



國泰投信

Cathay Securities Investment Trust

2023 Stewardship Report

Cathay Securities Investment Trust

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About this Report

The Responsible Investment Working Group and other subcommittees under the Corporate Sustainability Committee of Cathay SITE jointly promote sustainability concepts and closely collaborate with the Responsible Investment Working Group of Cathay Financial Holdings to amplify impact and synergy. Cathay SITE signed the Taiwan Stewardship Principles for Institutional Investors in July 2016 and has integrated these principles into its investment processes, continuously dedicating manpower and research resources to enhance its stewardship practices. The company has set up a "Stewardship for Institutional Investors" section on its official website, where it publishes adherence statements, ESG investment and risk management policy summaries, corporate sustainability principles, proxy voting guidelines, and annually updates stewardship reports, shareholder voting records, and engagement records.

- Previous Issue Date: June 2023
- Current Report Issue Date: June 2024

Disclosure of Adherence to the "Stewardship Principles for Institutional Investors"

As of the end of December 2023, Cathay SITE has fully adhered to the "Stewardship Principles for Institutional Investors" and has no principles that cannot be followed.



Report Quality Management

Cathay SITE discloses the previous year's stewardship performance on its website every June. The report is reviewed with the assistance of various investment and research departments, as well as the compliance department, and is approved by the General Manager. Some content of the report reflects the collective efforts of the group and is also included in the 2023 Cathay SITE Sustainability Report, which is assured by an external auditor, such as the sustainable industry investment amount detailed on page 49. The company will continue to enhance its responsible investment practices and improve the transparency of disclosed information to increase the credibility of this report.

Report Writing Principles

This company follows the guidelines below and adheres to the core values of the group: "Integrity, Accountability, Innovation," addressing all issues of concern to stakeholders:

 Publishing Unit	United Nations Principles for Responsible Investment (UN PRI)	Self-compliance with the United Nations Principles for Responsible Investment (Compliance Actions Correspondence Table in Appendix VI)
 Principles Followed	Taiwan Stock Exchange	Stewardship Principles for Institutional Investors - Six Principles of Stewardship

Contact Information About Cathay SITE

Services and Information	Contact Details
Stewardship Report Related Content	Cathay SITE Sustainability Office: Mike Lee, Assistant Vice President Address: 5th Floor, No. 39, Section 2, Dunhua South Road, Taipei, Taiwan Email: mike@cathaysite.com.tw Tel: +886 2 2700 8399 #2116
Customer and Beneficiary Services	Customer Service Hotline: 02-7713-3000
Services for Other Institutional Investors and Investee Companies	Email: stewardship@cathaysite.com.tw
Sustainable and Responsible Investment Webpage	<u>Official Site</u>

I. About Cathay SITE

1. Company Profile

Cathay SITE was established in February 2000 as a wholly-owned subsidiary of Cathay Financial Holdings. With a total asset management scale of NT\$2.34 trillion (source: mutual fund scale from SITCA; net asset value of discretionary investment accounts from Cathay SITE, as of December 2023), it is the largest asset management company in Taiwan. Cathay SITE adheres to a philosophy of rigorous professionalism and long-term investment, demonstrating excellent investment performance and outstanding customer service. Our investment research team works closely with the investment teams of Cathay FHC's subsidiaries, sharing the group's professional, abundant, and timely research resources. In terms of responsible investment, Cathay SITE self-complies with the United Nations Principles for Responsible Investment (see Chapter 6, Appendix: UN PRI Correspondence Table) and adopts the group's responsible investment and lending policy, as well as the non-investment and lending policy. As a professional asset manager, we uphold the principles of responsible investment, continuously addressing long-standing social issues. We meticulously safeguard each investor's asset, paying high attention to environmental protection and social harmony during the process of asset value creation. From the perspective of responsible investment, we carefully examine and select each investment target, committing to minimizing negative impacts and generating the greatest positive cyclical influence while pursuing economic goals of profit and growth, dedicated to the three ESG principles: environmental, social, and governance.

2nd
Largest ETF issuer in Taiwan

AuM TWD 701.5bn, 18.2%
market share



1st
Largest SITE in Taiwan

AuM TWD 1.60tn, 16.7%
market share



AuM ranked No. 1 in 11
consecutive year
First SITE to reach TWD
1tn AuM



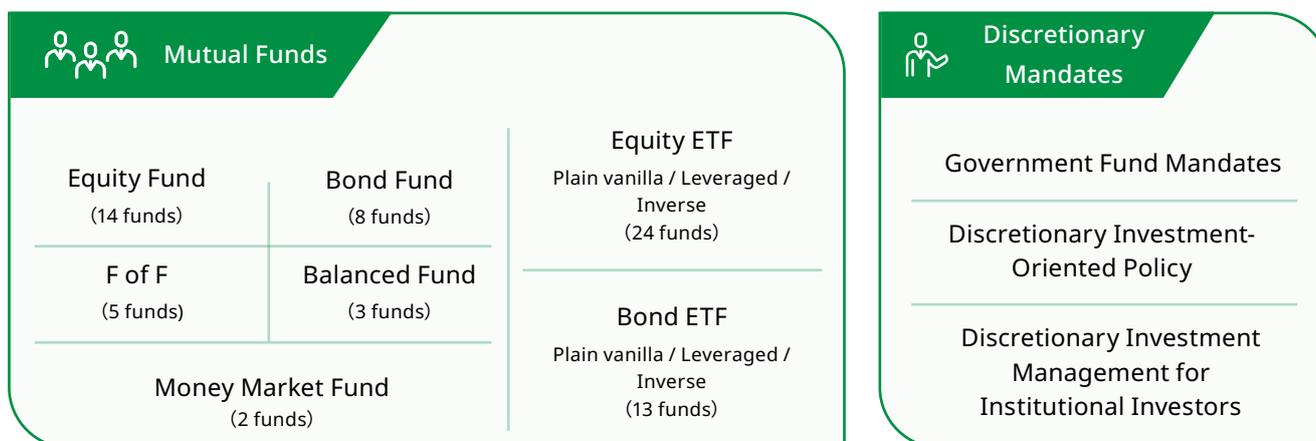
The only one with
market share >20%

1st
**Largest in discretionary
business**

AuM TWD 740.3bn, 25.6%
market share

2. Products and Services

Cathay SITE is committed to developing diverse and innovative products across various assets, regions, currencies, and income types, offering a wide range of investment solutions, including mutual funds and discretionary investment management services.



Notes: (1) Each individual fund is counted as one item, regardless of whether it distributes dividends, does not distribute dividends, or is denominated in multiple currencies; bond ETFs and stock ETFs include original, leveraged, and inverse types.
 (2) Discretionary investment is not without risk. The past performance of the company's managers does not guarantee the minimum return of the discretionary investment assets. Besides fulfilling the duty of care as a good manager, the company is not responsible for the profit or loss of the discretionary investment assets and does not guarantee the minimum return. Clients should thoroughly read the discretionary investment prospectus before signing the contract.
 Data Source: SITCA, Cathay SITE, 2023/12.

3. Honors and Performance

Cathay SITE's dedication to ESG has been widely recognized, with recent awards including:

Team Awards

- ★ **17th Golden Goblet Awards**
 - Outstanding ESG Sustainability Award
 - Outstanding Green Finance Award
 - Outstanding Talent Cultivation Award
 - Outstanding Financial Innovation Award
- ★ **2023 The Asset**
 - ESG Asset Company Award
 - ESG Asset Management Company
- ★ **2023 Wealth Magazine Financial Awards**
 - Fund Company Award
- ★ **2023 Asia Asset Management Magazine**
 - Best of the Best Awards: Taiwan Best ESG Manager
- ★ **2023 Benchmark**
 - Stewardship Award (Outstanding Performance)
 - ESG Integration Award (Best in Class)
- ★ **2023 Institutional Investor Stewardship Evaluation**
 - Best in Information Disclosure
- ★ **16th TCSA Taiwan Corporate Sustainability Awards**
 - Creative Communication Leadership Award
 - Creative Growth Leadership Award
- ★ **3rd Taiwan SIA Taiwan Sustainable Investment Awards**
 - Sustainable Investment Institution Model Award - SITE Model Award
 - Taiwan Case Impact Award - ESG Innovation - Gold

Fund Awards

- ★ **17th Golden Goblet Awards**
 - Outstanding Financial Innovation Award
- ★ **2023 Benchmark**
 - Impact Investment Award (Best in Class) - 00878
 - ETF Stewardship Award (Best in Class) - 00878

II. Responsible Investment

1. Responsible Investment Progress



Cathay SITE's responsible investment journey began in 2016. We incorporated responsible investment factors into our investment processes, not only by establishing a negative exclusion list but also by adding ESG-related positive screening. Taiwanese listed companies that publish annual corporate social responsibility reports have a higher chance of being included in the investable stock pool. In 2016, we signed the Stewardship Principles for Institutional Investors and subsequently integrated the MSCI ESG database, which includes ESG ratings for thousands of companies worldwide, comprehensively strengthening Cathay SITE's various ESG practices. In the same year, we launched the overseas non-investable list screening mechanism and established the ESG integration investment process.

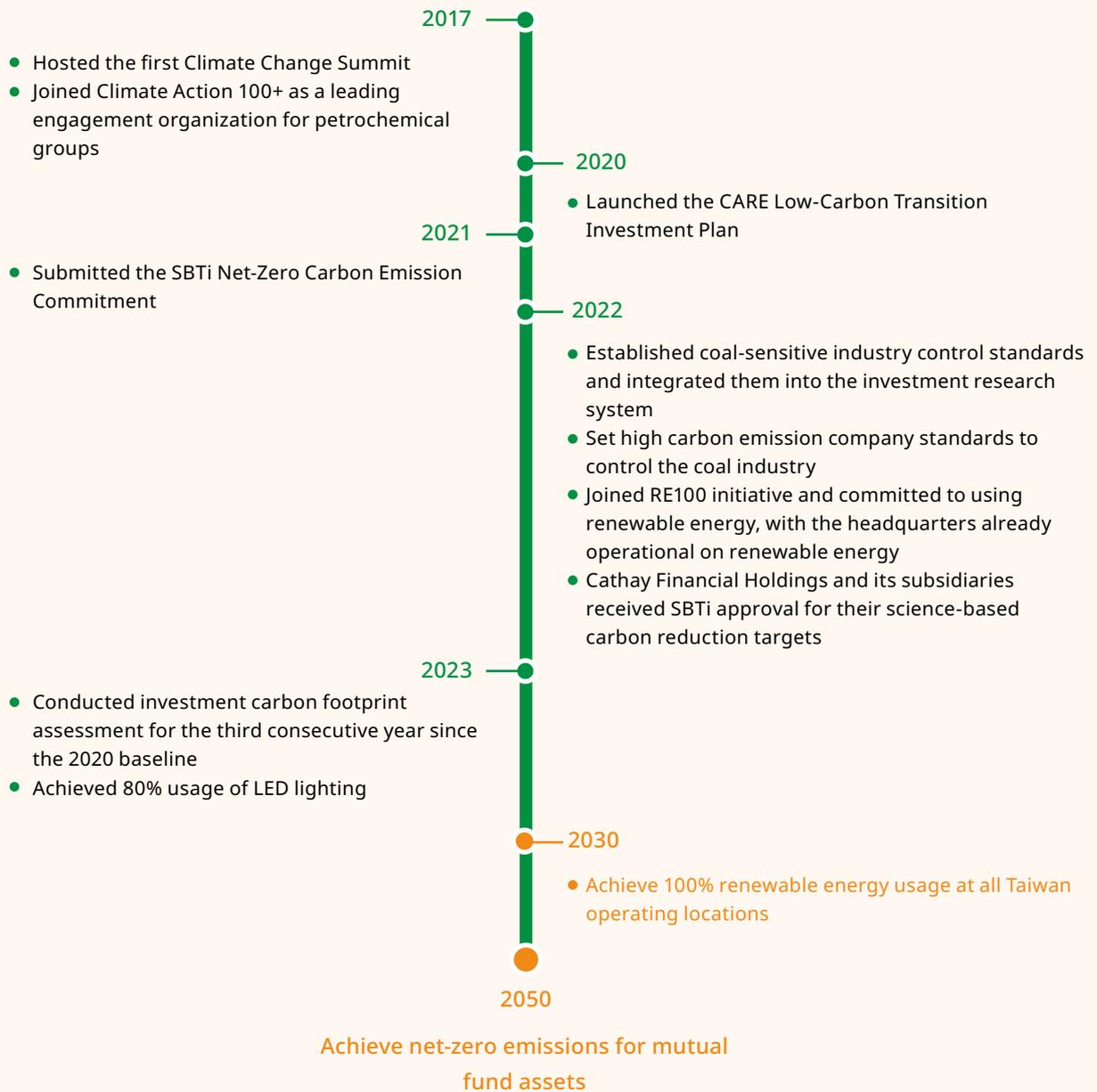
In 2017, after joining Climate Action 100+, Cathay SITE expanded its network of international institutional investor partners. We collaborated with climate change investor groups to promote carbon reduction in high-emission Asian companies. Recognizing that climate change is a global issue, we have been working with Cathay FHC subsidiaries since 2017 to leverage our influence by hosting an annual Climate Change Forum. We invite invested companies to participate, helping them understand international ESG trends, carbon reduction strategies, climate change issues, and corresponding actions, encouraging invested companies and participating firms to advance together on the ESG journey.

With the European Union launching the Green Deal in 2020, low-carbon transition became the focus of climate legislation worldwide. That same year, Cathay SITE initiated the Low-Carbon Transition Investment Plan (Carbon, Aware, Response, Engage - CARE). This long-term investment strategy aims to understand investment risks, pursue long-term performance, and address climate change by promoting the low-carbon transition of the entire investment portfolio through three aspects: Aware (Awareness), Response (Action), and Engage (Advocacy and Promotion). Concurrently, we launched the Cathay Sustainable High Dividend ETF and Cathay US ESG Fund, enabling the public to participate in responsible investment and contribute to promoting a low-carbon transition in society.





