

2024 Stewardship Report

Cathay Securities Investment Trust



國泰投信

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 2024
- Current Report Issue Date: Sep. 2025

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

As of the end of December 2024, 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 its stewardship practices for the previous year annually in September on the company's official website. The report is reviewed with the support of various investment research departments and the compliance department, and is approved by the President. Portions of the report are also consolidated into the 2024 Cathay SITE Sustainability Report, which has been assured by an independent accountant. For example, page 52 of the Sustainability Report details the investment amount in sustainable industries, and page 85 highlights the establishment of an internal research data platform starting December 2024. This platform enables the investment research team to access information on climate risks, corporate governance, and engagement records, thereby strengthening the depth of sustainability-related data. Cathay SITE remains committed to advancing its responsible investment practices and enhancing the transparency of its disclosures to improve 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, Associate Manager Address: 6th Floor, No. 39, Section 2, Dunhua South Road, Taipei, Taiwan
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



First SITE to reach TWD 1tn AuM

AuM 1st Largest SITE in Taiwan

AuM: 2.23 trillion

Market share: 17.30%

The Only one with market share >20%

Mandates 1st Largest in discretionary business in Taiwan

AuM: 866.756 billion

Market share: 26.32%

ETF 2nd Largest ETF issuer in Taiwan

AuM: 1,162.363 billion

Market share: 18.21%

Notes: (1) Discretionary investment is not completely risk-free. The past performance of our managers does not guarantee the minimum return on the entrusted investment assets. In addition to fulfilling the duty of care of a good manager, our company is not responsible for the profit or loss of the entrusted investment assets, nor does it guarantee the minimum return. Customers should read the discretionary investment instructions in detail before signing the contract;

(2) The scale is denominated in New Taiwan dollars;

(3) Data source: SITCA, Cathay SITE, 2024/12

Cathay SITE was established in February 2000 as a wholly-owned subsidiary of Cathay Financial Holdings. With a total asset management scale of NTD 2.23 trillion (source: mutual fund scale from SITCA; net asset value of discretionary investment accounts from Cathay SITE, as of December 2024), 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.

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.



Mutual Funds

F of F (5 funds)

Bond Fund (8 funds)

Equity Fund (14 funds)

Balanced Fund (3 funds)

Money Market Fund
(2 funds)

Equity ETF

Plain vanilla /
Leveraged / Inverse
(24 funds)

Bond ETF

Plain vanilla /
Leveraged / Inverse
(13 funds)



Discretionary Mandates

Government Fund Mandates

Discretionary Investment-
Oriented Policy

Discretionary Investment
Management for Institutional
Investors

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, 2024/12.

3. Honors and Performance

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

Team Awards



Asia Asset Management - 2024 Best of the Best Awards

- Taiwan Best Institutional House
- Taiwan Best ESG Manager
- Best Climate Change Strategy



The Asset- Triple A Sustainable Investing Awards 2024

- ESG Asset Management Company of the Year



2024 Benchmark

- Best ESG Integration
- Stewardship Awards (Best- in- class)
- Carbon Reduction (Best- in- class)

**First-Time Winner in
Securities Investment Trust
Industry**



TCSA Taiwan Corporate Sustainability Awards

(Taiwan Institute for Sustainable Energy)

- ESG Asset Management Company of the Year
(Ranked No. 1 in Financial and Insurance Category B)

Frist - Time



ASRA - 2024 Asia Sustainability Reporting Awards

- Asia' s Best Sustainability Report (First Time) :Silver Medal.



Asian Investor-2024 Asset Management Awards

- Best Fund House – Taiwan,
- Best Asia Fund House –Local



Taiwan Institute for Sustainable Energy – 4th Taiwan Sustainable Investment Awards

4-Year Winner

- Institutional Impact Investment Trust Exemplary Award
- ESG Innovation Gold Award.

Fund Awards



Asia Asset Management

- 2024 BEST OF THE BEST AWARDS(Cathay Sustainable High Dividend ETF)



TFF-Bloomberg best Fund Award 2024

- Taipei Foundation Of Finance (Cathay Sustainable High Dividend ETF)



Asia Asset Management

- Smart Wealth Magazine (Cathay Sustainable High Dividend ETF)

II. Responsible Investment

1. Responsible Investment Progress

2016

- First group of Asset Management company to sign Taiwan Stewardship Principles for Institutional Investors
- Hosting Responsible Investment Education and Training sessions in house
- Disclosure of proxy voting results on the website

2017

- Introducing ESG Score to our overseas equities' stock selection process
- Joining Climate Action 100+, playing a leading role in the corporate engagement with petrochemical conglomerates
- Hosting Cathay Sustainable Finance and Climate Change Summit



2019

- Introducing ESG integrated investment process
- Issuing the first ever Stewardship Report
- Among the TWSE list of Exemplary Practice of Stewardship Principles Adherence

2018

- Introducing internationally-acclaimed ESG databases
- Awarded BLF's first ESG mandate of TWD 6bio

2022

- Launching Cathay US ESG Fund
- Establishing Sustainability Office
- Obtaining SBTi verification
- Latest ESG investment and risk management system went live
- Among the 2022 TWSE list of Exemplary Institutional Investor Stewardship Disclosure

2023

- Participated as a member of the association's working group on climate change scenario analysis, information disclosure, and feasibility study for Scope 3 carbon footprint disclosure.
- Updated the ESG Investment Control Process to version 2.0.
- Organized several "Practical Responsible Investment" financial literacy seminars for high school and university students.
- Joined the financial industry's Net-Zero Promotion Platform working group.

