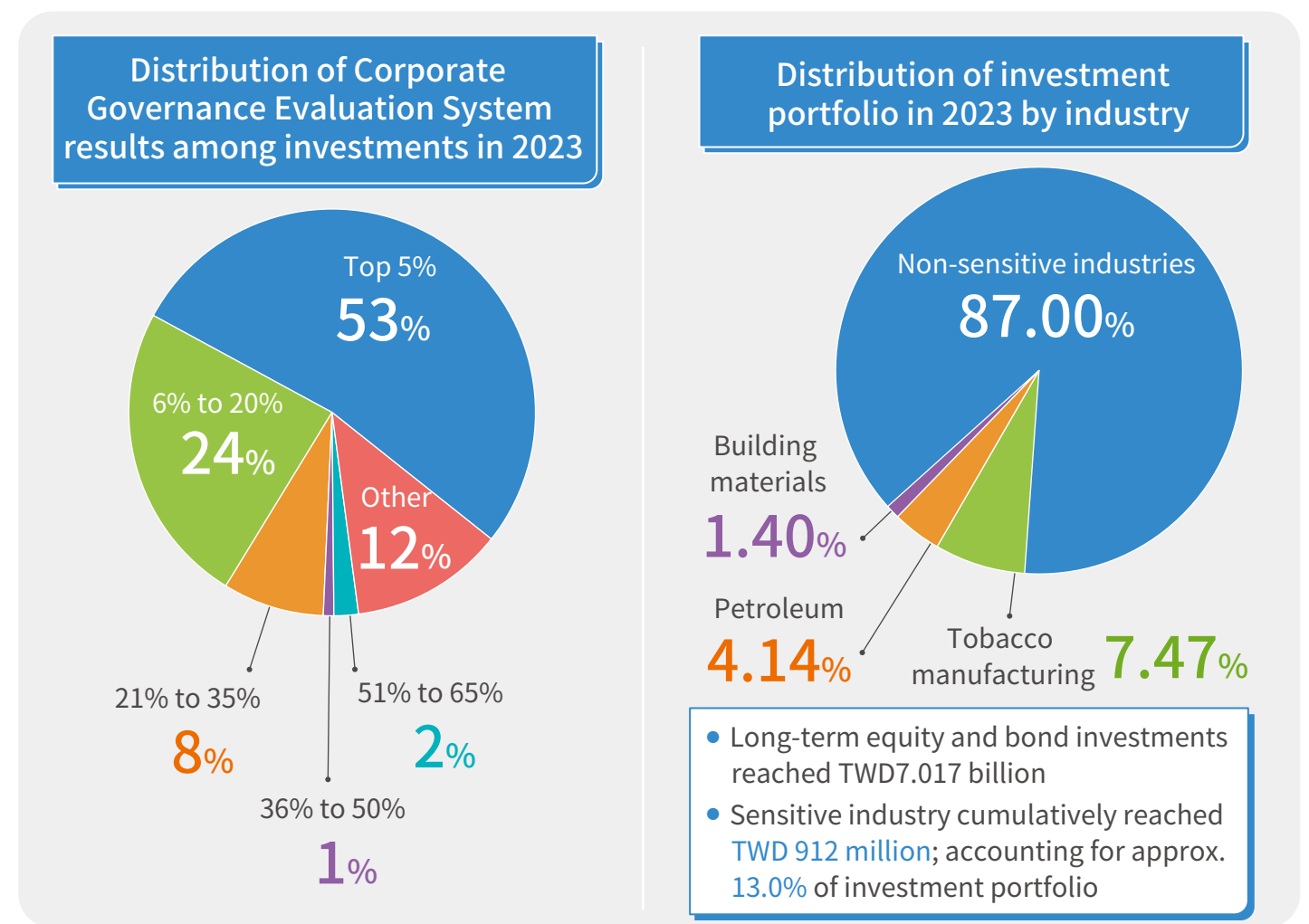
Sensitive industries		
1. Palm Oil Farming/ Palm Oil Processing	2. Logging	3. Aluminum
4. Steel	5. Airlines	6. Coal Mining/ Coal Support Services/ Coal Freight - Rail
7. Integrated Oil/ Exploration & Production	8. Construction Materials	9. Tobacco & Cannabis
10. Casinos & Gaming	11. Controversial Weapons	12. Adult entertainment

ESG and climate risk assessment and measurement standards			
Bloomberg ESG Score	S&P Global	Temperature Rating Approach	Other evaluations
>= 10	>=20%	<Default value	Relevant evidence should be provided

■ Outstanding Sustainable Performance in Investment Portfolio Showcases Our Resolve for Stewardship

In accordance with ESG and Climate Risk Management Guidelines, Cathay Securities reviews the ESG positions of listed/OTC equity and bond investments at least once every year and undertakes risk management. In 2023, investments in sensitive industries increased by NT\$235 million compared to 2022, but the proportion of total investments decreased from 16.93% to 12.36%, mainly due to the continuous establishment of long-term bond positions resulting from business growth. However, the ESG ratings of the invested targets all met the benchmark standards, indicating that these companies have begun to pay attention to ESG and climate-related issues. Furthermore, more than 77% of the overall long-term investments were from enterprises that have ranked among the top 20% of the Corporate Governance Evaluation System. Our active compliance with the Responsible Investment Policy is evidence of our determination to fulfill our stewardship responsibility.

Finally, through industry distribution analysis, investment asset scenario analysis, and stress testing, we can identify and manage the investment transition risks we face, and adjust them according to group strategies or international trends, actively strengthening our ESG and climate risk management mechanisms.



ESG Stewardship Practices

■ Fulfilling Responsibility for Post-investment Management to Influence Responsible Investment

Cathay Securities may initiate engagement measures for long-term investments that are expected to be held for more than 1 year, and which hold more than 1.5% of the investee's total outstanding shares after determining that such investee has material environmental, social, and governance (ESG) risks (including climate risks). For other ESG-related matters relevant to the Company's business, engagement measures may be initiated upon evaluation.

Direct engagement

1. Through direct channels of communication (e.g., phone calls, emails, and face-to-face meetings), the feedback from the subject of engagement may be included as references for Cathay Futures' analysis, research, and management



Collaborative engagement

1. This may be undertaken through signing agreements or voluntary compliance with international ESG-related initiatives
2. Collaborate with other financial institutions or international organizations
3. Collaborate with Cathay Financial Holdings Co., Ltd. and its subsidiaries as well as the Responsible Investment Working Group of the Financial Holdings' "Corporate Sustainability Committee" in regular reviews to select the subject of engagement

■ Inclusion of ESG Factors for Voting at Shareholders' Meetings to Realize Institutional Investor Role

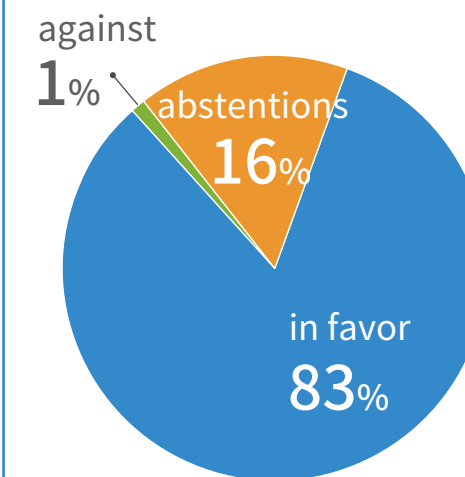
At Cathay Securities, we have formulated the "Voting Policy," in which we evaluate the votes that should be cast based on the impacts of an investee's sustainable development or ESG aspects. By doing so, we aim to fulfill our role as an institutional investor and achieve our corporate sustainability objectives. In principle, Cathay Securities supports the proposals that the investee's management level proposes at Shareholders' Meetings. However, if a proposal will materially deter the investee's sustainable development or pose negative impacts on ESG aspects, we will either choose to not support the proposal or attempt to understand and communicate with the management before the Shareholders' Meeting. In 2023, we participated in the



Voting policy

voting of shareholders' meetings (including extraordinary shareholders' meetings) of a total of 262 invested companies, with a personal attendance rate of 100% and a proxy attendance rate of 0%. A total of 1,182 resolutions were voted on, with 986 in favor, 9 against, and 187 abstentions. The complete voting records of the shareholders' meetings can be found in the appendix and the Corporate Governance section of Cathay Securities' official website. On June 15, 2023, Cathay Securities physically attended the shareholders' annual meeting of Bafang Yunji International Co., Ltd and expressed opinions during the meeting. The speech records of that day were disclosed on the company's website along with relevant information on issues of concern.

Voting Results



■ Promoting Robust Industry Developments through ESG Engagements

In recent years, Cathay Securities has observed a notable gap in shareholder engagement practices among institutional investors in the country. There's a lack of collaboration among institutional investors, and the concept of "service providers" including investment advisors and data research providers is yet to be fully embraced. Furthermore, evaluating ESG requires reference to external databases, yet there is no standardized source or measurement mechanism for data evaluation among major evaluation institutions. This leaves institutional investors without reliable and impartial data sources for analyzing ESG performance in invested companies. In response, Cathay Securities has taken cues from global practices while considering local dynamics to pioneer a unique engagement model. By leveraging international concepts of "stewardship" and "service providers," Cathay Securities facilitates collaborative engagement opportunities among institutional investors, third-party research institutions, and companies. This approach aims to foster a robust engagement ecosystem. Since 2022, the research team has initiated engagements with non-invested companies that fall within the lowest 25% of ESG performance or have not been evaluated, for ESG. To date, we've engaged with 13 listed companies, offering advices to help them progress toward sustainability. Through these efforts, we seek to bolster development of the capital market.

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Company	2022 ESG Rating	2023 ESG Rating	Engagement Content and Achievement
A	Taiwan Sustainability Rating-CCCw	Taiwan Sustainability Rating-BBB	Initially rated CCC in 2022, the company advanced to a BBB rating, which is eligible for "ESG investment-grade stock," following its first ESG engagement meeting in 2023. The company outperformed in sub-dimensions including Supplier and Product Lifecycle Management, ESG Innovation, and Energy and Climate Change.
B	N/A	Taiwan Sustainability Rating-BB	The company discloses ESG voluntarily as its capital did not meet the mandatory ESG disclosure threshold required by Financial Supervisory Commission (FSC). It was not assessed in prior year due to lodgment after assessment date. After the initial engagement meeting and Cathay Securities' assistance in reviewing the ESG report in 2023, the company received BB in its first ESG rating. The company outperformed in "Human Rights," "Raw Materials and Waste Management," and "Water Management."
C	N/A	Taiwan Sustainability Rating-BB	The company discloses ESG voluntarily as its capital did not meet the mandatory ESG disclosure threshold required by FSC. Additionally, it had not previously issued a comprehensive ESG report. Following engagement meetings in 2022 and 2023, the company achieved BB in its first ESG rating in 2023. The company outperformed in "ESG Innovation," "Raw Materials and Waste Management," and "Supply Chain and Social Responsibility Management."
D	N/A	Taiwan Sustainability Rating-B	In response to "Corporate Governance 3.0," the company was mandated by the FSC to disclose ESG information for the first time in 2023. It achieved B in its first rating under Taiwan Sustainability Rating marking a major improvement. The company outperformed in "Customer Relationship Management" and "Human Capital Development."
E	N/A	Taiwan Sustainability Rating-AA	In response to "Corporate Governance 3.0," the company was mandated by the FSC to disclose ESG information for the first time in 2023. It achieved AA first rating under Taiwan Sustainability Rating, eligible for being an "ESG Investment Grade Stock." The company outperformed in "Risk and Crisis Management," "ESG Innovation," "Customer Relationship Management," and "Environmental Systems and Governance."
F	MSCI - B	MSCI - BB	The company was being recommended to establish a nomination committee to strengthen its oversight in the recruitment and succession planning of key senior executives. Other recommendations include focusing on energy-efficient flat-panel display solutions that provides opportunities for clean technology. The company's practices to attract and retain talent are highly effective, including a management plan that promotes internal mobility across various levels.