Cathay SITE' s Roadmap to Net-Zero



2. Responsible Investment Working Group

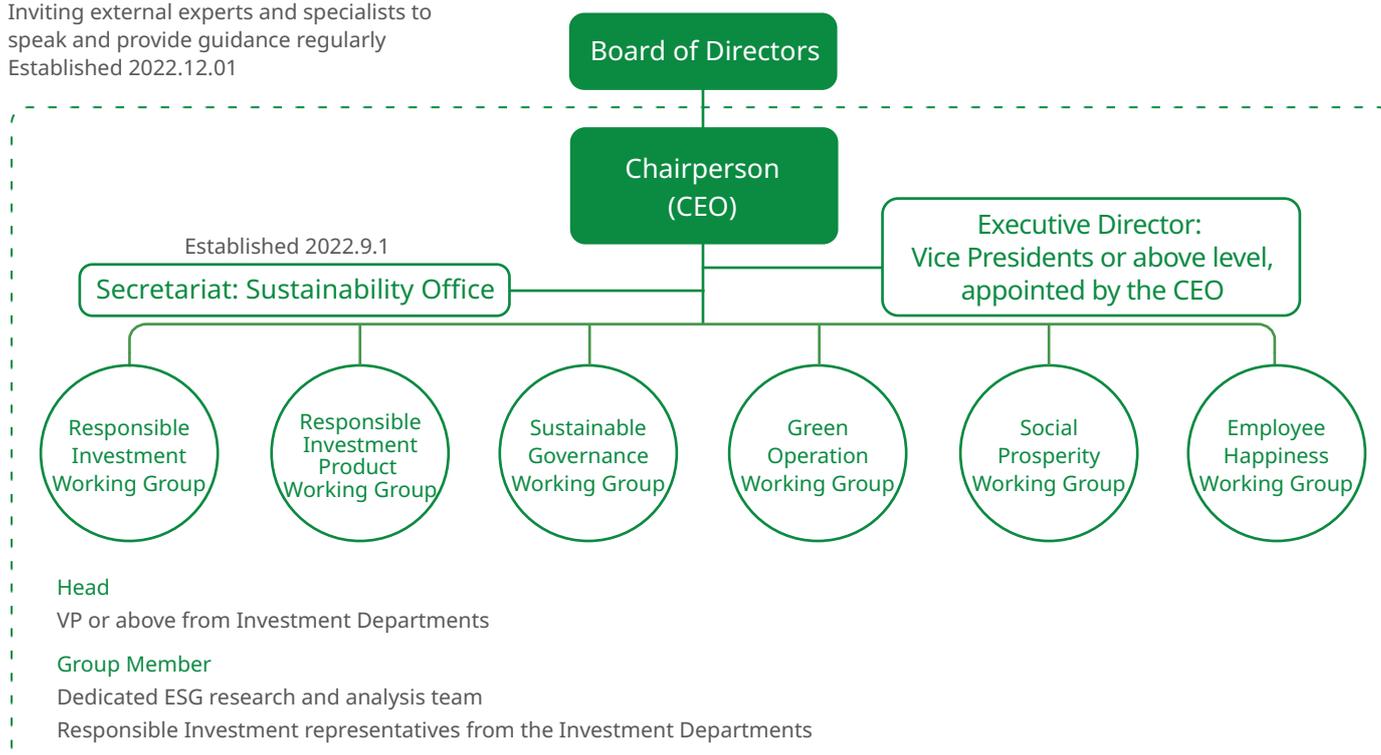
In 2014, Cathay FHC became the first financial institution in Taiwan to establish a Responsible Investment Working Group. This group is part of the Cathay FHC Corporate Sustainability (CS) Committee, led by the Chief Investment Officer of Cathay FHC. Cathay SITE also established working groups under its Corporate Sustainability Committee, comprising six subgroups: the Responsible Investment Working Group, the Sustainable Governance Working Group, the Responsible Investment Product Working Group, the Employee Happiness Working Group, the Social Prosperity Working Group, and the Green Operation Working Group. In September 2022, Cathay SITE established the Sustainability Office with several dedicated staff members. The CS Committee holds quarterly meetings and invites external sustainability experts to provide guidance on enhancing sustainable development, ESG risk analysis and assessment, information disclosure, and response measures. The Responsible Investment Working Group is led by a Senior Vice President from the investment department and includes dedicated ESG research analysts and responsible investment representatives from various investment departments. As of the end of 2023, the group has 18 members who collectively leverage internal and external research resources to focus on global ESG development trends. The results of responsible investment are reported to the board of directors quarterly, effectively fulfilling the stewardship functions of an institutional investor.

Corporate Sustainability Committee Organizational Structure and Working Groups

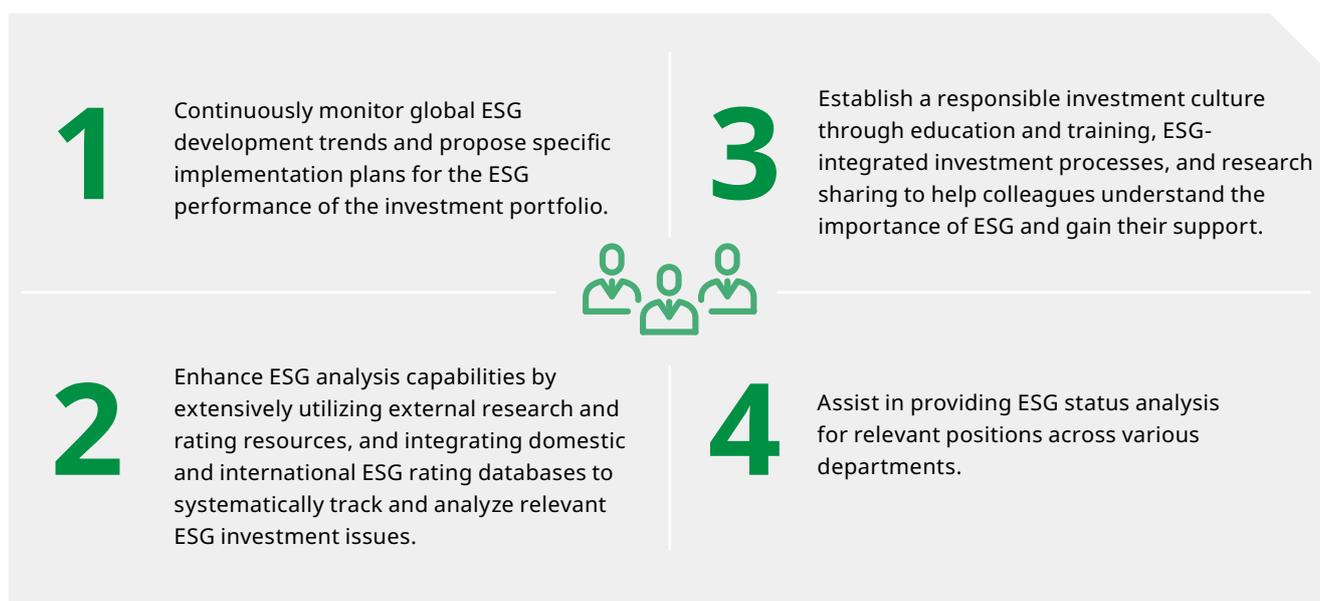
Quarterly meetings.

Inviting external experts and specialists to speak and provide guidance regularly

Established 2022.12.01



Responsibilities of Responsible Investment Working Group



3. Resource Integration and Input

(1) Resource Input

In line with the spirit of the Stewardship Principles for Institutional Investors, Cathay SITE continuously allocates resources to strengthen its responsible investment capabilities. The investment includes acquiring ESG databases, proxy voting research services, hosting climate change forums, maintaining ESG-integrated investment systems, and promoting ESG. Excluding related personnel costs, database acquisition, and shareholder meeting voting research report costs, the annual related expenditure for 2023 was approximately NT\$2 million*.

Resources Input	Explanation	Manpower and Cost Estimation
Corporate Sustainability Committee	<ol style="list-style-type: none"> Promote various sustainability projects Quarterly progress reports 	12 members Approx. 48 person-days per year
Responsible Investment Working Group	Responsible investment affairs	6 full-time staff
ESG Database Setup and Maintenance	<ol style="list-style-type: none"> Procure databases Maintain databases and integrate into the investment system 	Approx. 90 person-days per year*
ESG Education and Training	<ol style="list-style-type: none"> Conduct irregular ESG training for investment research units Conduct online ESG training for the entire company 	Approx. 20 person-days per year

Resources Input	Explanation	Manpower and Cost Estimation
Publishing Stewardship Reports	Writing, translation, graphic design, printing	Approx. NT\$150,000 per year
Engagement Activities	<ol style="list-style-type: none"> 1. Joint engagement with Cathay FHC subsidiaries 2. Participate in AIGCC joint engagement 3. Individual engagement by Cathay SITE 	Approx. 30 person-days per year
Proxy Voting at Shareholder Meetings	<ol style="list-style-type: none"> 1. Subscribe to ISS shareholder voting research reports 2. Make voting decisions based on ISS reports and company policy, after internal discussions 3. Execute voting, analyze proposals, manage voting documents 	Approx. 90 person-days per year*
External ESG Promotion	Cathay FHC Climate Change Forum, ESG-related seminars	Approx. NT\$1.85 million per year Approx. 35 person-days per year

*Due to confidentiality agreements, the contractual amounts for database and shareholder voting research report subscriptions cannot be disclosed and are not included in the annual related cost statistics.

(2) ESG Integration Actions

In 2016, we signed the Stewardship Principles for Institutional Investors. Following these principles, we continuously allocate resources to strengthen Cathay SITE's responsible investment capabilities. This includes establishing dedicated research and analysis personnel, procuring research resources, setting up ESG integration systems, hosting forums, and interacting with invested companies. Our responsible investment actions include the following:



Exclusion List

In 2017, Cathay FHC's Responsible Investment Working Group established the non-investable and non-lending policy for Cathay Financial Holdings and its subsidiaries. Each year, we screen and compile an "Investment and Lending Exclusion List" based on "Focus Area Standards," identifying high-risk environmental, social, and governance (ESG) entities. This list includes controversial industries, countries, and behaviors, setting exclusion standards for related business activities. Cathay SITE integrates this list with its own domestic and international stock exclusion list, covering individual stocks with issues such as gambling and food safety, to create a comprehensive exclusion list.

Since 2022, industries related to coal generating over 20% of their revenue from coal have been included in the ESG High Concern List, requiring an ESG evaluation report before lifting investment restrictions. Starting in 2023, these industries have been placed on the Controversial High Concern List, necessitating a controversial issue evaluation report explaining the investment rationale, which must be approved by the Sustainability Office before lifting restrictions.

Controversial Industries
 Controversial Countries
 Controversial Practices
 Exclusion of Specific Issues

 **Formation of the Investable List**

Cathay SITE incorporates Socially Responsible Investment (SRI) principles into stock selection. At each quarterly risk assessment meeting, in addition to quantitative financial indicators, qualitative domestic indicators are considered, such as issues of integrity with major shareholders, insufficient holdings by directors and supervisors, changes in key management and financial personnel, high shareholder pledging ratios, and changes in accounting firms. If any anomalies are detected, these companies will not be included in the investable list, and existing holdings must be divested within a specified period. Furthermore, the committee examines recent significant violations of labor rights, environmental protection, and workplace ethics laws by listed companies. If such violations are found, these companies will also be excluded from the investable list.

Investable List Screening – Non-Quantifiable Indicators for Domestic Stocks



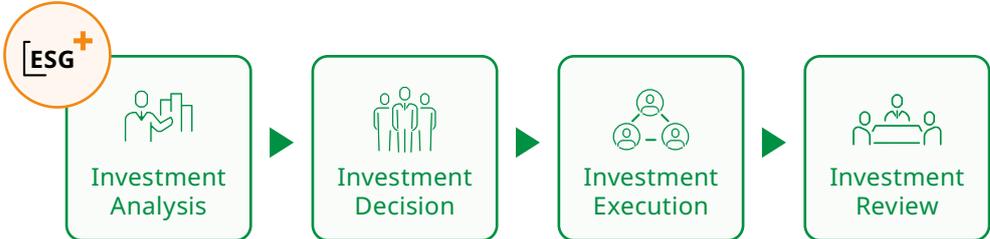
For positive screening, companies that publish CSR reports and meet various indicators are prioritized for inclusion in the investable list, even if their market cap is not within the top 500. The investment department will provide a risk assessment report on these Taiwan stocks, which are then added to the investable list. We also incorporate the Taiwan Stock Exchange's Corporate Governance Evaluation to further enhance the investable list criteria.

 **ESG in the Investment Decision Process**

Since 2014, Cathay SITE has committed to fulfilling social responsibilities by positively screening Taiwanese listed companies that issue annual corporate social responsibility reports, increasing their chances of entering the investable stock pool. In 2017, we incorporated ESG scores into the global stock screening process and began using international-level ESG databases in 2018 to enhance ESG measures. Aligning with group-led ESG projects, we continuously improve and implemented the ESG integration investment process in 2019.

We believe that by establishing ESG policies and a rigorous bottom-up stock selection research method, we can evaluate the investment value and risks of companies comprehensively beyond traditional fundamentals, uncovering opportunities. We integrate and analyze multiple globally renowned databases, including MSCI ESG, Bloomberg, ISS, CDP, and corporate governance evaluations, assessing each ESG indicator and its impact on climate risks. Additionally, we provide an internal sustainability information integration platform, a climate risk monitor, and biodiversity investment tools, which are further integrated into the investment management system.

Integrating Cathay SITE’s Four Major Processes of Investment into the ESG Process





Since 2014, Cathay SITE has been leveraging numerous renowned global databases to measure each ESG impact/risk indicator. These databases include MSCI ESG, Bloomberg, ISS, Global Coal Exit List (GCEL), CDP, Climate Action 100+, SBTi, TEJ, and the Taiwan Sustainability Evaluation Database. Additionally, we provide internal ESG information platforms, ESG rating systems, climate risk monitors, biodiversity risk monitors, and SDG alignment tools, integrating them into our investment management system.