2024

- Including unconventional oil and gas industry in controversial investment control
- Enable CathayQE quantitative index
- 00878 won the BENCHMARK Magazine- Carbon Emission Reduction Award (Best in Class)
- Perform scenario analysis and publish TCFD climate risk management report

2020

- Issuing Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF (some funds may operates income equalization arrangements)
- Kicking off Low-Carbon Transition Investment Plan (CARE)

2021

- Cathay FHC's initiative of RE100, committing to entirely using renewable energy by 2030
- Establishing new fund's carbon emission inspection
- Issuing Stewardship Report in English

Cathay SITE's Responsible Investment journey began in 2016, where they upgraded their traditional investment focus on 2R (Risk, Return) to consider Responsible Investment factors in their investment process, known as 3R (Risk, Return, Responsibility). 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.

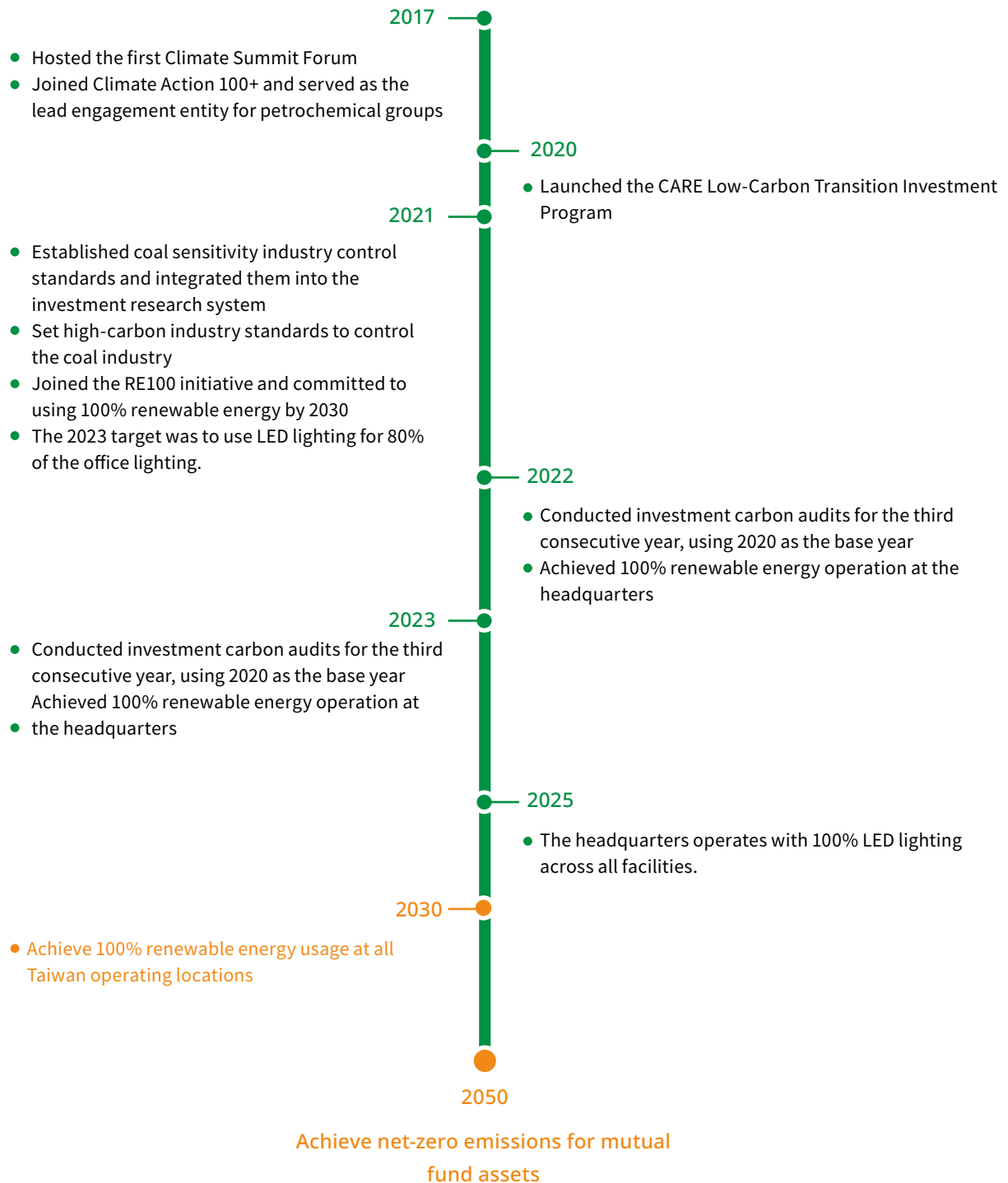
Low-Carbon Transition Investment Plan



world will be better!