■ Continuously Monitoring the Impact of Engagement to Flexibly Adjust Relevant Actions

Cathay Securities collaborates with the Responsible Investment Working Group of parent company Cathay Financial Holdings' "Corporate Sustainability Committee" to regularly review engagement subjects and outcomes. If an outcome falls below expectations, we will increase the intensity of our engagement based on management’ s requests. The following practices may be taken:

1

Increase the frequency of communications



2

Increase the ranking of communicators from both parties



3

Ask important stakeholders of the subject of engagement to participate



4

Express the points of view of each company during a Shareholders' Meeting or investor conference on the subject of engagement



5

Cast votes or propose motions at Shareholders' Meetings held by the subject of engagement.

Cathay Securities may also discuss the views of both parties regarding relevant issues with the subject of engagement prior to the annual Shareholders' Meeting held by the subject of engagement. Engagement may cease once Cathay Securities determines that satisfactory results have been yielded from the relevant actions. If making further improvements is difficult for the subject of engagement, investments in or business activities of the subject of engagement shall be evaluated and adjusted,and engagement actions will be terminated.



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■ Utilizing Business Resources and Opportunities to Continuously Expand Communication with Stakeholders

In addition, we utilize business resources and opportunities to continuously execute engagement actions. Through our underwriting business channel, we provide consulting services to quality listed/OTC enterprises in Taiwan, thus maximizing the effects of joint engagements. By holding dialogues with investees and seizing all interaction opportunities, the contents of communications we had with institutional and corporate customers ranged from the results of the corporate sustainability performance assessment study, which was jointly conducted by Cathay Futures and National Taipei University, ESG stock analysis reports, and latest ESG trend analysis to the analysis on key company news and events from an ESG perspective and more. By staying in contact with investees, we can uphold our stewardship responsibilities as an institutional investor and create a sustainable effect.

In 2023, we engaged in stakeholder communication with a total of 15 companies through underwriting and consulting services, with a total of 1004 communication sessions.

Institutional Investor Stewardship Advisory services provided by Cathay Securities as an underwriter

Attendance in the Board of Directors' meetings	49
Number of advisory sessions conducted this year	984
Explanation of corporate governance evaluation items completed	39
Explanation of material announcement-related regulations completed	56
Assistance in the Board of Directors' approval of ESG-related proposals	19
Assistance in implementing corporate social responsibility cases	14
Completed qualification review for members of the Remuneration Committee and Audit Committee	11
Assistance in organizing performance presentation meetings	6
Assistance in implementing compliance-related labor and environmental protection issues	18
Others	35

■ Enhancing Educational Training by Focusing on Climate Change and Net-zero Emissions

To foster an in-depth understanding of issues related to responsible investment in employees, Cathay Securities has arranged for multiple internal educational training courses, such as the MSCI ESG course, and internal responsible investment and financing policy course, and actively arranged for employees to participate in external training, forums, and conferences. Our attention remains on the issues and prospects associated with the net-zero transformation process to address climate change.

Course Name	Item	2023 Achievement
Responsible Investment and Credit Education Training Course	Participation in internal/external educational training courses (persons)	968
	Average training hours per person (hours)	3.4

■ Sustainability Themed Investment

Cathay Securities monitors international sustainability and industry trends in accordance with the sustainability-themed investment defined by Cathay Financial Holdings Co., Ltd. We maximize investments toward sustainable investment targets to realize our core competencies, and by pursuing long-term compensation, we can invest in a sustainable future.

Investment Theme	Investment Amount (TWD100 million)	SDGs Target Alignment
Low-Carbon Economy	5.01	SDG 7、SDG 13
Aging Society and Health	6.12	SDG 3
Infrastructure	9.26	SDG 11



Due diligence Web

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Philosophy

To achieve sustainable operations, we strengthen our foundation with robust corporate governance, enhance integrity in business, and manage risks effectively while ensuring regulatory compliance. This establishes a stable operational foundation and a comprehensive governance mechanism, enabling us to effectively monitor risks and seize opportunities. This demonstrates Cathay Securities' resilience and sustainable governance capabilities.

Achievements

- In 2023, all directors and supervisors completed a total of **39 training courses**.
- In 2023, all directors and supervisors accumulated **118.6 hours of training**.
- In 2023, **5 regulatory suggestions** were adopted by the competent authorities.
- In 2023, the pass rate for the regulatory compliance self-assessment exam was **100%**.
- In 2023, the completion rate for the risk management general course for all employees was **100%**.
- In 2023, **all** dedicated personnel in the Anti-Money Laundering Office obtained the **"Certified Anti-Money Laundering Specialist (CAMS)" certification**.
- Implemented and obtained the international standard certification for the **"ISO 22301"** Business Continuity Management System.

SDG10

SDG16

SDG17

4-1 Corporate Governance

■ Establishing Committees to Enhance Corporate Governance Mechanisms

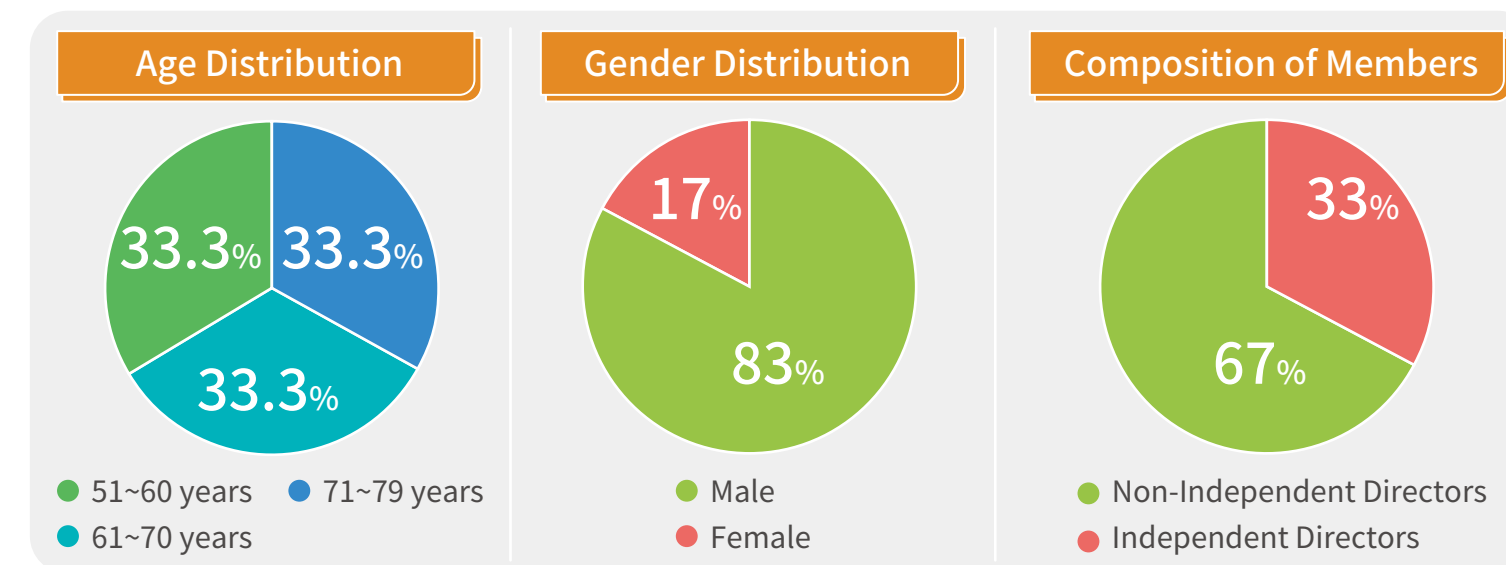
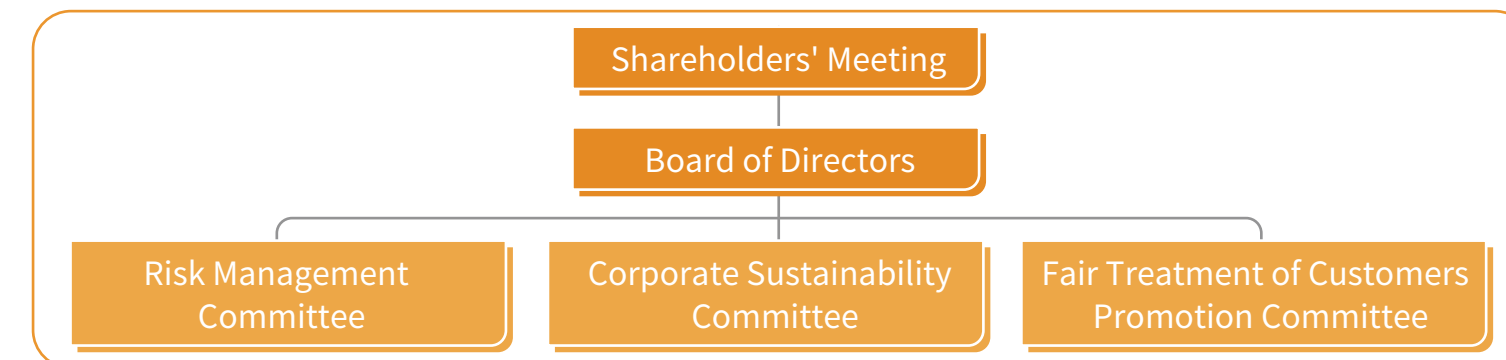
To ensure the effective functioning of the Board of Directors, Cathay Securities has established the "Risk Management Committee," the "Fair Treatment of Customers Promotion Committee," and the "Corporate Sustainability Committee" in accordance with the "Company Organization Rules." These committees are responsible for providing opinions or reports on important proposals and related business issues to assist the Board in effectively overseeing the company and enhancing corporate governance mechanisms.

Diverse Professional Backgrounds Among Directors, Promoting Organizational Development

Cathay Securities, a wholly-owned subsidiary of Cathay Financial Holdings, appoints its directors based on the "Company Act" and the "Regulations Governing Responsible Persons and Associated Persons of Securities Firms." These directors are professionals with expertise in finance and management experience, ensuring effective and sound operations of the securities business. The company carefully considers the diversity and professionalism of the Board of Directors. All directors hold at least a master's degree, with expertise spanning law, finance, and business management, fully complying with Article 20 of the "Corporate Governance Best-Practice Principles for Securities Firms."

We emphasize gender equality in the composition of the Board of Directors. The 7th Board currently consists of 6 directors: 2 non-executive directors, 2 independent directors, including 1 female director and 2 directors who are also employees. This diverse composition aims to

foster collective insights and provide the best advice for the company's management, thereby enhancing overall performance and promoting mutual benefits and growth with all stakeholders.



Board Effectiveness

■ Implementing Performance Evaluations to Monitor Operational Status

To ensure corporate governance and enhance the effectiveness and integrity of the Board of Directors, Cathay Financial Holdings has established guidelines for the concurrent duties of responsible persons based on the "Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Financial Holding Companies." Annually, performance evaluations are conducted for those responsible who concurrently serve as directors of Cathay Securities. Additionally, in line with corporate governance principles, an annual performance evaluation of the Chairman of Cathay Securities is conducted and reported, covering aspects such as business execution, financial operations, risk management, and board meeting attendance to ensure fulfillment of responsibilities.

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Furthermore, to improve the organizational operations and responsibilities of the Board of Directors of its subsidiary, Cathay Futures, Cathay Securities established the "Performance Evaluation Guidelines for Subsidiary Directors" in 2022. These guidelines aim to enhance operational efficiency and establish performance targets.