Sustainable Information Integration Platform (SustainInfo Hub)

The Cathay SITE Sustainable Information Integration Platform (SustainInfo Hub) offers uniquely designed internal ESG solutions aimed at helping investment managers and researchers effectively and rapidly assess the ESG and climate performance of companies and portfolios. We utilize domestic and international databases such as MSCI ESG, Bloomberg, ISS, Global Coal Exit List (GCEL), CDP, Climate Action 100+, Science Based Targets initiative (SBTi), and the Taiwan Sustainability Evaluation Database. Cathay SITE has developed various sustainability tools to build our resilience and commitment to ESG, climate, and biodiversity. These tools ensure that our investment strategies can promptly reflect ESG dynamics to enhance overall investment efficiency. All these tools are seamlessly integrated into our investment management system.



Sustainable Information Integration Platform (SustainInfo Hub)

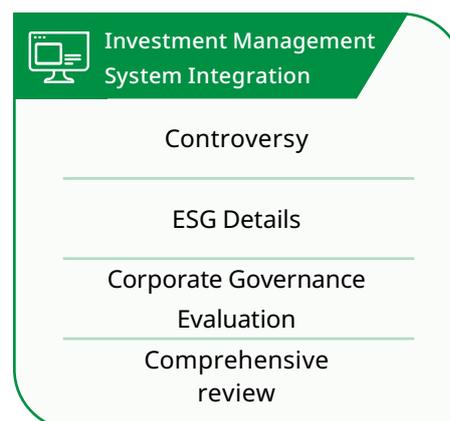
- Company ESG Summary Tool
- Portfolio ESG Summary Tool
- The Firm-Wide Portfolio Analysis Tool
- ESG Rating Upgrades/Downgrades and Red Controversial Flags Notification
- Risk Warning System
- Climate Risk Monitor
- Biodiversity Risk Monitor
- Fund ESG Dashboard
- Sustainable Investment and SDG Alignment Tool
- Sustainable News and Reports Portal

Tools	Description
Company ESG Summary Tool	Provides comprehensive quantitative and qualitative ESG information at the company level, including ratings, rating details, controversial events, climate risks, ESG transition plans, disclosure summaries, and ESG commentary to help investment managers fully understand the company's ESG profile.
Portfolio ESG Summary Tool	Reviews the ESG performance and climate risks of each company at the portfolio level, including overall ESG ratings, controversial events, carbon intensity, governance assessments, and carbon emissions, as well as their weighted average risk.
The Firm-Wide Portfolio Analysis Tool	Allows management to track the ESG performance of the entire company's holdings, including ratings, controversial events, carbon intensity, and governance assessments.
ESG Rating Upgrades/Downgrades and Red Controversial Flags Notification	Monthly notifications to the investment team about the ESG performance and controversy status of their holdings to keep abreast of company ESG dynamics in real-time.

Tools	Description
Risk Warning System	Identifies six major risk factors (controversial events, accounting issues, financial restatements, bankruptcy risk, delisting risk, and fraud risk) significantly affecting portfolio performance and regularly issues risk reports to fund managers for downside risk protection.
Climate Risk Monitor	Provides transition risks for each company under six NGFS scenarios to help assess future company valuation changes.
Biodiversity Risk Monitor	Analyzes companies' "dependence" and "impact" on biodiversity to understand the interaction between corporate activities and the natural environment and identify investment opportunities related to biodiversity conservation.
Fund ESG Dashboard	Annual sustainability report at the fund level, helping to more effectively identify and monitor ESG and climate-related risks and opportunities within the portfolio, including sustainable industry investment amounts, carbon emissions, carbon intensity, and temperature, and incorporating the transition risks from carbon pricing faced by the portfolio under six NGFS scenarios by 2050.
Sustainable Investment and SDG Alignment Tool	Helps the investment research team understand the overall positive or negative impacts and alignment of companies with the 17 Sustainable Development Goals (SDGs) in terms of products, services, or operations.
Sustainable News and Reports Portal	Integrates ESG-related news and reports from around the world along with Cathay SITE's internal research findings, featuring a front-end search interface and automated email notifications to enhance information accessibility and utility, supporting sustainable investment decision-making.

Integration into Investment Management System

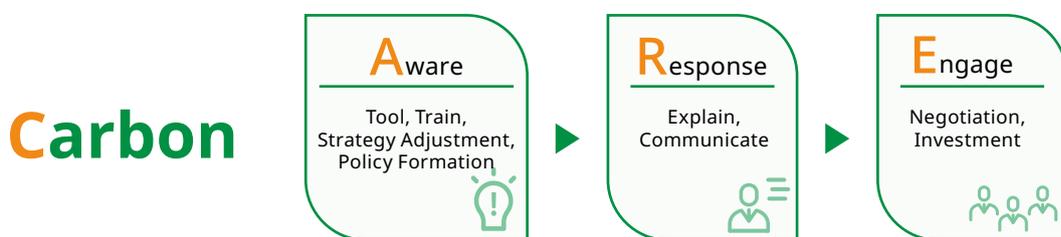
Cathay SITE actively integrates ESG data and analysis into its investment management system to ensure that all investment decisions fully consider ESG factors. This assists fund managers and researchers in promptly accessing ESG data and analysis, effectively identifying relevant risks and opportunities during the investment process, and flexibly adjusting their investment strategies. Since 2018, the investment decision system has incorporated an ESG database, including information on whether companies publish corporate social responsibility reports and their MSCI ESG ratings in investment buy and sell reports.



To further strengthen ESG investment standards, Cathay SITE adopts a strategy of prohibiting investments in companies with major controversies. For companies with relatively lower levels of controversy, we have set up a high-concern list in the investment process management system. This list includes companies with low ESG ratings, those involved in controversial events, high carbon emissions, participation in coal-related industries, or poor corporate governance. Before investing in companies on this high-concern list, an ESG assessment report must be written, detailing the rationale for investing in low ESG-rated or controversial companies and evaluating their feasible transition plans. The investment can only proceed after internal review and approval.

Additionally, in 2023, we developed an ESG review method comparing weights to the benchmark for optimizing ETFs and passive investment accounts. This method aims to customize the review for different types of investment products, effectively reducing ESG risks while meeting practical operational needs.

After investments are made, we continuously monitor, analyze, and evaluate the ESG-related information of the investment targets. We conduct regular quarterly investment reviews and write quarterly portfolio ESG review reports, explaining how each portfolio addresses investment positions that meet ESG control conditions and how effective tracking management is performed. Through these rigorous processes and measures, Cathay SITE strives to fulfill its commitment to social and environmental responsibility while pursuing financial returns.



Low-Carbon Investment Plan

Extreme weather events have become the norm globally. To mitigate the significant potential investment risks caused by global warming, climate change, and new environmental regulations, Cathay SITE launched the Low-Carbon Transition Investment Plan in 2020. This plan promotes the overall investment portfolio's transition to low carbon through three aspects: Aware (Awareness), Response (Action), and Engage (Advocacy and Promotion). The low-carbon transition begins with a carbon footprint assessment of the investment portfolio, allowing the investment team to understand the high-carbon companies in the portfolio and the overall carbon status. This understanding helps rethink investment strategies, either by adjusting positions in high-carbon companies or by taking engagement actions to gradually reduce the portfolio's carbon emissions, ultimately achieving the long-term goal of a low-carbon transition.



ESG Education and Training

To accelerate the formation of an ESG-centric corporate culture, Cathay SITE actively engages with external industry, government, and academia and continuously conducts ESG education and training. In 2023, Cathay SITE organized ESG-related courses, meetings, and external seminars attended by a total of 380 participants, with an average training time of 1.4 hours per person. The Responsible Investment Working Group also publishes the ESG Highlights newsletter, regularly updating key information on ESG trends, ESG policy developments, company ESG activities, and ESG investment research and analysis. With the establishment of the Responsible Investment Team, the introduction of the ESG database, the integration of ESG into the investment process, and various ESG enhancement actions, Cathay SITE continuously promotes the incorporation of ESG into the work of the investment team from multiple perspectives.

4. Responsible Investment Outcomes

Cathay SITE is committed to sustainable development and steadfastly adheres to the belief in responsible investment, focusing on three core elements: environment, society, and governance. With a professional investment perspective, we not only pay attention to companies' economic performance but also emphasize their environmental protection, social responsibility, and good governance. We actively support companies with strong ESG performance and encourage them to continuously optimize their sustainable development strategies to create more green value.

Additionally, Cathay SITE recognizes investors' expectations and needs for sustainable investment. Therefore, we actively develop green financial products and allocate resources to green industries and sustainable development projects to meet investors' needs and contribute to environmental protection and social welfare.



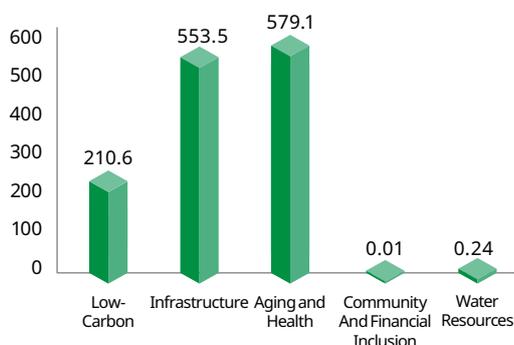
(1) Sustainable Investment Targets

• Sustainable Industry Investment

Cathay SITE categorizes sustainable industries into five major categories: low-carbon investment, infrastructure, aging and health, community and financial inclusion, and water resource management. As of December 2023, our total investment in these sustainable industries reached NT\$134.4 billion, a 20% increase from NT\$111.5 billion the previous year, demonstrating our commitment to sustainable development. Notably, the investment amounts in infrastructure and aging and health industries were the most significant, highlighting our support for these critical sectors. Through this investment portfolio, we not only promote economic development but also bring dual benefits to society and environmental protection, showcasing Cathay SITE's role as a leader in sustainable development. We will continue to strive towards achieving sustainable development goals, creating more shared value for investors, society, and the environment.

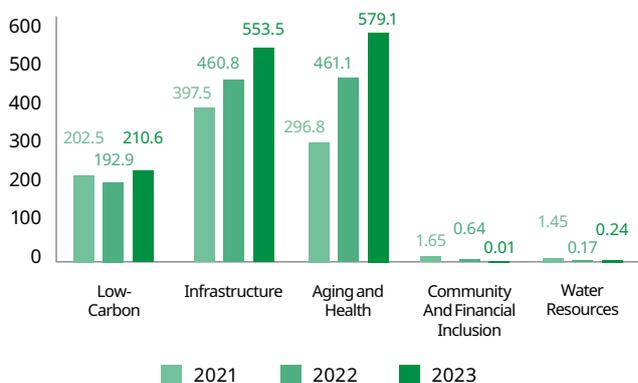
Investment Amount of Various Sustainable Industries in 2023

(TWD 100mn)



3-Year Comparison of Investment Amount of Various Sustainable Industries

(TWD 100mn)



Notes: (1) All assets are assessed using integrated ESG factors.

(2) The calculation of sustainable industry investment amounts may involve double counting. For instance, if a company falls under both low-carbon and infrastructure categories, its investment amount will be counted under both totals.

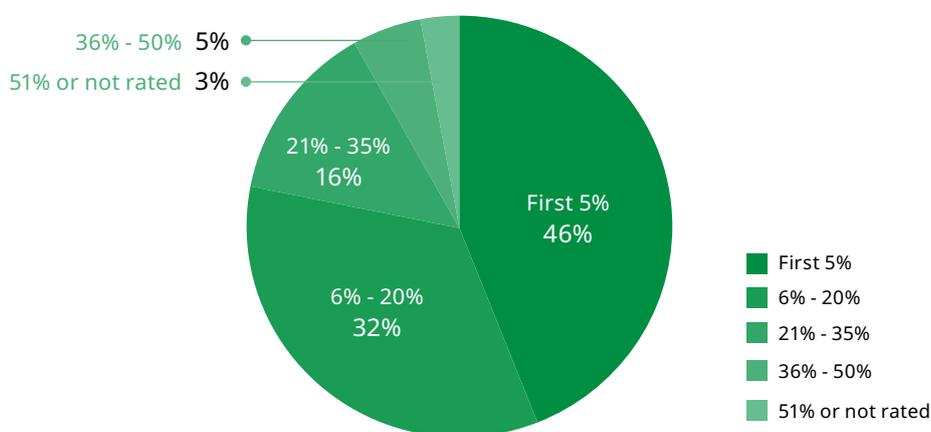
(3) Sustainable industry investment amounts include investments in mutual funds and discretionary investment amounts (excluding Cathay Group's discretionary positions).

• Investment in Companies with Excellent Corporate Governance

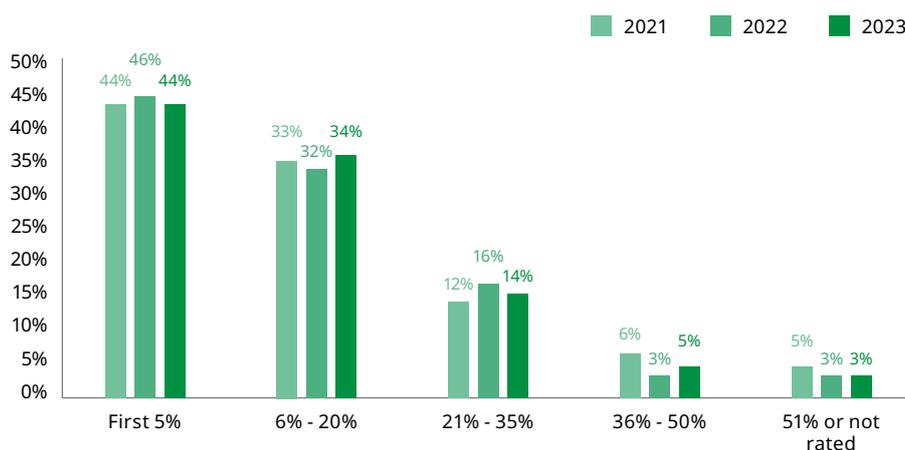
In addition to focusing on sustainable industry investment strategies, Cathay SITE also places a high emphasis on the corporate governance status of investment targets. As of December 2023, 78% of the investment targets in Cathay SITE's domestic fund portfolios are companies ranked in the top 20% in corporate governance evaluations, while only 3% of the investments are in companies ranked below the 51st percentile or not included in the evaluation.