C A R E
Carbon Aware Response Engage

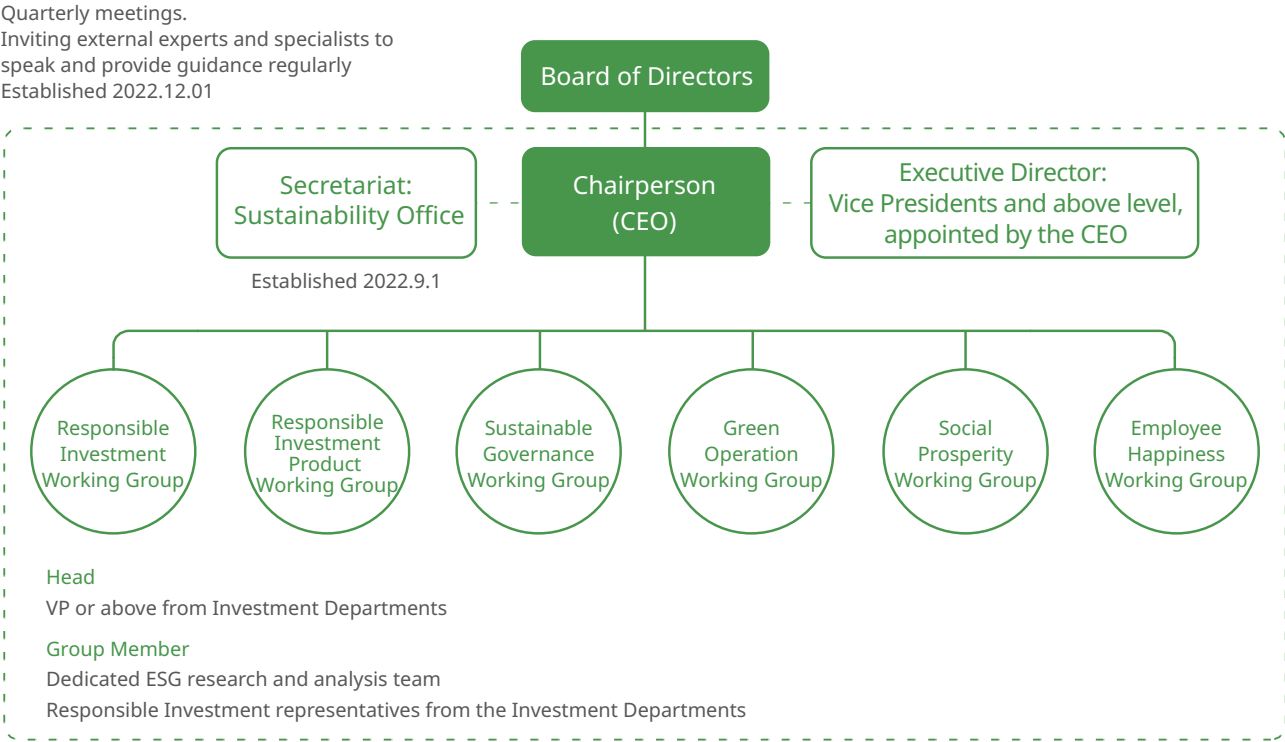
Cathay SITE' s Roadmap to Net-Zero



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(now renamed as the Sustainable Governance and Anti-Corruption & Anti-Bribery Working Group), the Responsible Investment Product Working Group, the Employee Happiness Working Group, the Social Prosperity Working 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 2024, the group has 19 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

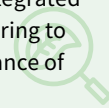


Responsibilities of Responsible Investment Working Group

Continuously monitor global ESG development trends and propose specific implementation plans for the ESG performance of the investment portfolio.



Establish a responsible investment culture through education and training, ESG-integrated investment processes, and research sharing to help colleagues understand the importance of ESG and gain their support.



Enhance ESG analysis capabilities by extensively utilizing external research and rating resources, and integrating domestic and international ESG rating databases to systematically track and analyze relevant ESG investment issues.



Assist in providing ESG status analysis for relevant positions across various departments.



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 2024 was approximately NTD 2.42 million *.

Resources Input	Explanation	Manpower and Cost Estimation
Corporate Sustainability Committee	1. Promote various sustainability projects 2. 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	1. Procure databases 2. Maintain databases and integrate into the investment system	1. Approx. 90 person-days per year* 2. Annual cost: NTD 210,000
AI-Assisted Implementation	1. Support for research and analysis 2. Information gathering and market trend monitoring 3. Language translation	Annual cost: NTD 50,000
Advocacy Group Membership Fees	1. Participation in various stewardship-related initiatives	Membership fee: NTD 370,000
ESG Education and Training	1. Conduct irregular ESG training for investment research units 2. Conduct online ESG training for the entire company	Approx. 40 person-days per year
Publishing Stewardship Reports	Writing, translation, graphic design, printing	Approx. NT\$150,000 per year
Engagement Activities	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 1 full-time staff member
Proxy Voting at Shareholder Meetings	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 the specific 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

Investment Exclusion List



Formation of the Investable List

Six Indicators



ESG in the Investment Decision Process

Analysis, Decision, Execution, Review



ESG Enhancement Actions

Sustainability Information Integration Platform, Climate Risk Monitor, Investment Management System Integration, Low-Carbon Investment Plan, ESG Education and Training



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.

Controversial Industries
Controversial Countries
Controversial Practices
Exclusion of Specific Issues

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. Starting in 2022, we included coal-related industries with coal revenue exceeding 20% in the ESG High Focus List, managed by the system. Investment restrictions can only be lifted after writing an ESG assessment report in the system. Additionally, starting in 2023, we included coal-related industries with coal revenue exceeding 20% and unconventional oil and gas industry with revenue exceeding 50% in the Controversial High Focus List. A controversial assessment report must be written to explain reasons for continued investment, and investment limitations can only be lifted after review by the Sustainability Office.