■ Continuous and Diverse Training for Directors to Effectively Enhance Management Decision-Making and Supervisory Functions

To stay updated with the latest corporate governance knowledge, all directors and supervisors of Cathay Securities actively engage in continuous training. In 2023, a total of 39 training sessions were conducted, accumulating 118.6 hours, with an average of 19.7 hours per trainee, exceeding the 6-hour requirement stipulated by the "Guidelines for the Promotion and Training Map of Directors and Supervisors of Securities Firms." The training content included topics such as climate change, green finance, fair treatment of customers, and information security, comprehensively covering various aspects of ESG.

In the future, we will continue to arrange diverse corporate governance training courses for all directors and supervisors based on the operation of the board, business model, and development needs. This ensures they possess the professional knowledge, skills, and qualities required to faithfully perform

their duties and fulfill the obligations of a good manager, effectively enhancing their management decision-making and supervisory functions.

■ Implementing Conflict of Interest Management to Maintain Effective Independence of Directors

The 7th Board of Directors of Cathay Securities comprises 2 independent directors and 4 directors, all with many years of experience and professional knowledge in the securities industry. None of the board members have spousal or second-degree relative relationships as stipulated in Article 26-3 of the Securities and Exchange Act. Additionally, the two independent directors have not served more than three consecutive terms, ensuring the independence of the Board and enhancing its supervisory function.

The 7th Board of Directors held a total of 7 board meetings, with an overall attendance rate of 100%. During board meetings, if any director or the legal entity they represent has a conflict of interest, they must disclose the significant details of such interests at the meeting. In cases of potential conflicts of interest, the directors concerned are required to recuse themselves and are not allowed to act on behalf of other directors to exercise voting rights, thereby maintaining the legitimacy of the independent operation of the Board.

The seventh board of directors at Cathay Securities					
Shunyu Zhuang Chairman	Background and experience - Master of Business Administration, Management and Technology, U.S.A. - Chairman, Cathay Securities Co., Ltd. ; Former Manager, Cathay Securities Co., Ltd.				
Yung-Do Way Independent Director	Background and experience - Master of Business Administration from the University of Georgia - Chairman of Yongqin Industrial Co., Ltd., - Former President of Qinye Zhongxin Accounting Firm				
Weigang Pan Independent Director	Background and experience - Bachelor of Law, National Taiwan University - Chairman, Financial Supervisory Fund Management Committee				
Guancheng Zhou Director	Background and experience - Master of Business Administration, Wharton School, University of Pennsylvania, U.S.A. (MBA) - Master of Business Administration, Tsinghua University, Beijing, China (EMBA) - General Manager, Cathay Securities Co., Ltd.; Chairman, Cathay Futures; Former Manager, Cathay Investment Consulting Co., Ltd				
Jinxing Liu Director	Background and experience - Master of Statistics, University of Illinois, U.S.A. - Director, Cathay Securities Co., Ltd.; Director, Cathay Insurance; Former Internal Auditor, Cathay United Bank				
Zhuanghao Luo Director	Background and experience - Master of Business Administration, National Chung Cheng University, Taiwan - Director, Cathay Securities Co., Ltd.; General Manager, Cathay Securities Kaohsiung Branch; Former Manager, Cathay Futures				

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■ Establishing a Governance Officer to Strengthen the Governance Mechanism

To ensure the board meetings are compliant and effectively operated, we have appointed a governance officer with 30 years of extensive experience in the financial industry. This officer actively oversees various governance activities and continually plans diverse training courses for board members. To allow directors to perform their duties with peace of mind and reduce risk exposure, Cathay Securities provides liability insurance for all directors, covering compensation liability for duties performed during their terms. We also regularly review the insurance policy to strengthen the overall governance mechanism.

■ Establishing Remuneration Policies for Directors, Supervisors, and Managers to Implement Corporate Governance

The remuneration policies for directors, supervisors, and managers of Cathay Securities are established upon approval by the parent company, Cathay Financial Holdings. There are specific "Directors and Supervisors Remuneration Guidelines" and "Managers Remuneration Guidelines" to regulate the remuneration for independent directors and directors involved in business execution (Chairman). Director remuneration includes fixed compensation, performance bonuses from profit distribution, and business execution expenses, all of which are issued after board approval. Fixed compensation is determined based on the level of involvement in company operations, value of contributions, and industry standards. Performance bonuses are allocated from profit distribution approved by the shareholders' meeting and belong to the parent company that holds all our shares. Business execution expenses, such as travel expenses, are provided based on the actual needs of the directors and supervisors' business execution.

Senior management is compensated through a functional salary system, including fixed salaries and variable bonuses. Fixed salaries are monthly payments determined according to salary standards for each position level. Variable bonuses are paid based on performance appraisal results and the achievement of responsibility targets. Relevant remuneration policies and information for directors, supervisors, and managers are disclosed in Cathay Securities' annual shareholder meeting report for public awareness.

■ Linking Executive Performance with Sustainability Goals to Demonstrate Commitment

To demonstrate our commitment to sustainability, Cathay Securities has included sustainability development goals in the performance evaluation of senior management (such as the General Manager) since 2022. The General Manager has taken the lead in setting critical sustainability performance indicators (CS KPI), aiming to integrate sustainability thinking into core business and operational strategies while driving business growth. This initiative encourages all employees to implement sustainability from the top down. We consider "fair treatment of customers" as a crucial sustainability goal for frontline business units. Thus, we have increased the annual performance target weight for "fair treatment of customers & ESG" to 10%, with evaluations conducted by the Chairman and General Manager to drive the concrete execution of the company's sustainability goals by all employees.



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4-2 Ethical Corporate Management

Zero Violations in Integrity, Demonstrating Commitment Through Actual Results

Cathay Securities strictly adheres to the "Securities and Exchange Act," which prohibits insider trading, and the "Financial Holding Company Act," which ensures that transactions with related parties are not more favorable than those with other similar entities. We handle customer complaints and advertising matters in compliance with the "Financial Consumer Protection Act" and the "Regulations Governing Advertisements, Solicitation, and Promotional Activities by Members" of the Taiwan Securities Association. In 2023, there were no major violations, deficiencies, or penalties due to non-compliance with regulations, nor any legal proceedings related to breaches of integrity in business practices.

Cathay Securities continuously monitors related risk warnings, evaluates, and implements improvement measures. We have a reverse review mechanism for penalties in the financial securities and futures industry and have established tiered review standards to ensure real-time compliance monitoring and self-regulation.

■ Establishing Specific Guidelines for Integrity in Business, Fostering Good Corporate Governance Practices

To implement the principle of fair treatment of customers and establish a comprehensive risk control mechanism, Cathay Securities has formulated the "Procedures for Ethical Management and Guidelines for Conduct" in compliance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies." These guidelines provide specific regulations for directors, supervisors, managers, and employees to follow in their business activities, fostering good corporate governance practices.

■ Establishing a Cross-Departmental Sustainable Governance Team to Promote Integrity and Sustainable Operations

Under the "Corporate Sustainability Committee," Cathay Securities has established a "Sustainable Governance" team responsible for promoting matters related to integrity in business. This team is led by the director of compliance and includes members with expertise in corporate governance, anti-money laundering, and risk management. The team lays the foundation for promoting integrity in business practices and actively implements various measures to establish a culture of integrity within the company. This approach effectively unifies the consensus among all employees, fostering sustainable governance from top to bottom and from inside out.

■ Offering Integrity Courses to Deepen the Value of Transparency and Integrity

To deepen the implementation of transparent and integrity policies, Cathay Securities continues to offer various courses on integrity in business, such as training on whistleblowing systems, employee integrity and ethical behavior education. Additionally, we have introduced the "PaGamO" e-sports learning platform and held consensus camps for new employees to incorporate life-like learning and embed the values of transparency and integrity.

Employee Category	Sessions	Hours	Training Coverage Rate
Senior Management	17	121	80%
New Employees	75	73.5	100%
Existing Employees	40	41	100%

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■ Establishing Three Lines of Internal Control to Prevent Integrity Risks

Cathay Securities has established an effective internal control system with three lines of defense. The first line of defense involves self-checks by any customer-facing business units. The second line of defense includes ongoing or periodic monitoring processes conducted by units such as risk management, anti-money laundering, compliance, information security, human resources, financial accounting, and operations management. The third line of defense is internal audits that periodically implement internal control measures. This three-line defense mechanism thoroughly deepens the control of integrity risks. We also formulate annual audit plans and regularly hold coordination meetings between the second and third lines of defense to ensure a sound internal control mechanism. In 2022, there were no incidents of regulatory violations or complaints related to integrity in business.



■ Launching the "Integrity Risk Assessment Project" to Effectively Manage Integrity Risks

To prevent risks beforehand, demonstrate our anti-corruption commitment, and implement the "Principles of Integrity in Business" for fair treatment of customers, Cathay Securities launched the "Integrity Risk Assessment Project" for the head office and branches in 2022. The results of self-assessments or self-checks conducted by the evaluated units were reviewed, and the overall integrity risk of Cathay Securities, considering there were no incidents involving fraud, insider trading, anti-competitive behavior, antitrust actions, or market manipulation penalized by regulatory authorities, was found to be within controllable limits. We will continue to encourage all employees to enhance their self-awareness and collectively promote the culture of integrity.

■ Establishing a Whistleblowing System and Protecting Whistleblowers

To implement a corporate culture of integrity and ensure sustainable development, we have established a fair and trustworthy whistleblowing system. In accordance with the "Guidelines for the Establishment of Internal Control Systems by Service Enterprises in the Securities and Futures Market," we have formulated a "Whistleblowing System" to encourage individuals aware of criminal, fraudulent, or unlawful activities within the company to report through official channels such as the supervisor's mailbox on the official website, dedicated whistleblowing email or phone line, or written mail addressed to supervisors, compliance officers, or audit supervisors. The system applies to all employees of Cathay Securities and its subsidiaries to ensure that their actions comply with conduct guidelines and prevent illegal activities.

Furthermore, to protect the rights of whistleblowers, the internal regulations include "Whistleblower Protection Principles," which ensure confidentiality of the whistleblower's identity and report content. The identity information of the whistleblower must not be disclosed in any form, and whistleblowers must not be dismissed, demoted, have their salary reduced, suffer any damage to their legal, contractual, or customary rights, or face any other adverse treatment due to their whistleblowing actions. In 2022, no whistleblowing cases meeting the acceptance criteria were reported through the whistleblowing channels.

■ Actively Promoting Innovation and Driving Industry Upgrades

To promote industry upgrades and enhance customer benefits, Cathay Securities has actively participated in various associations over the years, including the Securities Investment Trust and Consulting Association of the R.O.C. (SITCA), the Taiwan Futures Association, the Trust Association of the R.O.C., the Financial Governance and Compliance Association, and the Securities Investment Trust and Consulting Association. We continuously monitor industry and international trends, update and discuss regulations,

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and propose various innovative possibilities. Since 2023, we have made several suggestions to the Taiwan Stock Exchange and the Taipei Exchange, which have been adopted by the competent authorities. These suggestions include : allowing securities brokers to conduct entrusted foreign securities trading business and sign profit-sharing agreements with foreign financial institutions, permitting the sending of account statements and inquiry letters via SMS or company app, adjusting the pre-marketing training hours for joint marketing of securities firms, allowing the electronic completion of procedures for minor clients who reach adulthood, enabling securities dealers to negotiate the buying and selling of foreign bonds with foreign trading counterparts, adjusting the approval level for the capital inspection form of non-fund-type overseas Chinese and foreign investors. These measures help promote the upgrading of the securities industry and create a sustainable future for stakeholders in related industries.