Further analysis of the investment trends over the past three years shows that Cathay SITE has gradually adjusted its investment strategy. Since 2021, the proportion of investments in companies ranked below the 51st percentile or not included in the corporate governance evaluation has decreased from 5% to 3%. Meanwhile, in 2023, the investment proportion in companies ranked in the top 20% of corporate governance evaluations increased to 78%. This change highlights Cathay SITE's growing emphasis on the quality of corporate governance in its investment decisions.

Distribution of Corporate Governance Ratings for Cathay SITE's Fund Investment Targets in 2023



3-Year Comparison of Cathay SITE's Fund Investment Breakdown According to Corporate Governance Scores



	First 5%	6% - 20%	21% - 35%	36% - 50%	51% or not rated
Holdings in 2021	44%	33%	12%	6%	5%
Holdings in 2022	46%	32%	16%	3%	3%
Holdings in 2023	44%	34%	14%	5%	3%

• Sustainable Bond Investments

In addition to traditional bond investments, Cathay SITE allocates funds to domestic and international green bonds, sustainable development bonds, social responsibility bonds, and sustainability-linked bonds. This aligns with the Green Finance Action Plan 3.0 promoted by regulatory authorities, leveraging the capital influence of institutional investors to foster the development of green and sustainable economic activities and markets.

unit: NT\$

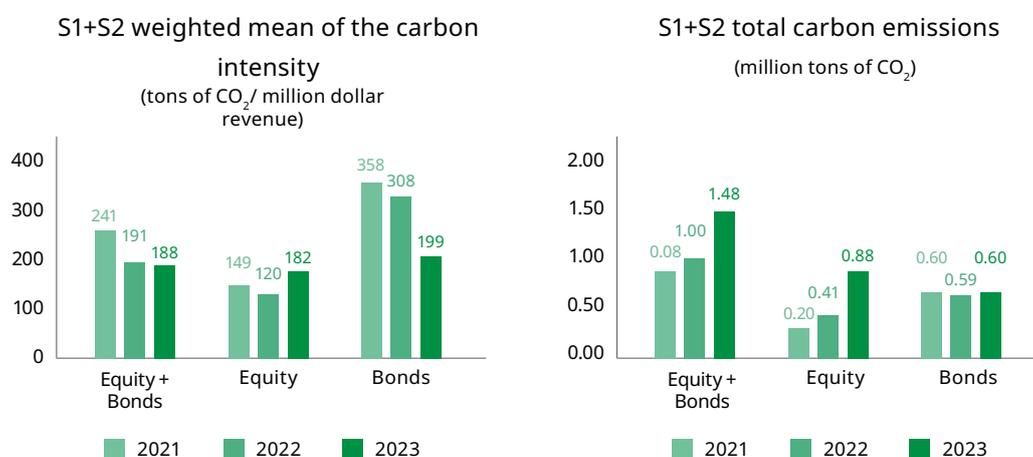
Bond Type	2021	2022	2023
Green Bonds	255,000,000	199,237,947	1,189,270,568
Sustainable Development Bonds	15,453,264,000	861,011,332	913,387,192
Social Responsibility Bonds	10,380,000	631,685,397	924,750,858
Sustainability-Linked Bonds	29,401,000	987,175,547	2,904,127,794
Total	15,748,045,000	2,679,110,223	5,931,536,412

Notes: The calculation of sustainable bond investment amounts may involve double counting. For example, if a bond qualifies as both a sustainable development bond and a sustainability-linked bond, its investment amount will be counted in the totals for both categories.

(2) Carbon Footprint of Investment Positions

Cathay SITE's carbon emissions in 2023 amounted to 1.48 million tons of CO₂, representing an approximately 48% increase compared to the previous year's 997,000 tons. The carbon intensity in 2023 was 188 (tCO₂/mn Rev), a decrease of about 1.57% from the previous year's 191. The significant increase in carbon emissions this year is attributed to several factors: the methodology adjustment to using the MSCI TFP database, which has a higher coverage rate, thereby increasing total carbon emissions; the overall growth in scale; and the revelation of China plant emissions by Taiwan Cement in their 2022 sustainability report, causing a substantial rise in Taiwan Cement's emission audit this year. Taiwan Cement is one of the few high-carbon stocks held and has a significant holding ratio, thus having a decisive impact on the audit results.

3-Year Comparison of Inventory Exercise of Investment Portfolios' Carbon Footprint

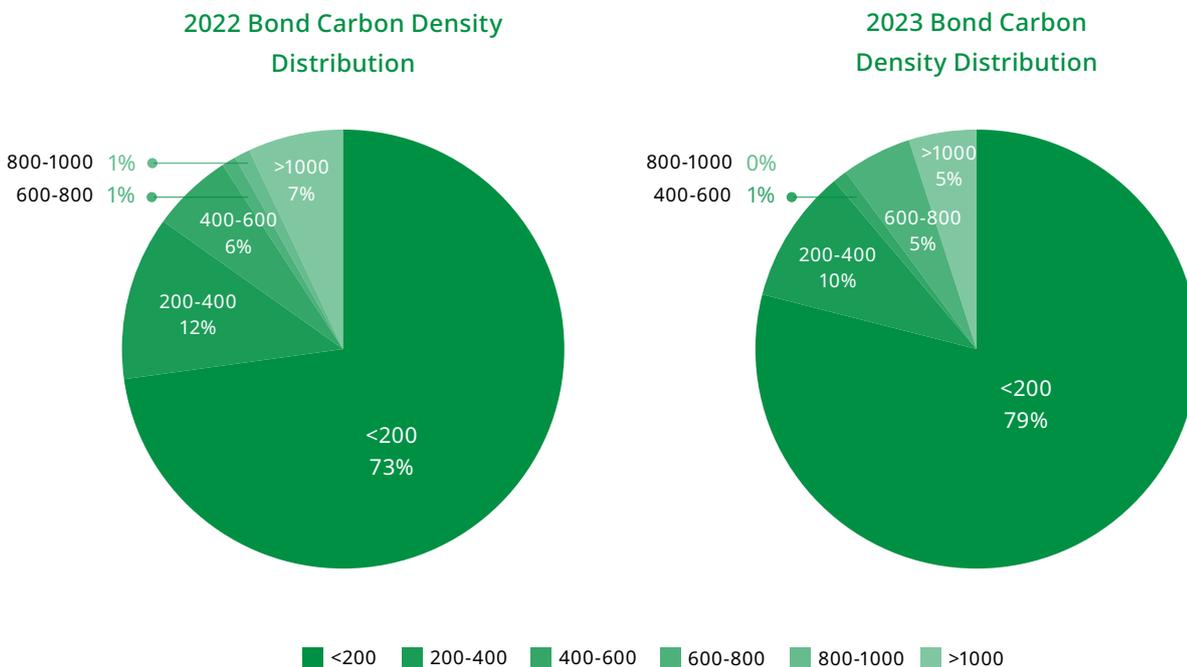


Carbon Intensity Reduction

In the 2023 carbon footprint assessment, the carbon intensity of equity holdings increased mainly due to the inclusion of Taiwan Cement's China plants in the emissions boundary. However, there was a significant improvement in the overall carbon intensity distribution in the bond holdings (as shown in the chart below). The proportion of low carbon intensity (<200) bond positions increased by 6%, while the proportion of high carbon intensity (>1000) positions decreased by 2%, indicating a shift towards lower carbon investments, in line with Cathay SITE's goal of reducing the carbon emissions of its investment portfolio.

Carbon Emissions Increase

The significant increase in equity carbon emissions this year is primarily due to the calculation base adjustment (as explained above), with Taiwan Cement alone contributing an additional 350,000 tons. The bond portfolio's scale grew by 46.9% year-on-year, but its carbon intensity significantly decreased, indicating a shift towards lower carbon targets, resulting in a relatively stable overall carbon footprint.



- Notes: (1) Cash and other bond categories without carbon emission statistics are excluded.
 (2) According to the PCAF methodology, a data quality score of 1-5 is used to indicate data quality improvement, with high quality = 1 and low quality = 5.
 (3) The main source of error in this year's assessment is the methodology change. To align with Cathay FHC's methodology, Cathay SITE adopted the MSCI TPF methodology, significantly increasing the coverage rate. Additionally, Cathay SITE uses multivariate analysis methods to review major impact factors on carbon emissions and carbon intensity of positions, making better adjustments and strategies towards sustainable low-carbon goals.

(2) Sustainable Themed Investment Products

Cathay Sustainable High Dividend ETF

ESG is a measure of the long-term quality of business operations. The 2020 pandemic crisis highlighted the importance of companies taking care of their employees and supply chain management. Cathay SITE collaborated with MSCI to provide investors with the opportunity to engage in sustainable investments through international-level ESG services and select stocks weighted by dividend yield, helping investors achieve stable profits while meeting their needs. Since its IPO, it has set multiple records in the Taiwan stock market, with the scale reaching NT\$249.4 billion by the end of 2023.

Cathay US ESG Fund

With increasing international emphasis on companies' proactive ESG practices, Cathay SITE launched the Cathay US ESG Fund, which invests in US stocks with a focus on environmental protection, social responsibility, and corporate governance. This fund aims to build a stable and sustainable investment portfolio that helps investors achieve stable profits. By the end of 2023, the fund's scale reached NT\$3.92 billion.

Sustainable Industry Private Equity Fund

Cathay SITE is the first investment trust company in Taiwan to receive approval to establish a subsidiary issuing private equity funds. The "Cathay Sustainable Private Equity Fund" focuses on investing in key sustainable development industries in Taiwan, including renewable energy (such as solar, wind, geothermal, hydro, and energy storage), circular economy (such as wastewater treatment and waste recycling), and the government-promoted 5+2 innovative industries (such as IoT, smart machinery, long-term care, and new agriculture).

The total committed capital of the "Cathay Sustainable Private Equity Fund" is NT\$8 billion. As of 2023, the fund's cumulative investment amount was approximately NT\$6.8 billion. The fund has invested in 2 solar projects, 1 wind power project, 2 circular economy industries, 1 IoT industry, 1 solar supply chain, 2 energy storage projects, 1 electric vehicle project, 1 new agriculture project, and 1 wind power supply chain. Through the operation of the Cathay Sustainable Private Equity Fund, we continue to deepen our involvement in the sustainable investment field, strengthening the importance of sustainable development in our investment strategy. This philosophy is reflected in our investments in industries with sustainable development potential, aiming to achieve a balance between economic benefits and environmental protection and create shared value for investors, society, and the environment.

Notes: Cathay Private Equity Limited Partnership is a 100% owned subsidiary of Cathay SITE.

unit: NT\$



Cathay Sustainable Private
Equity Fund Limited
Partnership
(as of December 2023)

Paid-in Capital:
NT\$6,771,588,200

Sustainable Fund - Investment Amount Statistics Over the Past Three Years			
	2021	2022	2023
Green Energy Technology	2,560,400,000	3,160,399,920	4,630,399,900
Asia Silicon Valley	618,080,000	618,080,000	618,080,000
New Agriculture	-	-	182,996,328
Circular Economy	1,026,500,000	1,026,500,000	1,026,500,000
Total Domestic Investment Amount	4,204,980,000	4,804,979,920	6,457,976,228

Notes: The cumulative investment amount does not include the deducted amounts from exited investment cases.

Impact of Investments by Cathay Sustainable Private Equity Fund

Wind Power	In 2020, signed an agreement with Ørsted and the Caisse de dépôt et placement du Québec (CDPQ) to jointly acquire a 50% stake in the 605MW Greater Changhua Southeast Offshore Wind Farm, participating in the construction of the Greater Changhua Southeast Offshore Wind Farm, providing clean energy for over 650,000 Taiwanese households. The estimated annual power generation is 1.95 billion kWh.
Solar Power	Estimated annual power generation in the future is 500 million kWh.
Waste Resin and Waste Paint Sludge Treatment	The maximum monthly treatment capacity can reach 1,425 tons, with a maximum annual treatment capacity of 17,100 tons.
Waste Rubber Treatment	The maximum annual treatment capacity is approximately 15,000 tons.
Recycled Oil	Produces approximately 120,000 tons of steam annually.

ESG Government Fund Management

In March 2018, Cathay SITE was awarded the first ESG fund management mandate by the Bureau of Labor Funds, with a contract size of NT\$6 billion, using the Taiwan Sustainability Index as the performance benchmark. The Taiwan Sustainability Index combines environmental (E), social (S), governance (G), and financial indicators. In accordance with the labor fund contract, from 2020 onwards, successful bidders are required to include sustainability indicators in their investment criteria and must invest in companies that issue sustainability reports.

III. Stewardship Policy and Conflict of Interest Management

1. Stewardship Policy

Cathay SITE's operational goal is to maximize the interests of its clients/beneficiaries/ shareholders through securities investment trust and discretionary investment services. To achieve this goal, the company has formulated a stewardship policy, which includes responsibilities towards clients/beneficiaries/shareholders and the implementation and disclosure of stewardship actions, as detailed below.