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.

Investable List Screening – Non-Quantifiable Indicators for Domestic Stocks



Stakeholders

Changes of CPA firms

Social Responsibility

Within 6 months of the IPO

Changes in the management

Changes in Pledge Ratio of Major Shareholders

If any aforementioned 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. For example, in 2024, when a major domestic financial institution experienced a dispute over corporate control, we promptly added the company to our high-concern watchlist for controversial cases.

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

Integrating ESG into Cathay SITE's Four Major Processes of Investment



Note : In Cathay SITE's responsible investment asset scope, only positions that cannot be operated under responsible investment (such as fully replicated ETFs, leveraged ETFs primarily using futures, futures ETFs, existing positions in target maturity funds, fund of funds, passive positions in full commission accounts, and rating factors without relevant control data) are excluded. Furthermore, Cathay SITE considers the characteristics of each asset and adopts different policies such as exclusion, ESG integration, thematic investment, etc., to thoroughly implement management measures.

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 firmly believe that by establishing ESG policies and adopting a rigorous bottom-up stock selection research methodology, we can evaluate a company's investment value and risks more comprehensively—beyond traditional fundamental analysis—and uncover potential opportunities. To achieve this, we integrate and analyze data from multiple globally recognized databases, including MSCI ESG, Bloomberg, ISS, CDP, Corporate Governance Evaluations, and the Taiwan Sustainability Ratings. These data sources are incorporated into our internal sustainability information integration platform, climate risk monitoring system, and biodiversity investment tools.

In addition, we apply the SASB standards to identify material ESG indicators for each company and assess their climate-related opportunities and risks (e.g., energy and climate change, raw materials, and waste management in the cement industry). These insights are further integrated into our investment management system.

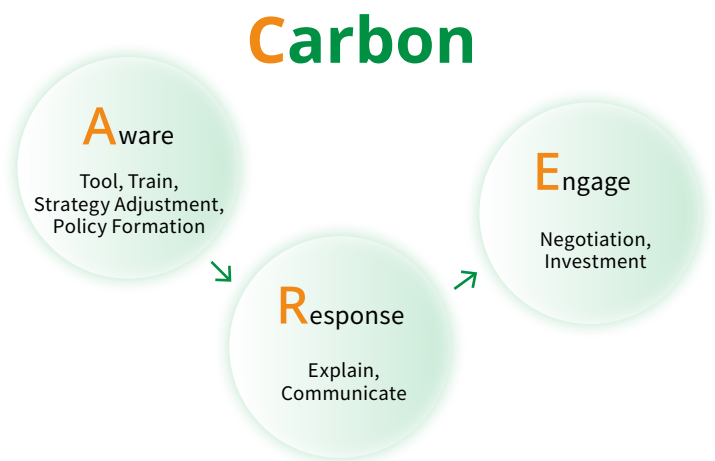


ESG Enhancement Actions

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.

(I) 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.

(II) 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+, ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure), 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. Starting in December 2024, an internal investment research data station was established to provide the research team with access to climate risk, corporate governance, and engagement records, enhancing the strength of sustainability-related information.

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.

Tools	Description
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.
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 seven 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 seven 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.



(III) 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 optimized 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.

(IV) Responsible Investment Toolkit Channel

To strengthen the capacity for understanding and responding (Response) under the CARE transformation plan, Cathay SITE launched the "Responsible Investment Toolkit Channel" on the internal communication platform in 2024. This channel allows investment research staff to interact with the responsible investment team regarding any responsible investment issues. The channel also periodically shares new insights, trends, and relevant articles to provide more convenient support for the investment team.

(V) 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 2024, Cathay SITE organized ESG-related courses, meetings, and external seminars attended by a total of 647 participants, with an average training time of 2.2 hours per person. The Responsible Investment Working Group also publishes the ESG Highlights e-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.



647

Participant numbers

2.2

Average training hours/person

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: environmental, social, 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.



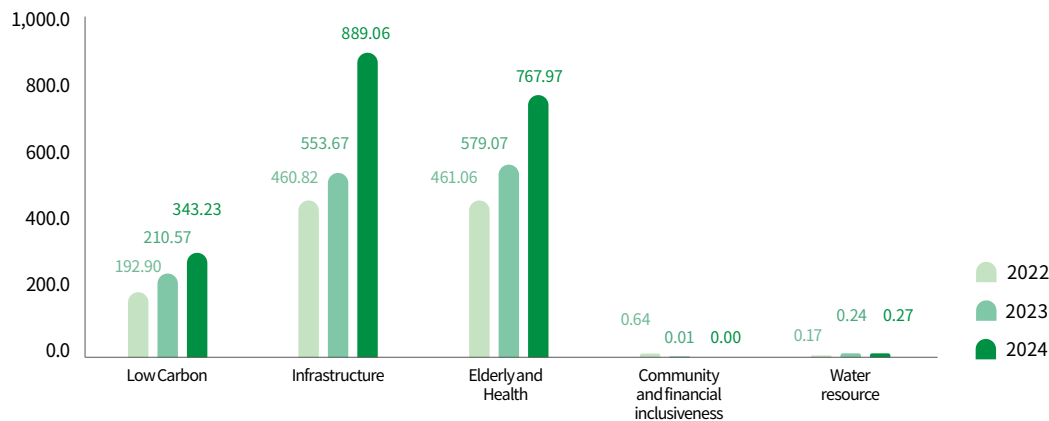
(1) Sustainable Investment Targets

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 2024, our total investment in these sustainable industries reached NT\$200.1 billion, a 49% increase from NT\$134.4 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.