Key External Association Participation

- Taiwan Futures Association
- Securities Investment Trust and Consulting Association of the R.O.C.
- Financial Information Service Co., Ltd.
- Financial Governance and Compliance Association of the R.O.C.
- Trust Association of the R.O.C.
- Comprehensive Securities Personnel Supervisors' Association
- Taiwan Mergers & Acquisitions and Private Equity Council
- Taipei Nurses Association



Approved Date	Authority	Summary
2022/01/25	Taiwan Stock Exchange	After the minor principal reaches adulthood, the entrusted securities transaction contract correction process can be handled online.
2022/10/24	Taipei Exchange	Allow securities dealers to negotiate and trade foreign bonds with foreign counterparties via electronic mail and international financial communication software.
2023/02/23	Taiwan Stock Exchange	Adjust the approval level for capital inspection forms of non-fund-type overseas Chinese and foreign investors and redefine them as company managers.
2023/01/04	Securities & Futures Institute	Adjust the training hours for joint marketing training courses for bank and insurance industry employees who register as securities dealers.
2023/05/04	Taiwan Stock Exchange	Allow sending account statements and inquiry letters via SMS and company app.
2023/05/16	Securities & Futures Institute	Open securities dealers to sign profit-sharing agreements with foreign financial institutions for entrusted securities transactions of foreign securities.
2023/06/20	Taipei Exchange	Allow virtual communication for customer operations and consultations, and simplify various service processes, including contract signing, account opening, and customer evaluation.

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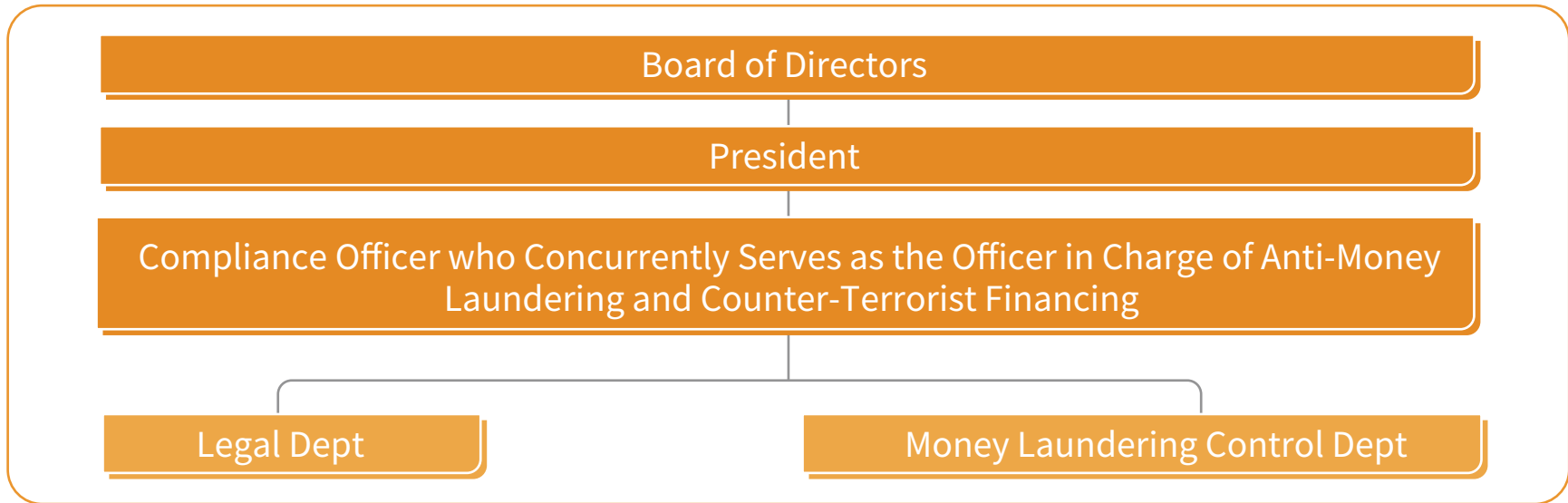
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4-3 Regulatory Compliance

Regulatory Compliance and AML/CFT/CFP Framework

To manage regulatory compliance and anti-money laundering (AML) efforts, Cathay Securities has established the "Assessment Content and Procedures for Regulatory Compliance" since 2007 and formulated internal operating regulations for the "Anti-Money Laundering and Combating the Financing of Terrorism Policy" in 2018 to continuously strengthen related management mechanisms. Cathay Securities has established a tiered and efficient management framework. The Board of Directors considers the company's overall operational strategy and future market development directions and appoints senior professional managers as the compliance officer, who also serves as the dedicated AML/CFT officer. The Legal Department and the AML Office are designated as first-level units under the General Manager, responsible for planning, managing, and implementing regulatory compliance and AML systems, respectively.

To enable effective supervision by the Board of Directors, the compliance officer reports on regulatory compliance and AML matters to the Board and each supervisor every six months. These reports include identified management weaknesses and supervisory improvement plans with timelines. The Board of Directors provides sufficient resources, and managers establish appropriate reward and punishment mechanisms for business units, gradually fostering a company-wide culture of regulatory compliance.



Regulatory Compliance Management System Based on Risk Prevention

Cathay Securities continuously monitors financial policies and regulatory changes implemented by domestic and international supervisory authorities. While expanding our business, we strictly adhere to relevant regulations. To ensure effective communication of regulatory changes, deputy managers or personnel of equivalent rank are appointed as compliance officers in each unit. These officers are responsible for managing compliance affairs within their units and act as advocates to ensure no information gaps.

We have implemented Cathay Financial Holdings' "Stakeholder Management System," enabling unit compliance officers to perform real-time queries. This system is integrated with electronic document and procurement systems for multiple controls, ensuring that every transaction complies with legal requirements. The results of these queries are accurately disclosed in electronic approval forms or procurement documents, adhering to principles of integrity and accountability.

Cathay Securities meticulously implements regulatory compliance. Each unit conducts a self-assessment, risk evaluation, and review every six months. All employees must participate in and pass the self-assessment exams, with a 100% pass rate in 2023. Additionally, through the design of risk assessment forms, related control measures are evaluated based on the frequency, severity, and likelihood of risk occurrences. This helps manage and measure risks, achieving control and assessment of regulatory compliance risks.

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AML/CFT and Counter-Proliferation Financing Management Mechanism

In recent years, the international landscape has been increasingly volatile, with new forms of financial crime emerging constantly. To effectively prevent and counter money laundering and criminal activities, as well as to hinder the financing of terrorist activities, organizations, and related illegal entities, Cathay Securities established a dedicated Anti-Money Laundering (AML) Office in 2017. This office recruits talented individuals from diverse financial industry backgrounds. In 2023, all dedicated personnel in the AML Office obtained the "Certified Anti-Money Laundering Specialist (CAMS)" certification. They continuously monitor international AML regulations and various types of transactions daily, implementing a "risk prevention" based management mechanism. This not only protects the rights of legitimate customers but also provides a stable and secure trading environment for Taiwan's financial market. To create a more comprehensive defense network, Cathay Securities has established the "AML/CFT Committee" to deliberate on matters related to anti-money laundering and combating the financing of terrorism. In collaboration with Cathay Financial Holdings, we have also developed a robust data sharing management mechanism for AML/CFT and counter-proliferation financing. This mechanism facilitates the joint learning, sharing, and utilization of risk data and warning indicators, comprehensively deploying efforts to prevent illegal activities.

Diverse Educational Training Courses to Embed a Culture of Regulatory Compliance

Cathay Securities has implemented the "Regulatory Compliance Management System," which integrates regulations, news, and penalty incidents with an interactive reading and confirmation mechanism to ensure all employees are up-to-date on compliance matters. We actively arrange diverse educational training, including discussions on industry violations, common patterns, and regulatory changes. The courses cover various fields such as financial supervision, information security, and digital technology. In 2023, we conducted a total of 40 compliance training sessions,

along with 24 AML-related courses, amounting to 1,454 person-hours of both in-person and online training. This broadens and deepens all employees' understanding and implementation of regulations.

Additionally, compliance training courses are mandatory performance evaluation items for each employee, and their results are used as a reference for individual performance scores during year-end assessments. This linkage between regulatory compliance outcomes and personal performance underscores the high importance placed on this issue.

Negative Incident and Improvement Measures in 2023

On August 31, 2023, Cathay Securities was fined NT\$1.5 million by the Financial Supervisory Commission (FSC)

Reason |

Due to a large number of inquiries, the system's online usage time exceeded the set limit, causing system service congestion, and customers were unable to log in normally.

Note: Fined by the Financial Supervisory Commission for system operation and maintenance deficiencies.



Improvement Measures |

Increase standard operating procedures and system resilience, and collaborate with external professional consulting firms to conduct system capacity and performance evaluations. Complete feasibility assessments and strengthen the feasibility and rationality of improvement measures.



4-4 Risk Management

Risk Management Culture

To enhance the risk awareness of all employees, the Board of Directors and senior management of Cathay Securities are required to participate in corporate governance or risk management-related courses. Additionally, all employees undergo general risk management training, with an emphasis on ESG and climate change risk awareness. In 2023, the completion rate for this training was 100%, aimed at strengthening employees' ability to identify and control risks. To reinforce the responsibility of business units for risk control, Cathay Securities includes the "risk management" indicator in the performance evaluations of business units and the "effectiveness of internal control execution" in employee performance appraisals to ensure the effective operation of the risk management system.