Stewardship Code for Institutional Investors

Entity	Principle
The Company	<ul style="list-style-type: none"> • Should evaluate brokerages quarterly as a basis for placing trade orders. • Must not engage in joint stock price manipulation with affiliated companies. • Should conduct in-depth research and analysis on investment projects managed by funds or discretionary accounts, maintaining written research reports. • Must regularly or irregularly disclose significant financial and business information in accordance with relevant laws. • Should daily publish fund net values, weekly publish fund stock category ratios, and monthly publish fund stock details.
Company Executives and Employees	<p>Required Conduct:</p> <ul style="list-style-type: none"> • Conduct securities investment trust and discretionary investment businesses in accordance with principles of loyalty, honesty, diligence, prudent management, and professionalism. • Conduct should adhere to honesty principles, comply with relevant laws, and implement internal personnel management regulations. • Must sign written agreements with brokerages, prohibiting acceptance of rebates or other benefits. • Should not transfer shareholder meeting proxies or receive money or other benefits by exercising voting rights of stocks held by securities investment trust funds. <p>Prohibited Conduct:</p> <ul style="list-style-type: none"> • Fund or discretionary investment managers should not spread or leak investment information, excessively recommend stocks affecting market stability, or seek illegal profits. • Should not demand listed (OTC) companies to subscribe to funds and promise to invest a certain proportion of the fund in the company's stock. • Investment managers should not collude to manipulate the prices of securities. • Should not engage in unnecessary or unreasonable trading to benefit brokerages at the expense of fund beneficiaries or clients. • Should not seek cash rebates, goods, or other forms of compensation from brokerages or other parties when investing funds or discretionary accounts. • Should not use large stock holdings to demand listed (OTC) companies to subscribe to new funds. • Should not improperly obtain fund beneficiary meeting proxies to influence meeting convening or decisions.

 The company's governance system aims to protect shareholder rights and comply with relevant laws and regulations to treat all clients/beneficiaries fairly, thereby creating the maximum benefits for both shareholders and clients/beneficiaries.

2. Conflict of Interest Management

To ensure that Cathay SITE operates in the best interests of clients or beneficiaries, a conflict of interest management policy is in place. This policy includes the identification and management of conflicts of interest, business segregation mechanisms, management of stock trading by executives and employees, prevention of conflicts of interest in dual positions, and management of conflicts of interest with related parties (including firewall establishment and confidentiality provisions). Relevant regulations can be found at the following link for relevant specifications of Cathay SITE's policies.



Stewardship Code for Institutional Investors

Our approach to managing conflicts of interest includes education and awareness, information control, firewall design, division of responsibilities, detection and monitoring mechanisms, reasonable remuneration systems, and remediation measures. Six examples of conflict of interest management for various entities are illustrated below:

Entity	Conflict Type	Management Method
Company and Clients	Manager fees, subscription fees, etc.	The company has a firewall policy prohibiting the receipt of improper commissions, fees, or other benefits from clients.
Employees and Clients	Handling of complaints or reports from clients against employees	Customer complaint handling guidelines, customer complaint (joint review) handling forms, and protection of consumer rights under the Financial Consumer Protection Act.
Company and Employees	Labor relations	The company has established work rules approved by the Ministry of Labor.
Company and Related Entities	Transactions with related parties	The company has a firewall policy and internal operating procedures for non-credit transactions with related parties.
Company and Other Invested Companies	Insider transactions in securities or derivative products by company insiders (including spouses, minor children, and those using others' names for transactions)	The company has a manager's code of conduct with restrictions and controls on personal transactions, with periodic audits and inspections.
Information Control	Ensuring network operation management, transaction processing, and data transmission security	The company has implemented ISO27001, establishing information security management documentation.

Disclosure of Major Conflict of Interest Incidents

- Date : 2023.6.17
- Reference Number : Financial Supervisory Commission Letter No. 1120340849
- Violation : After the FSC's special business inspection of Cathay SITE in December 2022, the FSC issued corrections for: former researcher and fund manager's spouse engaged in individual stock trading without proper reporting, and the improper internal control and audit procedures related to the communication equipment control of investment personnel.
- Main Disciplinary Actions : Correction required
- Subsequent Handling Results : Enhanced relevant systems to ensure proper implementation and completed improvements.

IV. Corporate Engagement

Interaction with investee companies is a crucial part of responsible investment. Cathay SITE not only arranges regular visits with investee companies but also collaborates with Cathay FHC and its subsidiaries, and further joins international investor alliances to conduct joint engagement activities. Additionally, we host large forums to increase opportunities for interaction with listed companies, leveraging the power of institutional investors to encourage investee companies to focus on ESG and strengthen social capital.

Interact with Investee Companies



Company Visits



Engagement with
Investee Companies

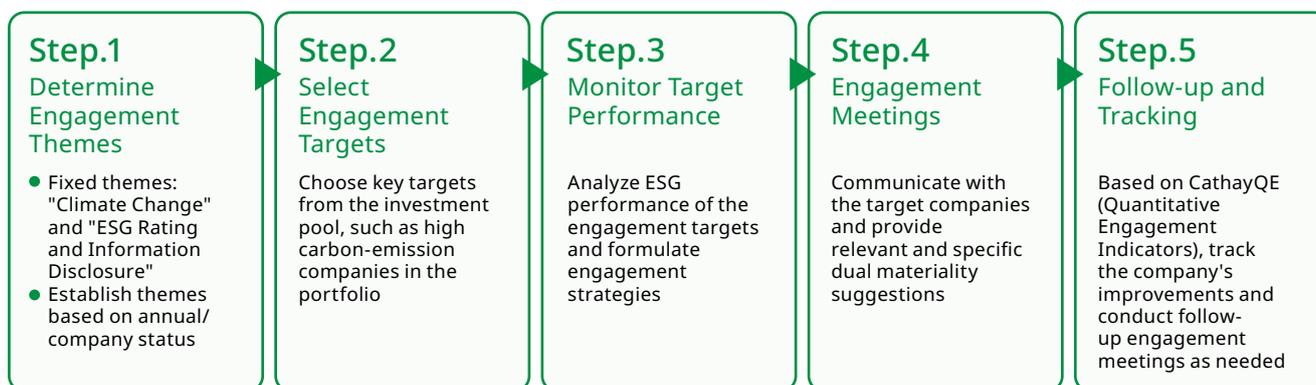


Participation in
International
Organizations



Climate Change Forum

Cathay SITE Corporate Engagement Interaction Process



1. Corporate Visits

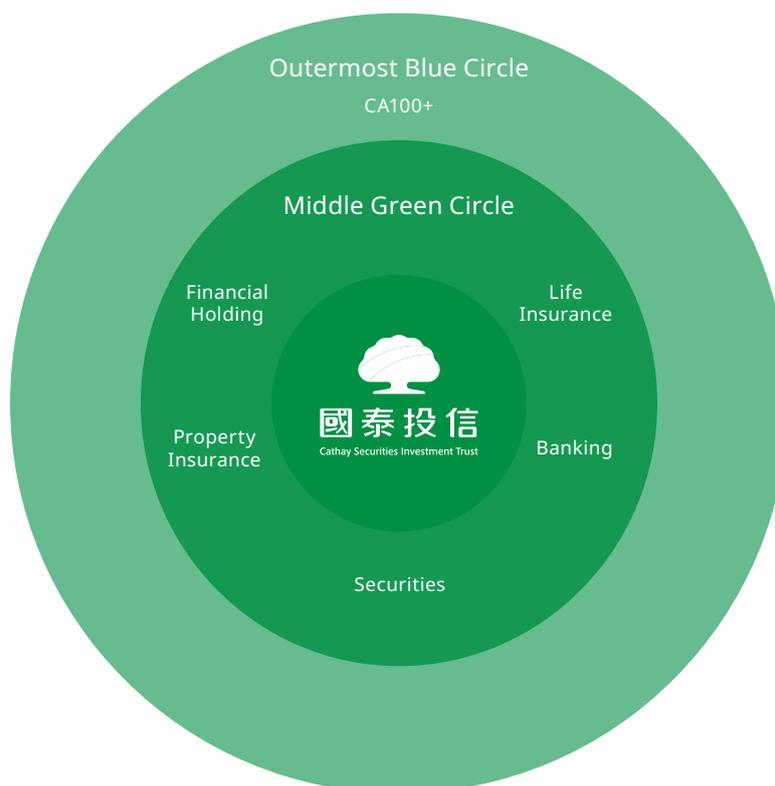
Cathay SITE engages with investee companies through conference calls, meetings, attending shareholder meetings, and dispatching representatives to attend investor conferences. In 2023, 102 employees participated in a total of 4,709 engagements, covering 1,170 companies.

2. Corporate Engagement

(1) Engagement with Investee Companies

Cathay SITE, together with subsidiaries of Cathay FHC, formulates a group engagement policy to express the spirit of corporate sustainability and the value of corporate governance of Cathay Group, and to fulfill post-investment responsibilities to exert positive influence. We believe that encouraging continuous improvement in investee companies is the best way to enhance mutual value. In 2023, a total of 19 engagement meetings (both physical and online) were held. By conducting in-depth evaluations of the management, strategies, operations, and corporate governance of investee companies, and strengthening internal research and analysis, we enrich the reference information for investment decisions and provide ESG insights to investee companies to increase their value or reduce investment risk.

Engagement with Investee Companies



(2) Engagement Focus

Our engagement focuses include "Climate Change" and "ESG Ratings and Information Disclosure." Climate change is a primary cause of extreme weather in recent years, leading to physical risks or potential policy risks for enterprises. By enhancing the importance of ESG for enterprises, we can also increase their investment value and reduce risks.

(3) Engagement Targets

All companies on Cathay SITE' s investable list are of interest to us. Each year, we assess the carbon emission status of investment portfolio targets and select high carbon emission companies for focused engagement, aiming to prompt these companies to transition to low-carbon operations and reduce their climate risks. For example, in the case of the holdings of ETF 00878, the number of engaged companies increased from three to five: Taiwan Cement, Nanya, Catcher, Inventec, and Vanguard, demonstrating our ambition to encourage companies towards low-carbon transformation.

(4) Engagement Process and Outcomes

During the engagement process, we not only provide assistance to the companies being engaged but also proactively act as a bridge between these companies and other international institutional investors. This helps the engaged companies quickly understand international ESG trends and the issues that international institutional investors prioritize. Cathay believes that once the top management of the engaged companies recognizes the value of these concepts and gains an understanding of international initiatives and climate change issues, they are more likely to make changes to address the challenges they face. The transitional management efforts made by companies in response to climate change have the potential to reduce the risks associated with climate change for the invested companies and could even serve as an opportunity for future industrial transformation and upgrading. Therefore, for key holdings, we take proactive steps in engagement, such as attending shareholder meetings, participating in online conferences, and conducting face-to-face visits, to provide companies with practical sustainability advice. This allows Cathay SITE to exert a positive influence through responsible investment.

Group Joint Engagement

Silergy Corp.

Engagement Target Assessment

In our first engagement in 2022, it was evident that Silergy's ESG information disclosure was insufficient, resulting in a lower ranking in corporate governance evaluations. By mid-2023, the company had not yet released a Chinese version of its sustainability report, causing its sustainability scores to be low and transparency to be lacking.

Engagement Level

- Investee Representatives:
Head of Risk Department, China Region
- Cathay Representatives:
Cathay SITE - Head of Sustainability Office / Assistant Vice President Li Minyi
Cathay Securities - Securities Research Department / Deputy Manager Qu Wenhao

Engagement Meeting Content

- In May 2023, Cathay SITE attended Silergy's physical shareholder meeting and provided ESG recommendations during the meeting. We proposed suggestions on ESG disclosure to encourage Silergy to improve the transparency and completeness of its sustainability information. Silergy's chairman responded positively, committing to enhance ESG information disclosure and seek further dialogue with Cathay SITE to deepen cooperation.
- In July 2023, Cathay SITE, along with other subsidiaries of Cathay FHC such as Cathay Securities, elevated the engagement level to the China Regional Risk Management head of Silergy and suggested that the company prepare a Chinese sustainability report following Taiwan GRI and SASB reporting standards.

Engagement Impact

Silergy published its first Chinese sustainability report in September 2023, reflecting Cathay SITE's professional insights and influence on ESG-related issues and Silergy's commitment to improving corporate sustainability practices. and allow its stakeholders to gain a clearer understanding of the company's sustainability actions.

Follow-up Tracking

Publishing the sustainability report is a good start to the journey. Cathay SITE will continue to urge Silergy to enhance the report content between 2024 and 2025 and share engagement outcomes with the investment research team. If the company progresses towards positive sustainability goals, future investment decisions will consider continued buying; otherwise, we will escalate to shareholder meeting speeches, and if no improvement is seen, consider divestment.

Group Joint Engagement

Novatek
Microelectronics
Corp.

Engagement Target Assessment

In our first engagement meeting in May 2023, we found that MSCI ESG ratings indicated room for improvement for Novatek. Besides improving corporate governance issues, the key is to transform product development into low-carbon solutions.

Engagement Level

- Investee Representatives:
Chief Investor Relations Officer
- Cathay Representatives:
Cathay SITE - Head of Sustainability Office / Assistant Vice President Li Minyi;
Cathay Bank - Financial Trading Department / Manager Jiang Mengxiu

Engagement Meeting Content

During the first joint engagement in May 2023 with Cathay FHC's other subsidiaries like Cathay United Bank, we found inconsistencies between Novatek's MSCI ESG rating data and its provided data. Novatek's sustainability report also mentioned clean technology opportunities, but actual actions were not reflected in the MSCI rating, causing a four-year rating stagnation. We urged Novatek to actively contact MSCI to achieve information symmetry. In the second engagement in October 2023, Novatek reported active contact with MSCI but had not received a response. Hence, Cathay SITE also wrote to MSCI, hoping for a reassessment of Novatek's public information.

Engagement Impact

In February 2024, Novatek's MSCI ESG rating improved from "B" to "BB," with reasons including 1. Establishing a nomination committee to strengthen oversight of key executive recruitment and succession planning; 2. Focusing on energy-saving flat panel display solutions; 3. Strong talent attraction and retention practices.

Follow-up Tracking

Cathay SITE will continue urging Novatek between 2024 and 2025 to improve corporate governance and share engagement results with the investment research team. If the company progresses towards positive sustainability goals, future investment decisions will consider continued buying; otherwise, we will escalate to shareholder meeting speeches, and if no improvement is seen, consider divestment.