Comparison of Sustainable Industry Investment Amounts Over the Past Three Years

(NT\$ billion)



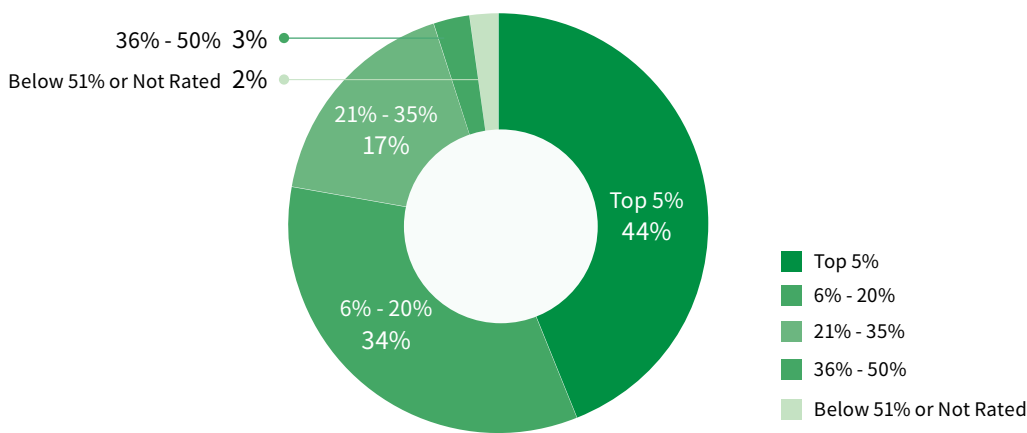
Notes: (1) The calculation of sustainable industry investment amounts may involve double counting. For instance, if a company falls under both low-carbon and infrastructure categories, its investment amount will be counted under both totals.
(2) Sustainable industry investment amounts include investments in mutual funds and discretionary investment amounts (excluding Cathay Group's discretionary positions).

Investment in Companies with Excellent Corporate Governance

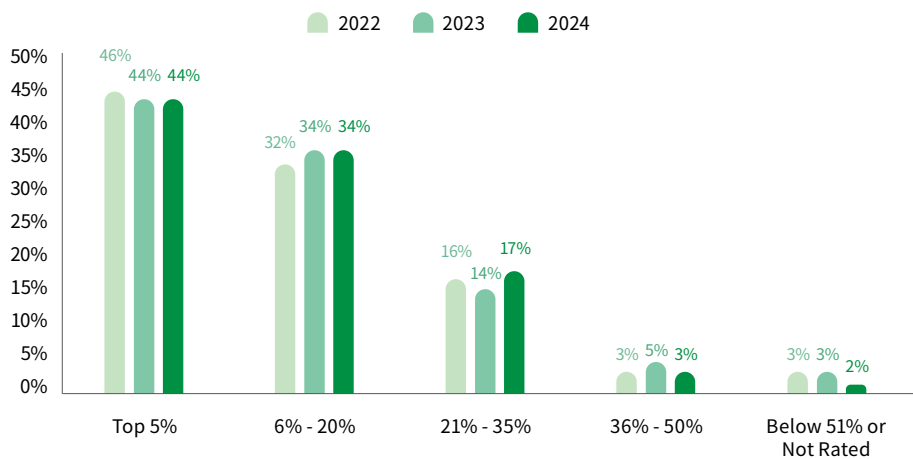
In addition to focusing on sustainable industries in its investment strategy, Cathay SITE also places a high emphasis on the corporate governance status of its investment targets. As of December 2024, in its domestic fund portfolio, Cathay SITE had 78% of its investment targets ranked in the top 20% of corporate governance evaluations, with only 2% of companies ranked below 51% or not included in the evaluation.

Further analysis of investment trends over the past three years shows that starting from 2021, the proportion of investments in companies ranked below 51% in corporate governance assessments or not included in assessments has decreased from 3% to 2%. At the same time, the proportion of investments in targets ranking in the top 35% of corporate governance assessments in 2024 has increased to 95%. This shift highlights Cathay SITE's increasing emphasis on the quality of corporate governance in investment decision-making.

Distribution of Corporate Governance Ratings for Cathay SITE's Fund Investment Targets in 2024



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



	Top 5%	6% - 20%	21% - 35%	36% - 50%	Below 51% or Not Rated
Holdings in 2022	46%	32%	16%	3%	3%
Holdings in 2023	44%	34%	14%	5%	3%
Holdings in 2024	44%	34%	17%	3%	2%

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\$

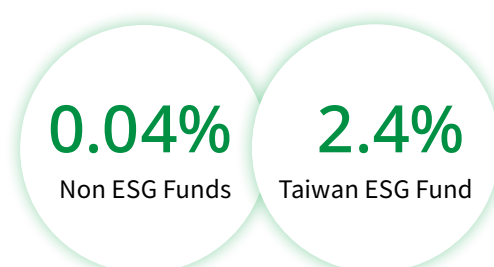
Bond Type	2022	2023	2024
Green Bonds	199,237,947	1,189,270,568	3,214,149,094
Sustainable Development Bonds	861,011,332	913,387,192	314,834,727
Social Responsibility Bonds	631,685,397	924,750,858	6,253,041
Sustainability-Linked Bonds	987,175,547	2,904,127,794	179,512,907
Total	2,679,110,223	5,931,536,412	3,714,749,769

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.