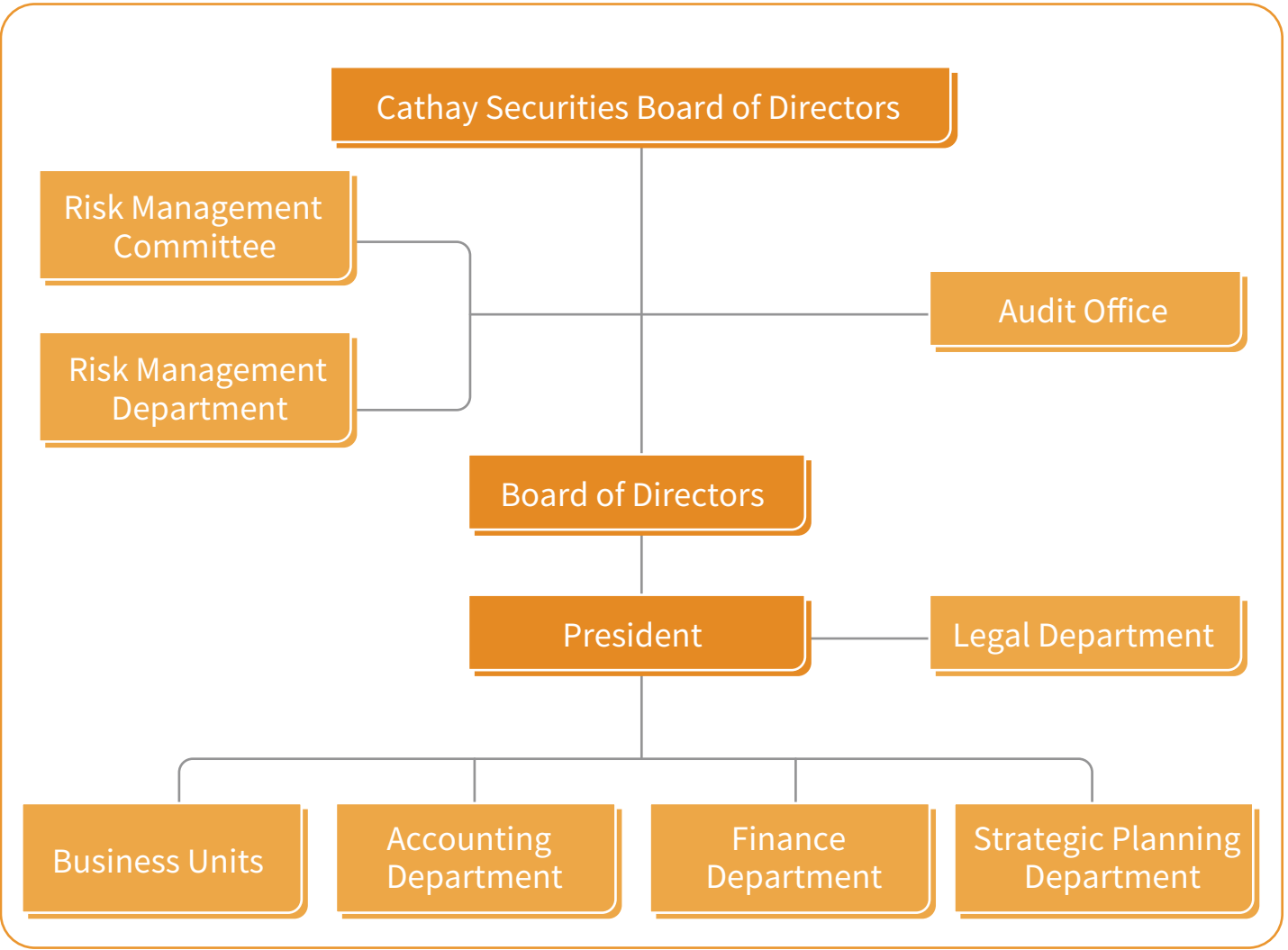
Risk Management Organization

■ Comprehensive Management Organization, Effective Risk Control

Cathay Securities designates the Board of Directors as the highest governing body for risk management. The organization includes the Chairman, General Manager, Risk Management Committee, Risk Management Department, and related units, each with defined functions and responsibilities. The Board of Directors ensures that approved risk management policies align with the nature of the company's operations and business types, covering various risks. The management team formulates risk management guidelines that meet business needs and ensures their implementation.

Cathay Securities has established the "Risk Management Committee Charter," with the Board of Directors overseeing the Risk Management Committee. The Chairman serves as the Chief

Commissioner, with quarterly meetings to review and supervise various risk management policies and guidelines. The Risk Management Department, under the Board of Directors, is responsible for formulating and implementing the company's risk management policies, guidelines, and procedures, and regularly reviewing whether these policies and guidelines align with the company's business development. The Audit Office conducts regular audits of risk management procedures and internal control systems, continuously tracking deficiencies and abnormalities in internal control systems to ensure timely and appropriate corrective measures are taken. Other units are required to participate in the establishment of the risk management mechanism and strictly adhere to the risk management system.



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Risk Management Policies and Reporting Process

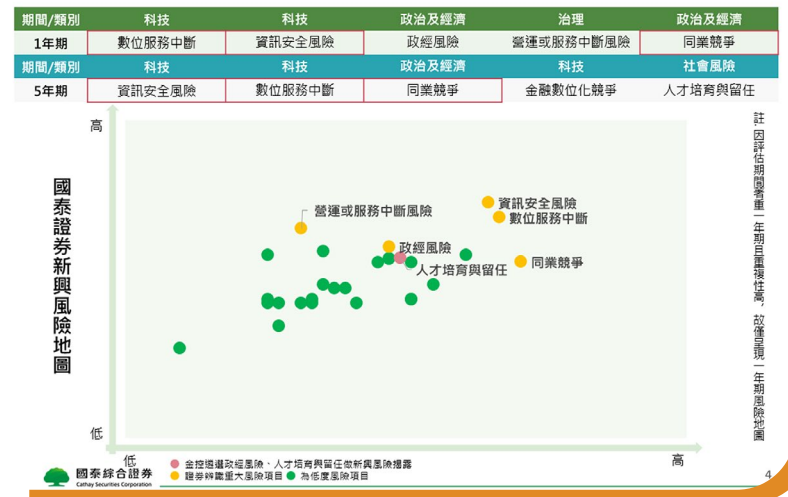
Cathay Securities has established risk management policies to control major risks, with specific management guidelines covering market, credit, operational, liquidity, capital adequacy, legal, reputational, strategic, and ESG and climate risks. To control exposure, the Risk Management Department submits a risk management execution report to the "Risk Management Committee" and the Board of Directors every six months.

Risk Management Measures and Reporting Mechanism

Cathay Securities follows Cathay Financial Holdings' "Operational Risk Event Reporting Guidelines," "Credit Risk Emergency Event Reporting Guidelines," and "Major Incident Handling Guidelines," and has established a corresponding reporting system. In the event of a risk incident, each unit or subsidiary must immediately report to the Risk Management Department. If the reporting standards are met, the incident should be reported to the Risk Management Division of Cathay Financial Holdings for case management, allowing continuous monitoring of the incident's progress and the implementation of improvement plans.

Emerging Risk Management

Given the increasingly complex global financial operating environment and the impacts of technological development, extreme weather, demographic changes, and other issues, Cathay Securities follows Cathay Financial Holdings in referring to reports from authoritative institutions and benchmark companies to regularly identify and assess major future risk items. We further develop countermeasures and report the risk exposure and management systems to the Risk Management Committee. In 2023, the company conducted a survey among senior executives, who evaluated the likelihood and impact of various



risk items over the "next year" and the risks to focus on over the "next five years" based on their professional judgment and practical experience. The identified emerging risks include political and economic factors, talent development and employment, information security, digital service interruptions, and industry competition.

Summarizing the impact of these emerging risks on the company's operations, Cathay Securities has established relevant management mechanisms for the top five risk items. These include implementing the ISO 22301 Business Continuity Management System, developing information security plans, strengthening digital services, developing diverse products, establishing national risk management mechanisms, and workplace training programs. By identifying emerging risks, the company aims to understand future challenges and strengthen corporate risk management mechanisms, continuously moving towards sustainable development goals.

The chart on the right lists the top five emerging risks identified by Cathay Securities:

Risk reporting frequency

Frequency

Risk Management Report

Daily

- Consolidated position risk report (including types, values, and cost departments of all investment positions) with daily, monthly, and yearly profit and loss status, compliance with risk limits, warnings, and loss triggers.
- Company-wide risk value report (1 day, 99% confidence level).
- Securities business risk management reports, which do not include trust credit reports.

Biweekly

- Concentration risk analysis of investment positions.

Monthly

- Stress testing.
- Financial monthly report (including market risk, credit risk, operational risk, liquidity risk, and other related information for the current month).

Quarterly

- Capital liquidity stress test evaluation report.

Semi-Annually

- Risk management execution report (covering market risk, credit risk, operational risk, liquidity risk, capital adequacy ratios, legal risk, financial asset valuation, and litigation/claims analysis).
- ESG and climate risk management.

Annually

- Backtesting.

Business Continuity Management

■ Ensuring Uninterrupted Operations to Protect Customer Interests

Cathay Securities, in collaboration with the group, has developed a Business Continuity Management (BCM) strategy to enhance emergency response capabilities in the face of major emergencies such as climate-related natural disasters. This ensures that core and critical business operations continue uninterrupted, thereby protecting customer interests and striving towards the goal of continuous operations. Both Cathay Financial Holdings and Cathay Securities have established "Business Continuity Management Guidelines" to regulate group management systems and set up comprehensive notification mechanisms for effective communication. In the event of emergencies such as natural disasters, appropriate emergency response procedures and business recovery operations will be initiated based on the severity and notification level of the event.

In addition to the established "Business Continuity Management Guidelines," we further adopted the international management standard "ISO 22301 Business Continuity Management System" in 2022, and established the "BCM Committee Charter," "BCM Implementation Rules," "BCM Risk Assessment Rules," and "Business Impact Analysis Rules," which were announced and implemented. Starting from 2023, Cathay Securities conducts evaluations of core information and power systems before the end of each year, and reports the results to the 9th meeting of the 7th Board of Directors for review.

To achieve business continuity management, we regularly conduct field drills and training on scenarios such as fires, earthquakes, power outages, system switches, and information security incidents, as well as awareness training, document reviews, risk assessments, and business impact analyses. These actions ensure that critical business operations continue uninterrupted during sudden natural disasters and irresistible factors, and verify the effectiveness of related backup mechanisms, thereby reducing operational risks. Additionally, our key business operations obtained international certification from the British Standards Institution (BSI) in the first quarter of 2023, and completed the renewal review in the fourth quarter of 2023, maintaining the "certificate validity."

■ Regular Evaluation of Core Operating Systems and Equipment to Mitigate Risks

To preemptively manage risks, Cathay Securities takes proactive measures and maintains an operational principle of preemptive protection and active handling for major risk factors in core operating systems and equipment. We have established internal operating procedures for each major risk factor and planned appropriate countermeasures to ensure business continuity and resilience.

Significant Risk Factors



Large-scale facility energy interruptions or outages



Damage or malfunction of office equipment and facilities (including power supply facilities)



Major network or communication interruptions (including equipment)



Cyber intrusions or virus attacks



Software and system operation errors

Mitigation Strategies



Installation of uninterrupted power systems and emergency power supply facilities



Establishment of backup communication and power supply routes



Creation of an information disaster recovery center



Continuous implementation of cyber intrusion and virus attack prevention, including annual security incident drills



Regular system backup management

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Due to Taiwan's geographical location on the tectonic plate boundary, the National Disaster Prevention and Protection Technology Center identifies it as a seismically active region. Our 14 operation branches (3 buildings) are designed to withstand major earthquakes and hurricanes, located 500 meters above sea level, far from flood-prone areas. To mitigate losses and impacts from natural disasters, our insurance covers electronic equipment for risks including fires and disasters, protecting customer rights and ensuring continuous company operations.

《Cathay Property Insurance Public Liability Insurance Supplement for Natural Disasters》

Article 1 - Scope of Coverage

This insurance covers liabilities that the insured should bear for damage caused by fire, explosion, leakage, flooding, earthquake, landslide, land subsidence, hurricane, and other natural disasters. Coverage includes repair costs of damaged property due to the insured event, as well as the insured's legal liability. The company may still be liable for additional costs and liabilities not covered by this insurance.

Article 2 - Additional Coverage

This insurance may also include additional coverages such as personal accident insurance for customers, employees, and others involved in the insured event, subject to the terms of the insurance policy.