Engagement Target Assessment

Cathay SITE is the first local investment trust in Taiwan to join CA100+. It urges 170 companies, which account for more than 75% of global carbon emissions, to recognize the impact of climate change risks on their business operations. Cathay SITE's engagement focus also includes "climate change," which has been a major cause of extreme weather in recent years, further leading to physical risks or potential policy risks for business operations.

CA100+ identifies high-carbon companies and engages with them jointly through its signatory institutions, leveraging the influence of the financial industry. Since T Company operates in the oil and gas industry and meets the selection criteria, Cathay Group, together with CA100+ investors, conducted a joint engagement in 2023.

Engagement Level

- External Representatives:

CA100+ Members

- Investee Representatives:

T Company, General Manager

- Cathay Representatives:

Cathay Financial Holding-General Manager/Lee Chang-keng and several Cathay executives

Engagement Meeting Content

In December 2023, Cathay Financial Holding and other CA100+ investors held a CA100+ engagement meeting with T Company. The Cathay Financial Holding representatives introduced the CA100+ Net Zero Benchmark scoring criteria and provided specific recommendations on T Company's sustainability information disclosure and climate policies to enhance the company's climate change-related initiatives. Cathay Financial Holding also suggested that T Company proactively analyze the scoring standards of international rating agencies to improve its performance in ESG/climate assessments. Additionally, T Company responded with updates on its carbon pricing, renewable energy development, non-financial indicators in its compensation structure, and the progress of its sustainable aviation fuel (SAF) research and development.

Engagement Impact

During this meeting, Cathay Financial Holding provided several constructive suggestions regarding T Company's sustainability strategy and information disclosure, particularly in the areas of climate policy and governance. Cathay emphasized the importance of transparency in information and expressed its willingness to offer support in both technical and communication aspects to help T Company better meet the demands of international investors.

Cathay's recommendations aim to enhance T Company's performance in international ESG ratings and to encourage greater internal focus and response to climate change issues.

Follow-up Tracking

Cathay Financial Holding stated that it will continue to monitor T Company's progress in sustainability strategy and information disclosure, and looks forward to further exchanges on technical knowledge in the future. Additionally, Cathay will keep an eye on T Company's performance in the CA100+ Net Zero Benchmark and related climate actions, and will provide further support if necessary to encourage continued improvement.

Cathay SITE will continue to urge T Company to improve its environmental practices during 2024-2025 and will share the engagement outcomes with the investment research team. If the company makes progress towards positive sustainability goals, future investment decisions will consider continued buying; conversely, if the company does not move towards positive sustainability goals, future investment decisions will consider divestment.

A Company

Engagement Target Assessment

We believe that the board is the core of the governance framework and aim to ensure that ESG considerations are integrated into the company's strategy and operations. By holding regular meetings to review progress and address challenges, the board ensures that the investee company remains focused on its mission to create sustainable long-term value. In our evaluation of Company A, as it is a non-listed company, its current corporate governance needs improvement. Therefore, the engagement with this company is aimed at enhancing its corporate governance practices.

Engagement Level

- Investee Representatives:
Board Members of A Company
- Cathay Representatives:
Cathay SITE - Deputy Manager of Sustainable Private Equity Fund Investment (serving as a Director of A Company)

Engagement Meeting Content

In 2023, one of the investee companies of this fund held an average of one board meeting per month, with additional meetings arranged as needed to review and discuss business operations and ESG-related matters. The attendance rate for each board meeting was 100%. This strong participation underscores the board's commitment to overseeing operational strategies and ensuring their effective implementation across all levels of the organization. ESG-related topics discussed at the board meetings included governance, diversity, equity, and inclusion (DEI), and environmental standards.

Engagement Impact

In addition to promoting ESG-focused discussions at the board meetings, Cathay Sustainable Private Equity Fund actively collaborates with its investee companies to collect ESG data for use in the fund's annual investment impact report. Through this process, our team encourages investee companies to independently evaluate and analyze their ESG-related data, deepening their commitment to sustainable development and laying the foundation for their future ESG reporting.

Follow-up Tracking

Looking ahead, the Cathay Sustainable Development Fund will continue to foster ESG-related discussions at board meetings and collaborate with investee companies to promote the ongoing growth of environmental awareness. We will focus on concrete, measurable, and transparent reporting disclosures, setting corresponding key performance indicators (KPIs), such as the number of jobs created, the reduction in carbon emissions, the number of board meetings held, and the recycling measures implemented. This approach will enable us to quantify the impact of the fund's investments and effectively track improvements in performance. If an investee company fails to consistently meet our investment standards, it will influence our future capital allocation decisions.



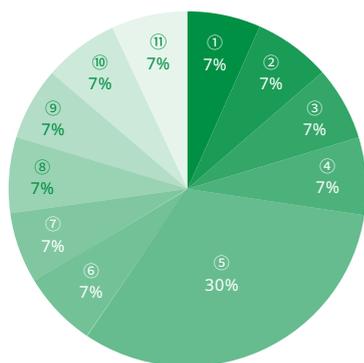
Cathay SITE has always been committed to promoting corporate sustainability and maintaining strong interactive relationships with the companies it invests in. The image on the right shows Cathay SITE's physical participation in Inventec's 2023 shareholder meeting. The discussion topics included not only expressing gratitude and highly commending Inventec's ambition in driving positive ESG initiatives but also engaging in two-way communication on the "Sustainability Disclosure Perspective."

(5) Follow-up on Engagement

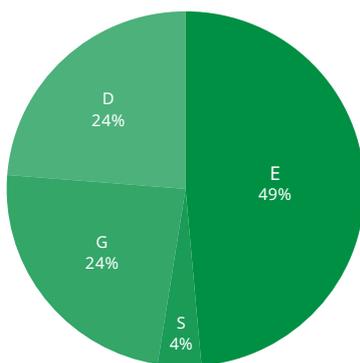
Cathay SITE, Cathay FHC, and Cathay Life plan engagement meetings with engaged companies annually based on progress, maintaining contact via phone and email to understand improvement progress and challenges. Progress is reported to other international institutional investors in regular CA100+ meetings. Cathay will continue seeking new engagement directions and targets, focusing on core holdings with significant ESG issues. In 2023, Cathay SITE conducted a total of 19 engagements, disclosed and analyzed by industry/topic and attending members as shown below:

議合對象	公司代碼	議合公司業務類	議合形式	議合細項議題										議合日期		
				Environment			Social			Governance			其他			
				氣候變遷	自然資源	污染及廢棄物	環境機會	人力資源	產品責任	社會機會與風險	董事會	薪資	控制權		會計與審計	
聯誼KY	4966 TT EQUITY	Semiconductors	董事拜訪	●			●					●				2023/3/8
Allianz	ALV GR EQUITY	Multi-line Insurance	會議(線上會議)	●						●						2023/4/19
Credit Agricole	ACA FP Equity	Diversified Banks	會議(線上會議)	●												2023/4/19
Deutsche Telekom	DTE GR EQUITY	Integrated Telecom	會議(線上會議)	●							●	●				2023/4/19
TotalEnergies SE	TTE FP EQUITY	Integrated Oil & Gas	會議(線上會議)	●												2023/4/19
南亞	1303 TT EQUITY	Commodity/Chemical	會議(實體會議)	●						●		●		●		2023/4/24
力成	6239 TT EQUITY	Semiconductors	會議(實體會議)	●			●					●				2023/4/27
英業達	2356 TT EQUITY	Technology Hardware	會議(實體會議)	●								●		●		2023/5/3
矽力	6415 TT EQUITY	Semiconductors	股東會發言	●										●		2023/5/26
聯詠	3034 TT EQUITY	Semiconductors	會議(線上會議)	●								●		●		2023/5/25
英業達	2356 TT EQUITY	Technology Hardware	股東會發言	●								●		●		2023/6/13
晶星	4768 TT EQUITY	Specialty Chemicals	會議(線上會議)	●		●						●		●		2023/6/20
世界先進	5347 TT EQUITY	Semiconductors	會議(實體會議)	●								●				2023/6/20
矽力	6415 TT EQUITY	Semiconductors	會議(實體會議)	●		●								●		2023/7/10
華新	1605 TT EQUITY	Electrical Component	會議(實體會議)	●			●					●				2023/7/11
台塑石化	6505 TT EQUITY	Oil & Gas Refining & Marketing	會議(實體會議)	●	●	●									●	2023/7/13
鴻海	2317 TT EQUITY	Electronic Manufacture	會議(線上會議)	●									●	●		2023/10/12
聯詠	3034 TT EQUITY	Semiconductors	會議(線上會議)	●								●		●		2023/10/26
台塑石化	6505 TT EQUITY	Oil & Gas Refining & Marketing	會議(實體會議)	●		●								●		2023/12/13

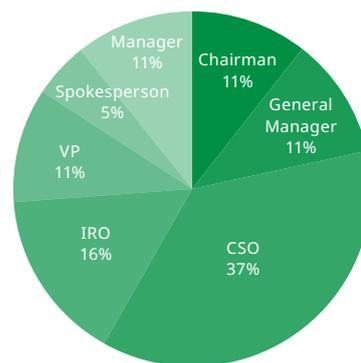
Engagement: Industries



Engagement: Issues



Engagement: Level of Attendants



- ① Commodity Chemicals
- ② Electrical Components & Equipment
- ③ Electronic Manufacturing Services
- ④ Oil & Gas Refining & Marketing
- ⑤ Semiconductors
- ⑥ Specialty Chemicals
- ⑦ Technology Hardware, Storage & Peripherals
- ⑧ Diversified Banks
- ⑨ Integrated Oil & Gas
- ⑩ Integrated Telecommunication Services
- ⑪ Multi-line Insurance

- E (Environment)
- S (Social)
- G (Governance)
- D (Disclosure)

- Chairman
- General Manager
- CSO
- IRO
- VP
- Spokesperson
- Manager

CathayQE

Starting from 2023, Cathay SITE pioneered the Cathay Quantitative Engagement (CathayQE) metric to effectively track the progress of engagements with invested companies. Each engagement topic is tracked for 1 to 3 years, depending on the issue. If a company fails to make progress or achieve the set goals, it receives a progress rating of 0 and the case is closed. At the beginning of the year, an initial progress assessment is provided. As the engagement progresses throughout the year, the CathayQE progress is updated accordingly. At the end of the year, the progress is summarized and compared to the initial assessment to ensure that the engaged companies are moving towards positive and sustainable development.

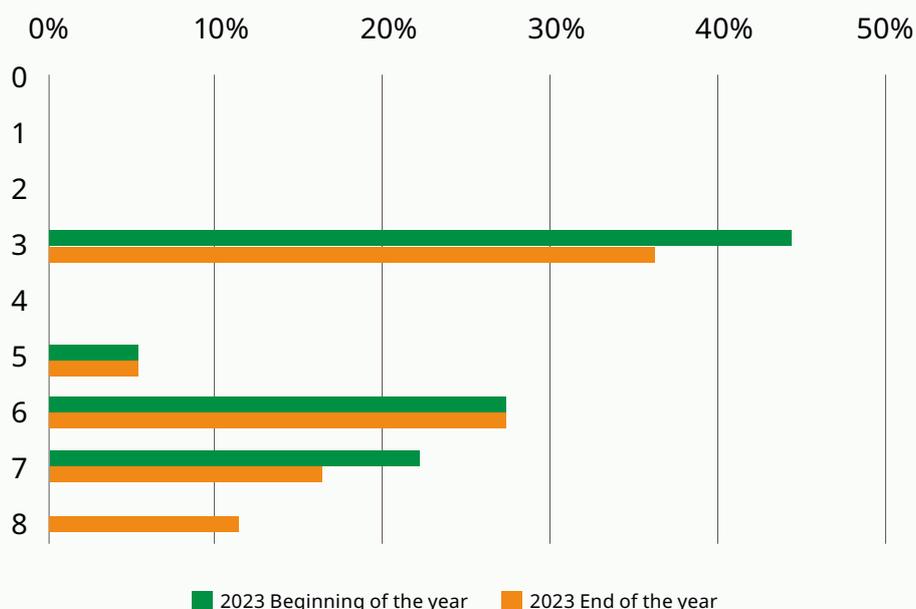
Quantitative Indicator	Description	Milestone
Issue Failed	The company failed to make progress or achieve the goal for the issue.	0
Identified Issue	The issue has been identified through internal research by Cathay.	1
Issue Proposed	A suggestion has been submitted to the invested company, but no response has been received.	2
Initial Company Response	The company has acknowledged the issue and provided an initial response, but no progress has been made.	3
Target Set by Company	The company has set a clear target for the issue, but no action plan has been formulated.	4
Target and Action Plan Set	The company has set a clear target and formulated an action plan for the issue.	5
Early Stage of Action Plan	The company has taken initial steps in the action plan with preliminary progress.	6
Mid Stage of Action Plan	The company has made significant progress in executing the action plan for the issue.	7
Goal Achieved	The company has either approached or achieved the set goal, concluding the issue.	8

2023 CathayQE Effectiveness

In 2023, there were a total of 18 engagement issues tracked under CathayQE. From the statistics, it can be observed that at the beginning of the year, 45% of the issues had initial responses from companies but lacked detailed explanations. By the end of the year, this figure decreased to 38%. At the beginning of the year, 0% of the issues had achieved their targets, but this percentage increased to 12% by the end of the year.

2023 Engagement Quantitative Statistics Table

N=Engagement Issues



Initial			End-period		
CathayQE Score	Number of Companies	Proportion of Total Asset Scale	CathayQE Score	Number of Companies	Proportion of Total Asset Scale
0	-	-	0	-	-
1	-	-	1	-	-
2	-	-	2	-	-
3	8	2.45%	3	7	2.34%
4	-	-	4	-	-
5	1	0.76%	5	1	0.76%
6	5	2.51%	6	5	2.51%
7	4	1.48%	7	3	1.33%
8	-	-	8	2	0.27%
Total	18	4.82%	Total	18	4.82%

Note: 1.The total proportion of the asset scale has been adjusted to exclude duplicate companies.