"Guidelines for Identifying Sustainable Economic Activities" Investment/Engagement Situation

In order to align with the country's 2050 net zero transformation goal and assist enterprises in their transformation towards sustainable carbon reduction, Cathay SITE conducts investment and financing assessments and actively engages with enterprises in accordance with the "Guidelines for Identifying Sustainable Economic Activities" announced by the FSC and other competent authorities. Over the past two years, we have engaged in discussions with various companies based on the principles of the "Guidelines for Identifying Sustainable Economic Activities" and have reviewed the disclosure status of companies previously consulted in relation to the 2023 edition of the Guidelines.

Applicable ratios of Fund in 2023



Notes: (1) Applicable/eligible companies only calculate: (1) equity, (2) debt
(2) The scope of total asset calculation includes both domestic and overseas managed assets, excluding: (1) full-power entrustment, (2) derivative products, and (3) central government, central bank, and supranational bonds.

In 2023, two companies disclosed whether they applied or complied with the Guidelines. The application rate of the Guidelines for Cathay SITE's non ESG funds was 0.04%, while the application rate for Cathay SITE's Taiwan ESG funds was 2.4%.

(2) Carbon Footprint of Investment Positions

Equity and Corporate Bonds Total

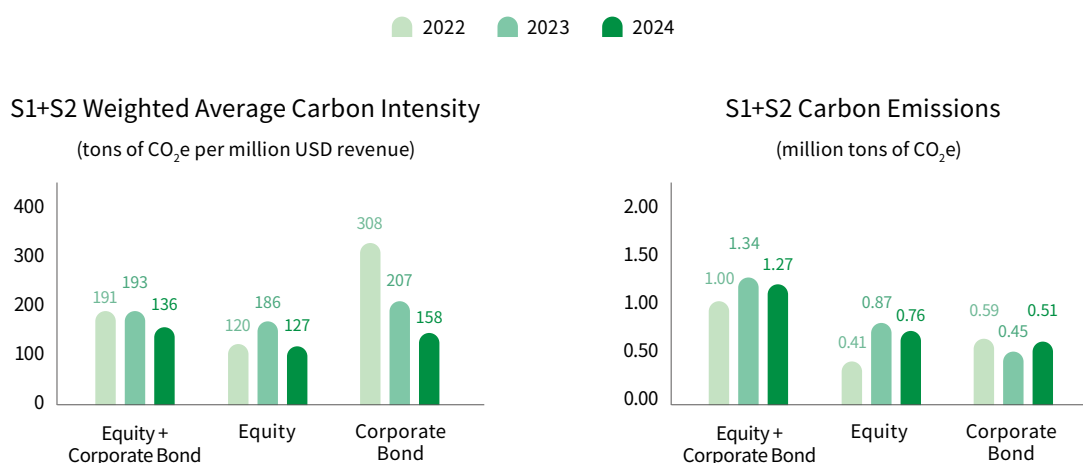
In 2024, Cathay SITE's equity and corporate bond holdings were associated with carbon emissions of 1.27 million tonnes of CO₂ (or 3.34 million tonnes of CO₂ if sovereign bonds are included). The PCAF data quality score was 2.17, representing a 5.22% decrease compared to 1.34 million tonnes in the previous year. The carbon intensity in 2024 was 136 (tCO₂e/mn Rev), a 29.5% reduction from 193 (tCO₂e/mn Rev) in the previous year. This indicates that the equity and corporate bond investment portfolio is trending towards lower-carbon industries and companies. (Carbon accounting reference date: 31 December 2024)

Sovereign Bonds

Starting in 2024, Cathay SITE began carbon accounting for its sovereign bond holdings using the MSCI TPF (Total Portfolio Footprint) methodology to calculate emissions and carbon intensity. Excluding Land Use, Land Use Change, and Forestry (LULUCF) emissions, sovereign bond investments are associated with 2.04 million tonnes CO₂, with a carbon intensity of 245.29 (tCO₂e/million USD). Including LULUCF emissions, they amount to 1.84 million tonnes CO₂, with a carbon intensity of 221.41(tCO₂e/million USD). The PCAF data quality score was 4 in both cases, with 100% coverage of the sovereign bond portfolio. Starting next year, time-series charts will be produced to allow beneficiaries to track changes in carbon emissions.