Appendix

ESG performance data table

■ ESG Products and Services Performance Data

Table 1: Cathay Securities' Green Bond Underwriting Achievements

Year	Issuing Company	Participation Amount (Billion)	Proportion of Annual Underwriting Amount
2020	Taipower (2 issues)	3.8	6.25%
	TSMC	2	
2021	Chailease Holding	1	3.23%
	Taipower	1	
	TSMC	1	
2022	Taipower	2	11.11%
	Natixis (French Foreign Trade Bank)	USD 0.25 billion	
2023	Taipower (2 issues)	8	20.00%
	TSMC (2 issues)	2	
	AU Optronics	6	
	ASE Technology	2	

Table 2: Definition of Environmental or Social Benefits of Cathay Securities' Underwriting

Benefit Category	Recognition Content
Environmental Benefits	• Renewable energy industry, waste management (recycling) • Greenhouse gas reduction/natural resource conservation • Pollution and waste management/clean energy • Energy-saving technology, eco-friendly materials (raw materials) • Energy-saving technology or equipment related management projects
Social Benefits	• Public safety, information security • Food safety, product safety • Health care, health and medical care • Safety management, privacy protection • Corporate social responsibility related content

Table 3: Cathay Securities' Underwriting Results of Companies with Environmental or Social Benefits

Year	Number of Companies with Specific Environmental or Social Benefits underwritten	Number of Companies with Specific Environmental Benefits underwritten	Proportion of Annual Underwriting Amount	Participation Amount (TWD thousand)
2020	5	5	42%	690,119
2021	5	5	42%	974,498
2022	6	7	64%	3,217,540
2023	7	11	50%	419,530
Total	24	28		5,211,687

Table 4: Cathay Securities' Underwriting Results for SMEs

Issuing Company	Cathay Participation Amount (TWD thousand)	Notes
Heroic Power	660	
Diamond Biotechnology	92,180	

■ Environmental Indicator Data

Table 5: Greenhouse Gas Emissions

Unit: tCO2e	2020	2021		2022		2023	
	Baseline Year	Emissions	Change in Emissions Relative to Baseline Year (%)	Emissions	Change in Emissions Relative to Baseline Year (%)	Emissions	Change in Emissions Relative to Baseline Year (%)
Scope 1	52.99	55.46	4.66%	55.72	5.14%	56.34	6.32%
Scope 2 (Location-based)	1,153.26	1,155.82	0.22%	1,141.75	-1.01%	1,112.87	-3.50%
Scope 2 (Market-based)	1,153.26	1,155.82	0.22%	999.23	-13.36%	465.49	-59.64%
Scope 1 & 2 Combined (Market-based)	1,206.25	1,211.28	0.42%	1,054.95	-12.54%	521.83	-56.74%
Scope 3	13.47	6.07	-54.91%	11.98	-11.07%	42.74	217.30%
Carbon Intensity (tCO2e per million NTD of net revenue)	0.23	0.18	-21.3%	0.20	-13.21%	0.08	-65.22%
Per Capita Emissions (tCO2e per person)	1.56	1.41	-9.5%	1.16	-25.38%	0.58	-62.82%

Notes :

1. Greenhouse gas inventories are carried out in accordance with the ISO 14064-1:2018 methodology, while the operational control approach is used to set up the organization's boundaries. The Taipei headquarters has obtained the verification from BSI in 2022, with subsidiaries not included in relevant information.
2. Since the externally procured electricity in indirect emissions uses renewable energy, the market-based method is used for calculating total Scope 2 emissions.
3. The electricity grid emission coefficient was calculated using the 2021 Electricity Carbon Emission Factor announced by the Bureau of Energy, MOEA. Since the 2022 electricity emissions coefficient has not yet been published, the Scope 2 emissions in 2022 were calculated based on the coefficient from the previous year (0.509 kg CO2e/kWh)
4. The quantified Scope 3 categories mentioned above include emissions from business travel, purchased goods and services, and solid and liquid waste disposal. The total emissions from the other Scope 1 to Scope 14 categories self-reported for 2023 amounted to 8,471.33 tCO2e.
5. The GHG emissions coefficient uses the GHG Emission Factor Management Chart (6.0.4 version) and the Global Warming Potential (GWP) with a time horizon of 100 years in IPCC AR6 as the basis for calculating carbon dioxide.
6. The current GHG emissions includes the following types of gas: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF6), and nitrogen trifluoride (NF3).

Table 6: Green Operations

Category	Item	2020	2021	2022	2023
Energy	General electricity consumption (kWh)	2,265,739.50	2,302,433.00	2,243,122.10	2,248,231.80
	Renewable energy consumption (kWh)	-	-	260,000.00	1,242,841.00
	Renewable energy certificates (units)	-	-	20	65
	Per capita electricity consumption (kWh/person)	2890	2662	2441	2304
Water Resources	Water consumption* (m³)	11,576.70	10,259.90	12,361.20	12,659.40
	Per capita water consumption (m³/person)	14.77	11.86	13.45	12.97
	Water consumption per unit net revenue (m³/million NTD)	2.14	1.50	2.27	1.79

Note : Water source is the municipal water supply system.

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Workforce Indicator Data

Table 7: Distribution of Employee Types

Item	Category	Male		Female		Overall Proportion	
		Number	Proportion of Category	Number	Proportion of Category	Number	Proportion of Category
Contract Type	Full-time	436	45%	535	55%	961	95%
	Temporary*	12	26%	34	74%	46	5%
Employment Type	Full-time	436	45%	535	55%	961	95%
	Part-time	12	26%	34	74%	46	5%
Total		1007 people					

Note : 1. Temporary employees include interns and part-time staff. No unused hours guaranteed employees during the year.
2. In the current year, 7 physically or mentally challenged employees were employed, accounting for 0.7% of the total workforce.

Table 8: Employee Structure - Proportion of total employees by gender and position distribution

Area	Employee Statistics (Unit: People)		Number	Proportion of Total Employees (%)	Area	Employee Statistics (Unit: People)		Number	Proportion of Total Employees (%)
	Total Employees					Total Employees			
Taiwan Region	Male	General Staff	387	40.3%	Overseas Region	Male	General Staff	3	0.3%
		Junior Managers	5	0.5%			Junior Managers	0	0.0%
		Middle management	32	3.3%			Middle management	0	0.0%
		Senior Managers	9	0.9%			Senior Managers	0	0.0%
	Female	General Staff	496	51.6%		Female	General Staff	0	0.0%
		Junior Managers	10	1.1%			Junior Managers	0	0.0%
		Middle management	17	1.8%			Middle management	0	0.0%
		Senior Managers	2	0.2%			Senior Managers	0	0.0%
Total								961	100%

Note : 1. Temporary employees are not included in the total.
2. In the current year, five employees with disabilities were employed, no foreign employees are employed.

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Table 9: Parental Leave Status

Item	Male Employees	Female Employees	Total
A: Total number of employees eligible for parental leave in 2023	29	27	56
B: Total number of employees who applied for parental leave in 2023	1	11	12
C: Total number of employees expected to return from parental leave in 2023	1	11	12
D: Total number of employees who actually returned from parental leave in 2023	0	2	2
E: Total number of employees still employed 12 months after returning from parental leave in 2022	1	7	8
F: Total number of employees who took parental leave in 2022	0	6	6
G: Total number of employees still employed 12 months after returning from parental leave in 2022	0	5	5
Parental leave application rate = B/A	3%	41%	21%
Return rate = E/(C-D)	100%	78%	80%
Retention rate = G/F	100%	83%	83%

Table 10: Total Employee Training Hours in 2023

Item	Age Group						
	Under 30		30-50		Over 50		Total
	Male Employee	Female Employees	Male Employee	Female Employees	Male Employee	Female Employees	
Number of Employees Trained	66	102	331	380	74	72	1,025
Total Training Hours	2,952	5,551	14,031	18,240	3,181	3,702	47,657
Average Training Hours per Employee	44.73	54.42	42.39	48.00	42.99	51.42	46.49

Table 11: Distribution of New Hires and Departures by Gender/Age

Indicator		Total Number	New Hires		Departures	
			Number	Percentage	Number	Percentage
Male	Under 30	61	26	16%	8	9%
	31 to 49	295	44	28%	36	39%
	50 and above	80	8	5%	7	8%
	Total	436	78	49%	51	55%
Female	Under 30	95	34	21%	12	13%
	31 to 49	344	41	26%	26	28%
	50 and above	86	7	4%	4	4%
	Total	525	82	51%	42	45%
合計		961	160	100%	93	100%

Note : The turnover rate is calculated based on the number of employees as of December 31, 2023.

Table 12: Gender Pay Ratio

Year2023	Male to Female Salary Ratio	Male (Ratio)	Female (Ratio = 1)
Senior Management	Base Salary Ratio	1.07	1
	Salary Ratio	1.15	1
Middle Management	Base Salary Ratio	1.22	1
	Salary Ratio	1.09	1
Non-Management	Base Salary Ratio	1.16	1
	Salary Ratio	1.14	1

Notes :

1. Senior Management: Managers (including) and above.
2. Middle Management: Managers and department heads.
3. Non-Management: Excludes senior and middle management and other non-executive employees.

Table 13: Full-Time Employee Salary Information for Non-Management Employees

Year	Total Number of Full-Time Employees	Total Salary of Full-Time Employees (TWD thousand)	Average Salary of Full-Time Employees (TWD thousand)	Median Salary of Full-Time Employees (TWD thousand)
2021	765	1,248,877	1,744	1,334
2022	836	1,141,049	1,448	1,163
2023	868	1,439,982	1,739	1,280

Notes :

1. The ratio between the highest annual salary (including bonuses) of the highest-paid individual and the median annual salary of all employees (excluding the highest-paid individual) in 2023 is 27.72.

2. The annual total salary increase percentage for full-time employees in 2023 is 15.01.

Table 14: 2023 Annual Performance Appraisal Statistics

Item	Male			Female		
	Number of Employees Subject to Performance Appraisal	Number of Employees Eligible for Performance Appraisal	Performance Appraisal Ratio	Number of Employees Subject to Performance Appraisal	Number of Employees Eligible for Performance Appraisal	Performance Appraisal Ratio
Department Managers and Above	52	49	106%	22	22	100%
Base-Level Managers	4	4	100%	9	9	100%
Non-Management Employees	355	382	93%	464	472	98%
Total	411	435	94%	495	503	98%

Table 15: Total Pension Expenditure

Item/Year	2021	2022	2023
Number of Employees at Year-End	862	907	958
Average Monthly Pension Expense per Employee (TWD)	55,708	58,057	55,641
Labor Pension (TWD)	4,354,405	4,296,436	3,511,354
Retirement Pension (TWD)	43,665,903	48,360,985	49,792,274
Total Expense (TWD)	48,020,308	52,657,421	53,303,628

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2-9	Governance Structure and Composition	Sustainability Governance Framework、Integrity Management	9、84、90	Refer to the "2023 Annual General Meeting Report of Cathay Securities."
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GRI 3: Material Topics Disclosure

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Specified Topic Standards

GRI 200: Economic Series

Series	Disclosure Item		Corresponding Chapter	Page Number	Description
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed by the organization	Financial Performance	7	-
	201-2	Financial implications and other risks and opportunities due to climate change	Climate Governance	28	-

Series	Disclosure Item		Corresponding Chapter	Page Number	Description
GRI 205: Anti-Corruption 2016	205-1	Operations assessed for risks related to corruption	Ethical Management	80	-
	205-2	Communication and training about anti-corruption policies and procedures	Ethical Management	79-80	-
	205-3	Confirmed incidents of corruption and actions taken	Ethical Management	79-80	-
GRI 206: Anti-Competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Ethical Management	80	-

GRI 300: Environmental Series

Series	Disclosure Item		Corresponding Section	Page	Description
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Appendix 2 - ESG Performance Data Table	87	-
	302-4	Reduction of energy consumption	Net Zero	33-35, 88	-
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Appendix - ESG Performance Data Table - Table 5	88	-
	305-2	Energy indirect (Scope 2) GHG emissions	Appendix - ESG Performance Data Table - Table 5	88	-
	305-3	Other indirect (Scope 3) GHG emissions	Appendix - ESG Performance Data Table - Table 5	88	-
	305-4	GHG emissions intensity	Appendix - ESG Performance Data Table - Table 5	88	-
	305-5	Reduction of GHG emissions	Net Zero	33-35, 88	

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■ GRI 400: Social Series

Series	Disclosure Item		Corresponding Section	Page	Description
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Occupational Health and Safety	40	-
	403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety	40	-
	403-3	Occupational health services	Occupational Health and Safety	40-41	-
	403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety	40-41	-
	403-5	Worker training on occupational health and safety	Occupational Health and Safety	40	-
	403-6	Promotion of worker health	Occupational Health and Safety	40-41	-
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety	40-41	-
	403-8	Workers covered by an occupational health and safety management system	Occupational Health and Safety	40	Still not certified by ISO 45001 occupational health and safety management system
	403-9	Work-related injuries	Occupational Health and Safety	41	-
	403-10	Work-related ill health	Occupational Health and Safety	41	-