2.The initial/end-period total asset scale is calculated based on the fund's position as of the end of 2023, excluding fully discretionary accounts.

2023 CathayQE Tracking and Management

Overall, the engagement progress in 2023 has shown positive development. Cathay SITE will continue to engage with companies that have not yet reached the "Issue Failed" stage. As a professional institutional investor, Cathay SITE aims to promote the net-zero transformation of industries, the economy, and society, fostering overall development. The results of these engagements will be incorporated into future investment decision-making processes as evaluation references.

3. Participation in Domestic and International Advocacy Organizations

(1) International Organizations

Cathay SITE joined the Climate Action 100+ (CA100+) initiative in December 2017, making it the first local investment trust company in Taiwan to do so. CA100+ urges 170 companies, responsible for over 75% of global carbon emissions, to recognize the impact of climate change risks on their operations. It follows the framework of the "Task Force on Climate-related Financial Disclosures" (TCFD) to improve climate change risk management, reduce greenhouse gas emissions, and enhance climate-related information disclosure. Participating institutional investors aim to leverage their collective shareholding power to amplify their influence.



In addition to CA100+, Cathay SITE also follows the lead of Cathay Financial Holdings in participating in the Asia Investor Group on Climate Change (AIGCC). By participating in several AIGCC working groups, Cathay SITE continues to assist in promoting the alliance's affairs. AIGCC is a crucial climate action platform in Asia, dedicated to promoting investor climate action, facilitating collaboration between Asia and international stakeholders, and enhancing the understanding of climate change and low-carbon investment risks and opportunities among international investors. The Chief Investment Officer of Cathay Financial Holdings has been invited to serve as the chairman, leading Cathay Financial Holdings in actively participating in AIGCC affairs. Leveraging Cathay's extensive knowledge and experience in responsible investment, they provide perspectives and insights for the promotion of the alliance's initiatives.

(2) Domestic Forum Advocacy

Beyond prudently examining and selecting each investment target from the perspective of "responsible investment," and playing an active shareholder role by encouraging invested companies to make sustainable commitments and changes, Cathay SITE actively participates in forum speeches and utilizes various media opportunities to promote ESG to investors, financial peers, and various sectors.

2023 ESG-Related Activities Organized, Co-Organized, or Participated as a Panelist Include:

Forums	<ul style="list-style-type: none"> ● 2023/7: 2023 Cathay Sustainable Finance and Climate Change Summit Forum
Collaboration with Regulatory Authorities	<ul style="list-style-type: none"> ● 2023/3: Investment Trust and Consulting Association Climate Change Scenario Analysis and Information Disclosure and Carbon Inventory Scope 3 Feasibility Pilot Project - Sharing Portfolio Carbon Inventory ● 2023/7: Participation in Securities and Futures Institute Research Project: "Research on the Impact of International Climate Change Policies on Asset Management Business" ● 2023/7: Participation in Securities and Futures Institute Research Project: "Study on How Taiwan Can Transition from Corporate Governance Evaluation to Sustainability Evaluation Based on Major International ESG Evaluations" ● 2023/7: Association: Course on Responsible Investment and ESG Integration Process ● 2023/7: Securities and Futures Institute: Asset Management ALPHA+ Training Program - Sustainable Finance and Responsible Investment Course ● 2023/8: Securities and Futures Institute: ESG Portfolio Construction and Management Course ● 2023/8: Securities and Futures Institute: 2023 "Asset Management ALPHA+ Training Program" - ESG Investment Principles and Strategies Course ● 2023/11: Financial Training Institute: Presentation on Responsible Investment Process and ESG Integration

Campus Themed Lectures	<ul style="list-style-type: none"> ● High School Financial Literacy Micro Lectures - Topic: Responsible Investment Practice 2023/4: Songshan High School 2023/5: Jingxin High School 2023/6: Fuxing High School 2023/9: Wanfang High School 2023/12: Nanhua High School ● General Education Course - Life and Finance: ESG & Investments 2023/5: Tamkang University General Education Course on Life and Finance
Meetings	<ul style="list-style-type: none"> ● 2023/5: Financial Industry Net Zero Promotion Platform - Data and Risk Control Working Group ● 2023/5: PCAF Expert Exchange Meeting with Pioneer Alliance and Policy and Guidance Group Members ● 2023/6: "Financial Industry Net Zero Promotion Platform - Policy and Guidance Working Group" Guideline Development Team Meeting ● 2023/6: Climate Change Scenario Analysis and Information Disclosure and Carbon Inventory Scope 3 Feasibility Pilot Project Meeting

4. Cathay Sustainable Finance and Climate Change Summit

To encourage investee companies to take action on climate change issues, Cathay has held the summit for six consecutive years. In 2017, former U.S. Vice President Al Gore was invited to discuss climate change with Taiwanese business leaders. In 2018, international organizations CDP and PwC held workshops to give companies a deeper understanding of practical issues. In 2019, in collaboration with the Taiwan Stock Exchange and AIGCC, international trends and industry benchmark experiences were shared with Taiwanese companies. Due to the pandemic in 2021, the summit was held online for the first time, featuring six prominent speakers from the international sustainability field. In 2022, Cathay became the first strategic partner of the World Climate Foundation (WCF) in Taiwan and livestreamed the COP27 side event, the World Climate Summit (WCS), from Egypt during the "Cathay Sustainable Finance and Climate Change Summit."

In 2023, Cathay invited Jens Nielsen, founder of WCF, to Taiwan to discuss opportunities to align with the latest international trends and to enhance Taiwan's visibility in net-zero transition and sustainable finance. Leaders from various fields shared how to integrate "sustainability" and "climate change" into business thinking and corporate strategies to respond to climate changes and demonstrate climate leadership. This year's summit set a new record with 4,161 registrations for both in-person and online participation, including 1,873 corporate organizations. Participating listed companies accounted for approximately 75% of Taiwan's stock market value, and their carbon emissions exceeded 50% of Taiwan's total emissions.

V. Proxy Votings

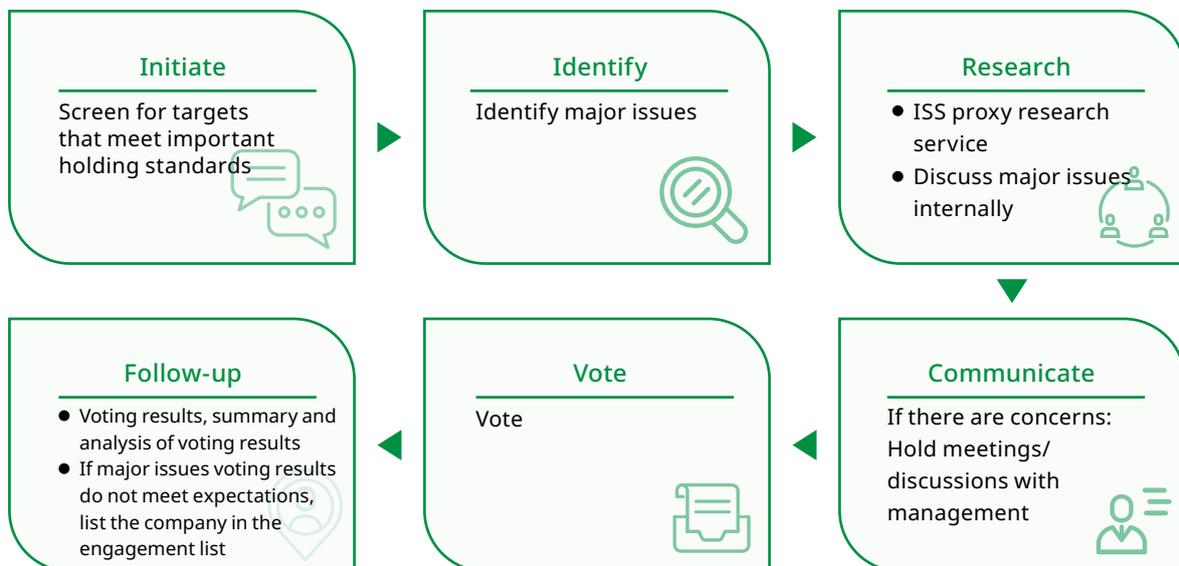
1. Proxy Voting Policy

To fulfill fiduciary responsibilities and implement shareholder activism, Cathay SITE primarily exercises voting rights electronically or by sending representatives to attend shareholder meetings. However, considering limited resources, voting rights may not be exercised under the following circumstances:

Instructions for exercising voting rights

Situations	Voting Rights Exercised
Any fund holds fewer than 300,000 shares of a publicly issued company, and all funds together hold fewer than 1,000,000 shares.	X
Any fund holds fewer than one ten-thousandth of the issued shares of a company adopting electronic voting, and all funds together hold fewer than three ten-thousandths.	X
Any fund holds fewer than 1,000 shares of a publicly issued company.	X

Cathay SITE Voting Process



In terms of proxy voting policy, since 2015, we have annually disclosed our proxy voting results on our website. To maximize the interests of clients/beneficiaries/shareholders, Cathay SITE actively participates in shareholder meeting voting. Before voting, our dedicated unit reviews each company and each proposal in detail. Starting from 2020, we have been using ISS voting research services, considering ISS voting recommendations, consulting with our research team, and holding meetings to discuss important voting matters to choose the most beneficial option for our clients.

We do not absolutely support proposals put forward by the management. If a proposal has concerns affecting the rights of clients/beneficiaries/shareholders, including hindering the company's sustainable development, being inconsistent with past engagement records, or violating shareholder rights, we will, if necessary, engage in sufficient understanding and engagement with the management through various channels including but not limited to email inquiries and meetings before the shareholder meeting.

Types of major proposals:

- Issues related to lending capital to others
- Capital raising: such as profit distribution or loss compensation, capital increase/decrease, cash capital reduction
- Articles of association amendments: such as amending the company's articles of association
- Election of directors and supervisors: such as the election and removal of directors and supervisors
- Remuneration: such as performance and remuneration discussions for directors, supervisors, and senior executives, as well as discussions on other job remunerations

Principles for voting on proxy proposals:

For:

- Operational management, capital-related, financial reporting, and other administrative proposals that do not harm Cathay SITE and its stakeholders will generally be supported.
- Corporate governance and remuneration proposals, including the election of directors and supervisors, non-election of directors and supervisors, and remuneration that do not harm Cathay SITE and its stakeholders, will generally be supported.
- Sustainability-related proposals that do not harm Cathay SITE and its stakeholders will generally be supported.

Abstain:

- For controversial director and supervisor re-election and by-election proposals, the company will not intervene in shareholder disputes and will generally maintain a neutral stance and abstain from voting.

Against:

	Proxy Voting Guidelines	Scenarios
1	Whether there are any doubts about the credibility of the company's report content and reporting procedures, or whether the CPA gave non-unqualified opinion.	A Chinese listed company wanted to amend its corporate system. Cathay SITE objected the proposal as the company did not specify the details and regulations covered by the proposed amendment.
2	Whether the reason for replacing the CPA firm is insufficient or the change is too hastily done, or whether the CPA firm's tenure, fees, and independence are not in line with the best practice in the market.	A Hong Kong-listed company re-appointed the same CPA firm as the external auditor for the next year. However, the annual non-audit fee exceeded the total annual audit fee, and the company did not provide sufficient explanations. Excessive fees generated from non-audit services may create potential conflict of interest for auditing firms and impair their independent judgment; as a result, such proposal was rejected by Cathay SITE.
3	For the proposal on the election of directors, whether the director's past qualifications and experiences are unfavorable to the board of directors, or whether the proportion of the director's board meeting attendance is too low (less than 85%); for the proposal on the election and appointment of independent directors, if the number of companies a specific independent director provides services to is large (4), whether he/she can spend enough time and effort on each company; whether the independent director's term of office is too long (more than 9 years) and whether he/she can maintain his/her independence; if the statutory director is a representative of a Juristic Person, whether the detailed information on the actual person in charge is provided so as to evaluate the candidate's suitability.	If the statutory director nominated by the company only indicates the representative of a Juristic Person without providing the list and qualification details of the natural persons attending in the board meetings, the shareholders will not be able to confirm whether the representative of the Juristic Person who will attend in the board meetings in the future has the professional ability to supervise the company, and whether he/she has the ability to establish sustainability operational strategy; therefore, the proposal is unfavorable to the shareholders, so we will oppose such proposals.

	Proxy Voting Guidelines	Scenarios
4	Whether the dividend rate is unfavorable to the company's sustainable financial situation, or whether the dividend rate is not in the best interests of shareholders, or whether the proportion of capital increase exceeds a reasonable range, or whether the reduction of capital is not in the best interests of shareholders.	A company wished to increase authorized common shares and was seeking shareholder approval to amend the company's certificate of incorporation to increase the authorized share capital number of common shares from 2 billion to 4 billion, an increase of 100%. The number of authorized preferred shares remained unchanged at 2 million shares. We did not vote to approve this motion as the proposed increase in the number of authorized shares was too great.
5	For the proposal on the issuance of preferred shares, whether the relevant interests of the preferred shares are superior to the interests of ordinary shareholders.	A company wished to issue A-shares and H-shares or equity-linked securities without pre-emption rights, but the common stock issuance limit was greater than 10% of the relevant share class. At the same time, the company did not specify a discount limit. On the one hand, shareholders should have preferential rights to issue large numbers of shares or have the opportunity to review and vote on such issuances; but on the other hand, companies should also have the flexibility to conduct ordinary business without undue burden or costs. Therefore, the need for flexibility must be balanced against the reasonable protection of shareholders' interests, and the motion was opposed by us in light of the foregoing.
6	For the CEO remuneration plan, whether the CEO's compensation and equity incentives are superior to the industry standard, and whether the board of directors sets performance measurement standards for the incentive plan.	A Chinese listed company approved its performance-linked equity incentive plan, and directors involved in the management of the plan were eligible to receive performance shares. It was not clear whether there might be problems with the fairness of the plan, and the revised equity incentive plan was to be implemented in the second half of 2021 fiscal year. The measurement of performance, however, would have already started from the beginning of the 2020 fiscal year. The company only provided incentives for subsequent periods, which might be too aggressive or too insufficient. Because of the questionable fairness of this program, Cathay SITE voted against the proposal.
7	For the case of relaxing the non-competition restriction on directors, whether it has explained in detail the particulars of the director's concurrent appointments, whether the concurrent appointment is within the company's business scope, and the importance of the concurrent appointment to the company.	Candidate directors for some proposals hold multiple positions concurrently, or even serve as CEOs of other companies. If explanations are not given to state the importance of the concurrent positions to the company, and if the company's agreement will jeopardize shareholders' rights and interests, we will thus oppose such proposals.
8	For companies included in the list of potential disputes over management rights, Cathay SITE pays particular attention to the proposals of the re-election of directors at the shareholders' meetings, and will prioritize the maximization of shareholders' interests.	For companies included in the list of potential disputes over management rights, Cathay SITE pays particular attention to the proposals of the re-election of directors at the shareholders' meetings, and will prioritize the maximization of shareholders' interests.