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

(For year-over-year performance comparison, only corporate bonds are included; for sovereign bonds, please refer to the section above)



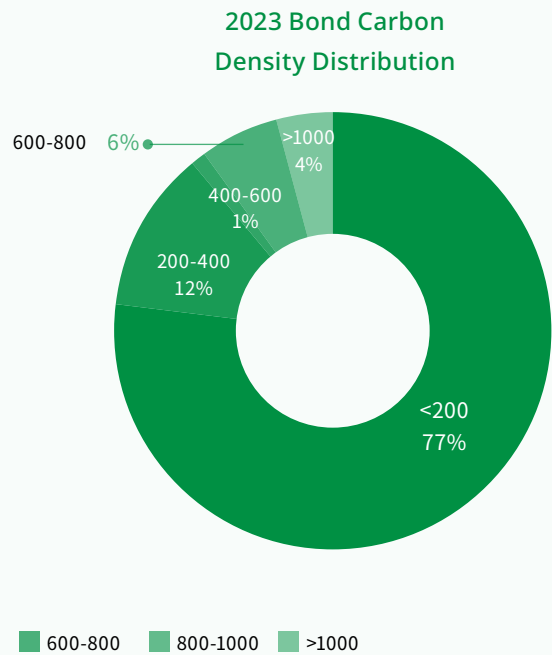
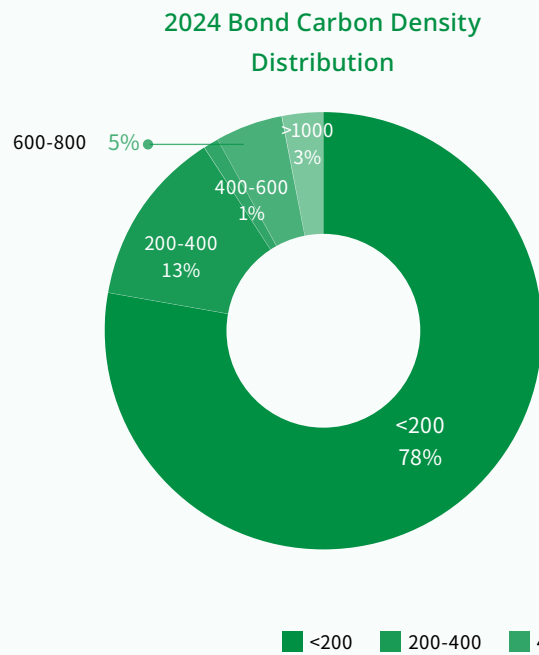
- Notes: (1) To ensure consistency across all carbon categories, this report aligns the scope of the carbon inventory with mutual fund benchmarks. The 2023 carbon inventory data has been adjusted to exclude fully discretionary mandates, facilitating comparison with previous periods.
- (2) Since 2023, Cathay SITE has adopted the MSCI TPF (Total Portfolio Footprint) methodology to calculate the carbon intensity and emissions of equity and bond holdings within mutual funds, with PCAF scores disclosed based on the quality-weighted average of each data point.
- (3) Starting in 2024, in addition to the carbon inventory of equities and corporate bonds as previously outlined, sovereign bonds have also been assessed. The total carbon emissions of sovereign bond holdings amounted to 2.04 million tons, with a carbon intensity of 245.29 (tons of CO₂ per million USD GDP), and the PCAF data quality score was 4.

Decline in Equity Carbon Intensity and Emissions

In the 2024 carbon inventory, both equity and corporate bond carbon intensities showed a downward trend. The largest reduction was attributable to improvements in the carbon profile of Company T in Taiwan's cement industry. As one of the few high-carbon-intensity holdings in Cathay SITE's portfolio, the company's progress contributed to a 36 (tCO₂e/mn REV) decrease in overall carbon intensity, accounting for approximately 18.6% of the total. Carbon emissions were reduced by 132,000 tons, representing 10% of the total portfolio carbon emissions.

Corporate Bond Carbon Intensity Distribution

The decline in corporate bond carbon intensity this year was driven by a shift in the portfolio's corporate bond carbon intensity profile toward a lower-carbon direction. Based on market value-weighted carbon intensity distribution, the proportion of holdings with carbon intensity below 200 increased by 1% in 2024, while those above 1,000 decreased by 1%. This can be interpreted as a continued allocation by the fund into lower-carbon assets.



Notes: (1) For the 2023 carbon inventory, due to the inclusion of full discretionary mandates, the reporting scope has been realigned to mutual funds to ensure consistency across all carbon categories, facilitating comparison with previous periods.
 (2) Since 2023, Cathay SITE has adopted the MSCI TPF (Total Portfolio Footprint) methodology to calculate the carbon intensity and emissions of equities and corporate bonds within mutual funds, with PCAF scores disclosed based on the quality-weighted average of each data point.

(3) 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\$376.3 billion by the end of 2024.

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 2024, the fund's scale reached NT\$3.75 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 2024, the fund's cumulative investment amount was approximately NT\$6.7 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.

Cathay Private Equity Company is a 100% owned subsidiary of Cathay SITE.

Cathay Sustainable Private Equity Fund Limited Partnership (as of December 2024)

Paid-in Capital: NT\$6,693,338,200



unit: NT\$

Green Energy Technology	Asia Silicon Valley	New Agriculture	Circular Economy	Total Domestic Investment Amount
4,792,449,850	618,080,000	182,996,328	373,965,779	5,967,491,957

Notes: (1) Cathay Private Equity Company is a wholly owned subsidiary of Cathay SITE.

(2) The cumulative investment amount does not include deductions from exited investment projects.

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 1 billion 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 4,200 tons.
Recycled Oil	Produces approximately 36,000 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

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.



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.

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 / Official Notice:

- In April 2024 (Year 113 of the ROC calendar), Cathay SITE received a sanction notice from the Financial Supervisory Commission (FSC).