Series	Disclosure Item		Corresponding Section	Page	Description
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Appendix - ESG Performance Data Table - Table 10	92	-
	404-2	Programs for upgrading employee skills and transition assistance programs	Talent Attraction and Retention	37-39, 45-47	-
	404-3	Percentage of employees receiving regular performance and career development reviews	Appendix - ESG Performance Data Table - Table 14	91	-
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	-		All products and services comply 100% with applicable legal and contractual labeling requirements
	417-2	Incidents of non-compliance concerning product and service information and labeling	Ethical Management	79	There were no significant incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling during the reporting period
	417-3	Incidents of non-compliance concerning marketing communications	Ethical Management	79	There were no significant incidents of non-compliance with regulations and voluntary codes concerning marketing communications during the reporting period
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Social Welfare and Rights	51-52	No significant complaints received concerning breaches of customer privacy and losses of customer data

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Specified Topic Standards - General Topics

GRI 200: Economic Series

Series	Disclosure Item		Corresponding Section	Page	Notes
GRI 201: Economic Performance 2016	201-3	Defined benefit plan obligations and other retirement plans	Talent Attraction and Retention, Appendix - ESG Performance Data Table - Table 15	37-38, 91	-
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Social Welfare and Rights	57-59	-

GRI 300: Environmental Series

Series	Disclosure Item		Corresponding Section	Page	Notes
GRI 303: Water and Effluents 2018	301-1	Interactions with water as a shared resource	Environmental Sustainability	33-35	-
	301-2	Management of water discharge-related impacts	Environmental Sustainability	33-35	-
GRI 308: Supplier Environmental Assessment 2016	301-3	Water withdrawal	Appendix - ESG Performance Data Table - Table 6	88	-
	308-1	New suppliers that were screened using environmental criteria	Social Welfare and Rights	57-59	-
	308-2	Negative environmental impacts in the supply chain and actions taken	Social Welfare and Rights	57-59	-

GRI 400: Social Series

Series	Disclosure Item		Corresponding Section	Page	Notes
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Appendix - ESG Performance Data Table - Table 11	90	-
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Talent Attraction and Retention	37-38	-
	401-3	Parental leave	Appendix - ESG Performance Data Table - Table 9	90	-
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Appendix - ESG Performance Data Table	87	-
	405-2	Ratio of basic salary and remuneration of women to men	Appendix - ESG Performance Data Table	87	-
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Fair Treatment and Equal Opportunity, Social Welfare and Rights	42-45	-
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Social Welfare and Rights	59-61	-
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Social Welfare and Rights	57-59	-
	414-2	Negative social impacts in the supply chain and actions taken	Social Welfare and Rights	57-59	-

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SASB Sustainability Accounting Standards

SASB Standard Topic	Code	Disclosure Item Topic	Corresponding Section	Page	Notes
Diverse Workforce	FN-IB-30a.1	(1) Management team, (2) Non-management staff, (3) Mid-level management, (4) Gender and ethnic diversity of the entire workforce	Appendix - ESG Performance Data Table - Table 8	89	-
ESG Integration in Investment Banking and Brokerage Activities	FN-IB-10a.1	Description of how ESG factors are considered in investment banking and brokerage activities	Sustainable Finance and Services	87	-
	FN-IB-10a.2	Description of how ESG factors are managed and incorporated into investment and advisory processes	Responsible Investment	75	-
	FN-IB-10a.3	Explanation of how ESG factors are incorporated into investment banking and brokerage activities policies	Sustainable Finance and Services, Responsible Investment	68-75	-
Business Ethics	FN-IB-10a.1	Management of legal and regulatory environment for issues such as fraud, insider trading, anti-trust, anti-competitive practices, conflicts of interest, bribery, and money laundering	Business Ethics	80	-
	FN-IB-10a.2	Whistleblower policy and procedures	Business Ethics	80	-
Customer Privacy	FN-IB-10b.1	Number of customer complaints, related regulatory fines, and settlements related to customer privacy issues	Business Ethics	-	-
	FN-IB-10b.2	Description of policies and practices to manage customer privacy risks	Business Ethics	79-80	-
	FN-IB-10b.3	Description of the management of data privacy and cybersecurity risks	Business Ethics	79	-
	FN-IB-10b.4	Description of approach to protecting customer privacy and data	Business Ethics	79	-
Systemic Risk Management	FN-IB-50a.1	Global Systemically Important Bank (G-SIB) score	-	-	Cathay Securities is not classified as G-SIB, thus not applicable
	FN-IB-50a.2	Description of how stress test results and scenarios are used to manage capital adequacy and liquidity planning, and other company activities	-	-	Reference to "Cathay Securities 2023 Annual Report"
	FN-IB-50b.1	Percentage of total remuneration variable for Material Risk Takers (MRTs)	-	-	Reference to "Cathay Securities 112th Annual Shareholders Meeting Report on the Risk Management and Green Finance Report"
	FN-IB-50b.2	Description of the company's risk management framework for incentive-based compensation	-	-	
	FN-IB-50b.3	Policy and actions taken to mitigate conflicts of interest	-	-	
	FN-IB-00a.1	Percentage of total revenue from trading activities	-	-	Reference to "Cathay Securities 2023 Annual Financial Report"
	FN-IB-00a.2	Total number and amount of proprietary trades and trades executed on behalf of customers	-	-	Reference to "Cathay Securities 2023 Annual Financial Report"

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TCFD (Task Force on Climate-Related Financial Disclosures) Index Table

Four Core Elements	Description	Climate-Related Issues for Listed Companies	Corresponding Section	Page
Governance	a. Describe the board's oversight of climate-related issues.	Point 1	Climate Governance	26-27
	b. Describe management's role in assessing and managing climate-related issues.	Point 1	Climate Governance	26-27
Strategy	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Points 2, 3, 6	Low Carbon Economy, Environmental Sustainability, Climate Governance	27-29
	b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Point 3	Low Carbon Economy	30
	c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario.	Point 3	Low Carbon Economy, Environmental Sustainability	31
Risk Management	a. Describe the organization's processes for identifying and assessing climate-related risks.	Point 4	Climate Governance	27-29
	b. Describe the organization's processes for managing climate-related risks.	Point 4	Climate Governance	27-29
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Point 4	Climate Governance	27-29
Metrics and Targets	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Points 5, 6	Low Carbon Economy, Environmental Sustainability, Appendix - ESG Performance Data Table - Table 5	31-35, 88
	b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Points 5, 6	Low Carbon Economy, Environmental Sustainability, Appendix - ESG Performance Data Table - Table 5	31-35, 88
	c. Describe the targets used by the organization to manage climate-related risks and opportunities, and performance against targets.	Points 6, 8	Low Carbon Economy, Environmental Sustainability	31-35

Index of Securities Firms' Compilation and Reporting of Sustainability Reports Act

No.	Indicator	Corresponding Chapter	Page
I	Number of data breach incidents, proportion of incidents related to personal data breaches, and number of customers affected by data breaches	Digital Finance and Data Security	67
II	Assistance to SMEs in capital market fundraising and number of fundraising cases	Sustainable Products and Services	69, 87
III	Number of educational activities for underprivileged groups to promote financial knowledge and participant numbers	Social Contribution and Cultivation	50-51
IV	Number of innovative products or services designed to create environmental or social benefits by each business unit	Sustainable Products and Services	68-70, 87

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Summary of Subject Matter Assured

No.	Subject Matter Assured	Applicable Standards	Page
1	Cathay Securities did not have any data breach events caused by information system accidents between 2021 and 2023. There was one physical data breach events involving personal data, affected three customers. The percentage of data breach events involving personal data was 100%.	Number of data breach events, number of data breach events involving personal data divided by total number of data breach events, and number of customers affected by personal data violations from Cathay Securities between 2021 and 2023.	74
2	Cathay Securities cumulatively offered consulting services and provided underwriting services to 2 SMEs in 2023, with the participatory amount to NTD 92.84 million.	Number of cases and total monetary valueNote1 in which Cathay Securities assisted SMEs in raising funds in the capital market in 2023.	76
3	In 2023, the total of 68 students, indigenous people, and senior citizens aged 65 and above benefited from Cathay Securities conducted financial knowledge education.	The total number of students, indigenous people, and senior citizens aged 65 and above who participated in financial knowledge education conducted by Cathay Securities and Cathay Futures in 2023.	55
4	In 2023, Cathay Securities Implemented one anti-fraud financial knowledge education for senior citizens aged 65 and above using electronic direct mail (eDM).	Number of times Cathay Securities provided financial knowledge education to senior citizensNote2 through eDM in 2023.	56
5	In 2023, Cathay Securities offered underwriting and consulting services to 11 projects across 7 companies with environmental or social benefits that met the internal definitions.	In 2023, the total number of companies and projects having environmental or social benefits, according to internal management procedures, to which Cathay Securities provided underwriting and consulting services.	76
6	From 2020 to 2023, Cathay Securities has cumulatively underwritten 14 green bonds and social responsibility bonds.	The number of green bonds and social responsibility bonds underwritten by Cathay Securities and recognized by Taipei Exchange certification bodies from 2020 to 2023.	75
7	Table 8: Employee Structure - Proportion of total employees by gender and position distribution	In 2023, Cathay Securities based on the definition of internal management procedures: 1. Senior executives 2. Middle management 3. Junior Management 4. General Staff The number of employees in each category, classified by gender, divided by the total number of employees.	98
8	In 2023, percentages of electronic transactions from natural persons at Cathay Securities was 99.6%.	The number of natural persons trading electronically at Cathay Securities in 2023 divided by the actual number of natural persons transactions.	37
9	Percentages of bills of Taiwan stock submitted via electronic statements in December 2023 was 95.9%.	The number of electronic statements for Taiwan stock in December 2023 divided by the total number of TWSE bills sent in the same month.	37
10	Cathay Securities' total financed emissions and data quality from proprietary investment asset portfolios in 2023 were 12,051.8 tCO2e and 2.04 score respectively.	Cathay Securities 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. - Financed Portfolio Financed Emissions: The financed emissions in metric tons of CO2 equivalent (tCO2e) for Scope 1 and Scope 2 categories related to the investment portfolio held by Cathay Securities. Cathay Securities strives to use the "latest obtainable emissions data or estimation data". This includes: - Emissions data directly obtained from companies, either from MSCI Total Portfolio Footprinting (MSCI TPF), MSCI ESG Manager or Taiwan Economic Journal (TEJ) database. - Estimation data based on the methodology recommended by PCAF, using emissions data obtained from MSCI Total Portfolio Footprinting (MSCI TPF) classified by industry to calculate estimated industry specific emissions factors. - Scope of Financed Emissions of Investment Portfolios: Cathay Securities 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 Securities 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. - Data quality score: Calculated by Cathay Securities 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 values.	34

Note1 : Participatory amount refers to the total sum of underwriting of which Cathay Securities is in charge.

Note2 : The definition of senior citizen for Cathay Securities is an individual aged 65 or above.

Statement on Independence from External Entity

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Limited Assurance Report from CPA of PwC Taiwan



Independent Limited Assurance Report

PWCM23000610

To Cathay Securities Corporation

We have been engaged by Cathay Securities Corporation (the “**Company**”) to perform assurance procedures in respect of the key performance indicators identified by the Company and reported in the 2023 Sustainability Report (hereinafter referred to as the “**Identified Key Performance Indicators**”) and have issued a limited assurance report based on the result of our work performed.

Subject Matter Information and Applicable Criteria

The subject matter information is the Identified Key Performance Indicators of the Company. The Identified Key Performance Indicators and the respective applicable criteria are stated in the “**Summary of Subject Matter Assured**” on page 107 of the Sustainability Report. The scope of the Identified Key Performance Indicators is set out in the “Scope of Reporting” on page 2 of the Sustainability Report.