Proxy Voting Guidelines	Scenarios
<p>9</p> <p>For shareholder proposals, whether the proposal is conducive to improving corporate governance, social, environment and other issues; whether the proposal is conducive to enhancing long-term shareholder value.</p>	<p>-</p>
<p>10</p> <p>For shareholder proposals, whether the proposal benefits corporate governance, social, environmental issues, or improves long-term shareholder value.</p>	<p>-</p>
<p>11</p> <p>For cash capital increases, whether the proposal causes share dilution exceeding 20%.</p>	<p>A certain company proposed a cash capital increase due to business reasons, but the proposal's cash capital increase caused share dilution of 25%, harming existing shareholder interests and exceeding the 20% rule. Therefore, the motion was opposed.</p>
<p>12</p> <p>For amendments to the articles of association, whether the proposal authorizes the board to fully decide on cash dividend distribution or increase capital exceeding 100% of the original registered capital.</p>	<p>A certain company wanted to amend its articles of association, proposing to authorize the board to fully decide on cash dividend distribution or increase capital exceeding 100% of the original registered capital, giving the board too much power and harming shareholder rights. Therefore, the motion was opposed.</p>

2. Voting Statistics

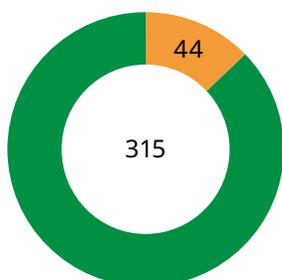


We cover both domestic and international voting scopes, adhering to responsible governance and fully implementing responsible investment.

• 2,585 proposals

• 17 countries where we exercised voting rights

Communication with Investee Companies



In the first half of 2024, we participated in 315 shareholder meetings of domestic and international companies and a total of 44 companies had shareholder proposals.

Core Idea:

For key holdings, after ESG analysts have analyzed the shareholder meeting proposals, if there are any proposals that do not align with Cathay SITE's proxy guidelines or raise concerns, the analysts will engage with the investee companies through physical meetings, video conferences, letters, etc. The aim is to encourage the companies to provide more information on the concerning proposals, which helps analysts to develop more accurate voting recommendations. At the same time, this process encourages investee companies to disclose more information in their shareholder meeting manuals in the future.

In the first half of 2024, we participated in 315 shareholder meetings of domestic and international companies and engaged in pre-vote communication with 44 companies.

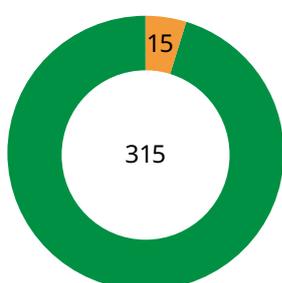
Case:

At its shareholder meeting, Company T proposed a resolution to lift the non-compete restrictions for newly appointed directors. However, the company did not disclose individual information for each director. The key points that should have been disclosed include whether the businesses of the companies where these directors hold concurrent positions fall within the company's scope of business; if so, whether such concurrent positions might harm the company's interests; and whether the companies where the directors hold concurrent positions are affiliated with the group or are subsidiaries.

For these reasons, Cathay SITE's ESG analyst communicated with Company T via email, requesting that the company provide more detailed information on the non-compete restrictions for each director. Company T responded by providing details on the directors' concurrent positions within companies that operate within the same business scope and explained the reasons for lifting the non-compete restrictions.

After receiving this additional information and holding internal discussions, Cathay SITE decided to change its vote on the proposal from opposition to approval.

Shareholder Proposal



In the first half of 2024, we participated in 315 shareholder meetings of domestic and international companies and a total of 15 companies had shareholder proposals.

Core Idea:

Cathay SITE places great importance on shareholder proposals at shareholder meetings, viewing them as a crucial part of the corporate governance ecosystem. We particularly focus on whether the shareholder proposals can enhance long-term shareholder value, with special attention to whether the proposals align with positive environmental, social, and governance (ESG) aspects. This ensures that the company moves forward on the path of sustainable development while safeguarding shareholder interests.

Case:

Company K received a shareholder proposal requesting an amendment to the company's articles of association, proposing that the authority to decide dividends be changed from a board decision to a shareholder meeting decision. As a significant institutional investor, Cathay SITE visited Company K to discuss the proposal and presented the following two viewpoints.

1. The shareholder proposal allows shareholders to directly participate in decision-making, which is beneficial to shareholder rights.

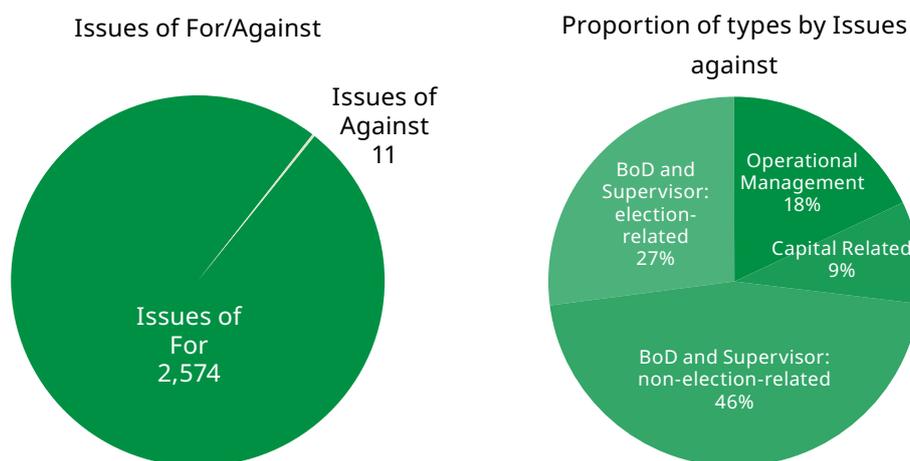
2. Company K stated that it is currently in the process of strategic transformation planning. Over the past three years (2021-2023), the dividend payout ratio has consistently been above 60%, and the cash dividend yield each year has been approximately 4-6%, which is better than the market average.

As a significant institutional investor and shareholder, Cathay supports the company's capital strategy approach. However, to demonstrate respect for shareholder rights, we recommend abstaining from voting on this proposal.

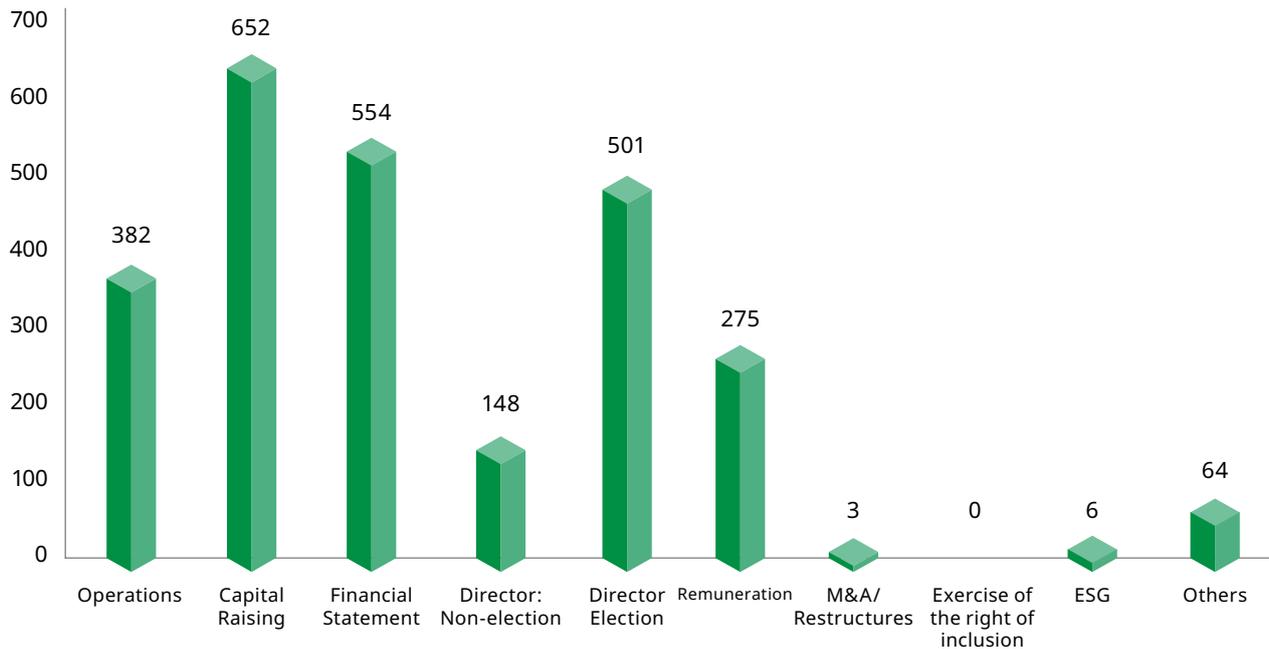
2023 Proposal Type	Number of Approved Proposals	Number of Rejected Proposals	Number of Abstained Proposals	Total Number of Proposals
Operations	380	2	0	382
Capital Raising	651	1	0	652
Financial Statement	554	0	0	554
Directors/Supervisors: Non-Election Related	143	5	0	148
Director Election	498	3	0	501
Remuneration	275	0	0	275
M&A/Restructures	3	0	0	3
Exercise of the Rights of Inclusion	0	0	0	0
ESG	6	0	0	6
Others	64	0	0	64
Total	2574	11	0	2585
Total Attendance at Shareholder Meetings	In 2023, Cathay SITE attended a total of 428 shareholder meetings domestically and internationally, all by "electronic voting." Domestically, Cathay attended 136 shareholder meetings, and internationally, 292 shareholder meetings.			

【 Annual Voting Disclosure 】

Proportion of Votes Against or in Favor of the Proposal



【 2023 Annual Voting Disclosure 】
Types of Proposals We Cast Votes for



Notes: In this year's board elections, there were abstained votes. However, if the board election proposals included support, opposition, and abstention votes, the system classified them as opposition, hence abstentions are not displayed in the count.

3. Proposal Voting Follow-up Management

For major proposals put forward at shareholders' meetings, after communication with the company confirms that the management does not intend to make adjustments, if necessary, the company will assign personnel to attend the shareholders' meeting to speak on and question the proposal. If the voting results of the proposal do not meet the company's expectations, the investment team will summarize the results and list the company as a candidate for engagement in the following year.

Epilogue

As the largest SITE in Taiwan in terms of AuM, Cathay SITE focuses on its core business of asset management and adheres to Responsible Investment as the primary category of the company's CSR. Cathay SITE is committed to, in addition to the pursuit of economic goals of business interests and growth, reducing possible impacts and generating positive cycle impacts on the environment, society, governance aspects while carrying out related investment product design, including mutual funds, government discretionary mandate management, private equity funds, etc. and business expansion with a forward-looking vision of sustainable development. Cathay SITE shall continue to participate in international initiatives, hold forums, and interact with investee companies so that its clients can also contribute to a sustainable society when investing in Cathay SITE products.

VI. Appendices

1.The corresponding table of the United Nations Principles for Responsible Investment (UNPRI)

Principle One	We will incorporate ESG issues into investment analysis and decision-making processes.	
	Corresponding actions: Formation of Exclusion and Investable Lists	13-14
	Corresponding actions: Incorporate ESG into the investment decision-making process	14
	Corresponding actions: ESG Enhancements	15-17
Principle Two	We will be active owners and incorporate ESG issues into our ownership policies and practices.	
	Corresponding actions: Corporate Engagement	26-30
	Corresponding action: Join International Organizations	31
	Corresponding action: Climate Change Forum	32
	Corresponding act: Proxy Voting	33-38
Principle Three	We will seek appropriate disclosure on ESG issues by the entities in which we invest.	
	Corresponding actions: Corporate Engagement	26-30
	Corresponding action: Join International Organizations	31
	Corresponding action: Climate Change Forum	32
	Corresponding act: Proxy Voting	33-38
Principle Four	We will promote acceptance and implementation of the Principles within the investment industry.	
	Corresponding Actions: Responsible Investment Achievements	18-23
	Corresponding Actions: Climate Change Forum	32
Principle Five	We will work together to enhance our effectiveness in implementing the Principles.	
	Corresponding actions: Joining International Organizations	31
	Corresponding actions: Climate Change Forum	32
Principle Six	We will each report on our activities and progress towards implementing the Principles.	
	Corresponding actions: Regularly update annual stewardship report, and continuously update the official website section on responsible investment.	



國泰投信

Cathay Securities Investment Trust

6F, No.39, Sec. 2, Dunhua S. Rd, Taipei City 10681, Taiwan ROC

TEL | 02-2700-8399 FAX | 02-2703-3385

www.cathaysite.com.tw