The respective applicable criteria referred to above are the Taipei Exchange Rules Governing the Preparation and Filing of Sustainability Reports by Securities Firms and its attachment Disclosure of Sustainability Metrics for Securities Firms, related laws and regulations, the latest edition of the GRI Sustainability Reporting Standards (the “**GRI Standards**”) published by the Global Reporting Initiative (the “**GRI**”) the Company’s financed portfolio carbon emissions calculation criteria, which are based on the Global GHG Accounting and Reporting Standard for the Financial Industry, published by the Partnership for Carbon Accounting Financials (the “**PCAF**”), and the other criteria referred to or designed by the Company based on the Company’s industry characteristics and sustainability performance information reported (hereinafter referred to as the “**Applicable Criteria**”).

Management’s Responsibility

The Management of the Company is responsible for the preparation of the Identified Key Performance Indicators disclosed in the Sustainability Report in accordance with the Applicable Criteria. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Identified Key Performance Indicators that are free from material misstatement, whether due to fraud or error.

Inherent Limitation

Certain subject matter information assured involves non-financial data which is subject to more inherent limitations than financial information. Qualitative interpretations of the relevance, materiality and the accuracy of data are more dependent on individual assumptions and judgments.

資誠聯合會計師事務所 PricewaterhouseCoopers, Taiwan
110208 臺北市信義區基隆路一段 333 號 27 樓
2/F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 110208, Taiwan
T: +886 (2) 2729 6666, F: +886 (2) 2729 6686, www.pwc.tw

Limited Assurance Report from CPA of PwC Taiwan



The quantification of the Portfolio Carbon Emissions data (hereinafter referred to as the “**Portfolio Carbon Emissions**”) underlying the Portfolio Carbon Emissions is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases, and the estimation uncertainty from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge. There are significant limitations in the availability and quality of GHG emissions data from third parties, resulting in reliance by Company on proxy data. As there are currently no legislative requirements or regulation prescribing the preparation, disclosure and verification of the Company’s Portfolio Carbon Emissions, the Portfolio Carbon Emissions needs to be read and understood together with the financed portfolio carbon emissions calculation criteria designed by the Company.

Compliance of Independence and Quality Management Requirement

We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies the Standard on Quality Management 1, “Quality Management for Public Accounting Firms” of the Republic of China, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Identified Key Performance Indicators based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the Standard on Assurance Engagements 3000, “*Assurance Engagements other than Audits or Reviews of Historical Financial Information*”, and, the Statement of Assurance Engagements 3410, “*Assurance Engagements on Greenhouse Gas Statements*”, of the Republic of China. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the Identified Key Performance Indicators are free from material misstatement.

Under the requirements of the aforementioned standards, our limited assurance engagement involves assessing the suitability in the circumstances of the Company’s use of the criteria as the basis for the preparation of the Identified Key Performance Indicators, assessing the risks of material misstatement of the Identified Key Performance Indicators whether due to fraud or error, responding to the assessed risks as necessary in the circumstances and evaluating the overall presentation of the Identified Key Performance Indicators. A limited assurance engagement is substantially less in scope than a reasonable

Limited Assurance Report from CPA of PwC Taiwan



assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, evaluating the appropriateness of quantification methods, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above, we:

- Portfolio Carbon Emissions
 - Evaluated the suitability in the circumstances of the Company’s use of the respective applicable criteria as the basis for preparing the Portfolio Carbon Emissions;
 - Through inquiries, obtained an understanding of the Company’s control environment and information system relevant to the Portfolio Carbon Emissions quantification and reporting, but did not evaluate the design of specific control procedures, obtain evidence about their implementation, or test their operating effectiveness; and
 - Evaluated the appropriateness and consistency of the Company’s methods for developing estimates. However, our procedures performed did not include testing the data underlying the estimates or separately developing our own estimates against which to evaluate the estimates made by the Company;
 - Reconciled the emissions data back to the underlying records on a sample basis to obtain evidence for limited assurance. However, our procedures did not include corroborating the accuracy and completeness of the underlying greenhouse gas emissions and financial data from third parties; and
 - Considered the presentation and disclosure of the Portfolio Carbon Emissions, including the categorization of data by industry sector and the quality score, but excluding the coverage rate of greenhouse gas emission data.
- Other Identified Key Performance Indicators
 - Made inquiries of the persons responsible for the Identified Key Performance Indicators to obtain an understanding of the processes, information systems and the relevant internal controls relating to the preparation of the aforementioned information, to identify the areas where there may be risks of material misstatement; and
 - Based on the above understanding and the areas identified, performed substantive testing on selective basis, including inquiries, observation, inspection, reperformance and other procedures to obtain evidence for limited assurance.

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The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Company's Identified Key Performance Indicators have been prepared, in all material respects, in accordance with the respective applicable criteria.

We also do not provide any assurance on the Sustainability Report as a whole or on the design or operating effectiveness of the relevant internal controls. Furthermore, our assurance does not extend to information disclosed in the Sustainability Report for the period ended December 31, 2022 or prior periods.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Identified Key Performance Indicators in the Sustainability Report are not prepared, in all material respects, in accordance with the Applicable Criteria.

Other Matter

The Management of the Company is responsible for maintaining the Company's website. We have no responsibility to re-perform any procedures regarding the Identified Key Performance Indicators after the date of our assurance report, even if the Identified Key Performance Indicators or the Applicable Criteria have been subsequently modified.

Chao, Yung-Chieh

CHAO, YUNG-CHIEH

Partner

For and on behalf of PricewaterhouseCoopers, Taiwan

September 9, 2024

ISO 50001: 2018 Energy Management System



Certificate of Registration

ENERGY MANAGEMENT SYSTEM

This is to certify that: Cathay Securities Corporation,
19-20F, No. 333 & 6F, 18-22F, No. 335
Sec. 2, Dunhua S. Rd.
Da' an Dist.
Taipei City
10669
Taiwan

國泰綜合證券股份有限公司
臺灣
台北市
大安區
敦化南路二段333號19、20樓
& 335號6、10、18-22樓
10669

Is included as a location on Certificate number: **ENMS 735140**

And BSI location is: 0047436658-015

Operates an Energy Management System
which complies with the requirements of
ISO 50001:2018
for the activities detailed in the scope of registration.

For and on behalf of BSI:

A

Chris Cheung, Head of Compliance & Risk - Asia Pacific

Original Registration Date: 2016-11-23

Expiry Date: 2024-01-16



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BSI Assurance UK Limited, registered in England under number 7805321 at 399 Chiswick High Road, London W4 4AL, UK.
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ISO 14001: 2015 Environmental Management System



Certificate of Registration

ENVIRONMENTAL MANAGEMENT SYSTEM

This is to certify that: Cathay Securities Corporation,
19-20F, No. 333 & 6F, 18-22F, No. 335
Sec. 2, Dunhua S. Rd.
Da' an Dist.
Taipei City
10669
Taiwan

國泰綜合證券股份有限公司
臺灣
台北市
大安區
敦化南路二段333號19、20樓
& 335號6、10、18-22樓
10669

Is included as a location on Certificate number: **EMS 735138**

And BSI location is: 0047436658-015

Operates an Environmental Management System
which complies with the requirements of
ISO 14001:2015
for the activities detailed in the scope of registration.

For and on behalf of BSI:

A

Chris Cheung, Head of Compliance & Risk - Asia Pacific

Original Registration Date: 2012-03-14

Expiry Date: 2024-01-12



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ISO 14001: 2015 Environmental Management System




Certificate of Registration

ENVIRONMENTAL MANAGEMENT SYSTEM

This is to certify that: Cathay Securities Corporation.
19-20F., No. 333 & 6F., 18-22F., No. 335
Sec. 2, Dunhua S. Rd.
Da'an Dist.
Taipei City
10669
Taiwan

國泰綜合證券股份有限公司
臺灣
臺北市
大安區
敦化南路二段333號19、20樓
& 335號6、10、18-22樓
10669

Is included as a location on Certificate number: **EMS 735138**
And BSI location is: 0047436658-015

Operates an Environmental Management System which complies with the requirements of ISO 14001:2015 for the activities detailed in the scope of registration.

For and on behalf of BSI:


Chris Cheung, Head of Compliance & Risk - Asia Pacific

Original Registration Date: 2012-03-14 Expiry Date: 2024-01-12





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A Member of the BSI Group of Companies.

ISO 46001 : 2019 Water Efficiency Management System




Certificate of Registration

WATER EFFICIENCY MANAGEMENT SYSTEM - ISO 46001:2019

This is to certify that: Cathay Financial Holdings Co., Ltd.
16F.
No. 296, Sec. 4, Ren'ai Rd.
Da'an Dist.
Taipei City
10633
Taiwan

國泰金融控股股份有限公司
臺灣
臺北市
大安區
仁愛路四段296號
16樓
10633

Holds Certificate No: **WEMS 797825**
and operates a Water Efficiency Management System which complies with the requirements of ISO 46001:2019 for the following scope:

The composed of insurance, securities, banking and other diversified financial institutions.
The main water uses include:
- tap water for air conditioning, office(sanitation & drinking) and irrigation.

For and on behalf of BSI:


Peter Pu, Managing Director Assurance, North East Asia

Original Registration Date: 2023-12-12 Effective Date: 2023-12-12
Latest Revision Date: 2023-12-12 Expiry Date: 2026-12-11

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ISO 27001: 2022 Information Security Management System international certification




Certificate of Registration

INFORMATION SECURITY MANAGEMENT SYSTEM - ISO/IEC 27001:2022

This is to certify that: Cathay Securities Corporation
18F, No. 333 and
18F, 21F, 22F No. 335
Sec. 2, Dunhua S. Rd.
Da'an Dist.
Taipei City
106033
Taiwan

Holds Certificate No: **IS 764325**
and operates an Information Security Management System which complies with the requirements of ISO/IEC 27001:2022 for the following scope:

For and on behalf of BSI:


Michael Lam - Managing Director Assurance, APAC

Original Registration Date: 2022-04-11 Effective Date: 2022-04-11
Latest Revision Date: 2024-03-19 Expiry Date: 2025-04-10

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Taiwan Headquarters: 2nd Floor, No.37, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C.
A Member of the BSI Group of Companies.

About this Report

Message from the Chairman
and President

About Cathay Securities

Sustainability Strategy

Sustain Eco-friendly Practices

Empower Employees and
Society

Create Better Services and
Products

Sustainable Governance

Appendix

ISO 22301 : 2019 Business Continuity Management System

bsi.  

Certificate of Registration

BUSINESS CONTINUITY MANAGEMENT SYSTEM - ISO 22301:2019

This is to certify that: Cathay Securities Corporation
20F,
No. 335, Sec. 2, Dunhua S. Rd.
Da'an Dist.
Taipei City
106033
Taiwan

Holds Certificate No: **BCMS 779393**
and operates a Business Continuity Management System which complies with the requirements of ISO 22301:2019
for the following scope:

The business continuity management system in relation to the provision of
within headquarters and dunnan branch.

For and on behalf of BSI: 
Michael Lam - Managing Director Assurance, APAC

Original Registration Date: 2023-01-13 Effective Date: 2023-01-13
Latest Revision Date: 2023-01-13 Expiry Date: 2026-01-12

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 **ANAB**
Approved by ANAB

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This certificate was issued electronically and remains the property of BSI and is bound by the conditions of contract.
An electronic certificate can be authenticated online.
Printed copies can be validated at www.bsi-global.com/ClientDirectory or telephone +44 866 0272656-0333.

Taiwan Headquarters: 2nd Floor, No.37, Ji-Hu Rd., Mei-Hu Dist., Taipei 114, Taiwan, R.O.C.

ISO 20400 : 2017 Sustainable procurement

bsi.  

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

國泰金融控股股份有限公司
暨子公司
臺灣
台北市
大安區
仁愛路四段 296 號
106436

Holds Statement Number : <SPM 011>

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 Pu

Latest issue
2022-2-25

Expiry date
2023-2-24

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