Violation Details:

- During the routine financial inspection for the year 2023 (Year 112), the following deficiencies were identified:
 1. A former discretionary investment manager engaged in trading the same stock using another person's account during the period when the stock was held in a discretionary account, based on information obtained through their professional role, without reporting the transaction to the company.
 2. Inadequate operational and internal management procedures related to overseas bond investments and fund account opening and subscription processes. As a result, the company was issued a warning and fined NTD 1.2 million.

Follow-up Improvement Measures:

- Continued enhancement of conflict-of-interest management measures for investment managers, strengthening legal compliance training and internal audits, and reinforcing internal controls, including stricter accountability for supervisors.
- The major inspection findings have been formally presented to the Board of Directors for thorough discussion. The improvement plan was reviewed for its reasonableness, adequacy, and effectiveness, and a formal response has been submitted to the FSC's Examination Bureau.

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



Cathay SITE Corporate Engagement Interaction Process



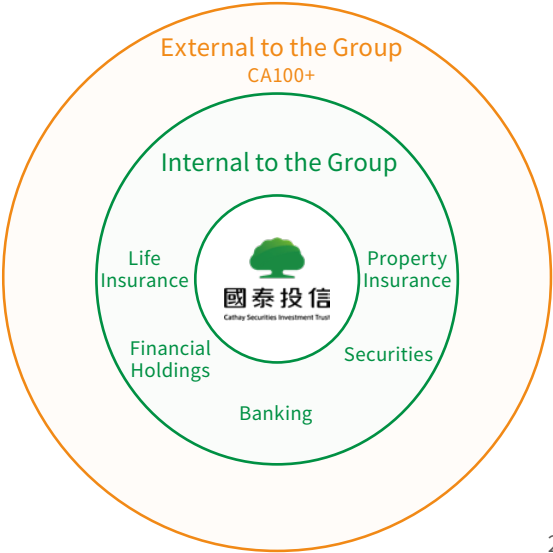
1. Corporate Visits

Cathay SITE engages with investee companies through conference calls, meetings, attending shareholder meetings, and dispatching representatives to attend investor conferences. In 2024, 100 employees participated in a total of 4,522 engagements, covering 1,131 companies.

2. Engagement with Investee Companies

Cathay SITE follows the engagement policy of Cathay Financial Holdings to reflect the Group's commitment to corporate sustainability and the value of sound governance, while fulfilling post-investment responsibilities to exert positive influence. We believe that encouraging continuous improvement among investee companies is the most effective way to enhance mutual value. In 2024, we led or co-led engagement meetings with a total of 24 investee companies, conducted both in-person and online.

Collaborative Engagement Parties



Through deeper evaluations of investee companies in areas such as management, strategy, operations, and corporate governance, we strengthen internal research and analysis to enrich the information supporting investment decisions. We also provide ESG insights and guidance on net-zero transition technologies and industry development trends to investee companies, aiming to enhance their value or reduce portfolio risks. Furthermore, we refer to domestic and international net-zero transition guidelines and trends to propose recommendations for carbon reduction strategies or climate change adaptation during engagement activities.

(1) 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. To align with the policies of the Financial Supervisory Commission (FSC), Cathay SITE conducts engagements in reference to the Guidelines for Identifying Sustainable Economic Activities, reflecting the spirit of responsible stewardship. We also consult both domestic and international ESG rating databases, such as MSCI and Corporate Governance Evaluations, to facilitate meaningful dialogue with investee companies. Through these engagements, we aim to convey Cathay Financial Holdings' commitment to corporate sustainability and governance, and to fulfill our post-investment responsibilities by exerting a positive influence.

We believe that encouraging investee companies to continuously improve is the most effective way to enhance mutual value.

(2) Engagement Targets

All companies selected from Cathay SITE's investable universe are considered potential engagement targets. Each year, we assess the carbon emissions of portfolio holdings and identify high-carbon-emission companies with significant investment exposure for focused engagement. Through our engagement efforts, we aim to encourage these companies to pursue low-carbon transitions and reduce their climate-related risks.

For example, within the holdings of the Cathay Sustainable High Dividend ETF (00878), we actively engage with several companies. In 2024, we conducted engagements with five companies: Inventec, Novatek, Realtek, VIS (Vanguard International Semiconductor), and Nan Ya Plastics, demonstrating our commitment to driving corporate low-carbon transformation.

(3) 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.

2024 Individual Corporate Engagement Cases

Asset Class: Equities

Company I

Engagement Target Assessment

Company I, operating in the computer, electronics, and optical products manufacturing industry, was engaged for the first time in 2023. While the company demonstrated efforts in ESG, its disclosure remained insufficient, resulting in a relatively low MSCI ESG rating. In terms of corporate governance, concerns were noted regarding the extended tenure and multiple directorships held by independent directors, which require further attention.

Engagement Participants

Investee Side:

- Investor Relations Officer (IRO), Manager Chang
- Director of the Sustainability Office

Cathay SITE Side:

- Cathay SITE – Sustainability Office / Ms. Wan-Lun Chen

Engagement Meeting Summary

In June 2023, Cathay SITE raised suggestions at Company I's shareholders' meeting to enhance sustainability disclosures. The Chairman responded by acknowledging past shortcomings in ESG transparency and committed to strengthening ESG and digital transformation efforts, including proactive communication with MSCI.

In December 2024, Cathay SITE continued engagement via written correspondence, recognizing Company I's achievements in energy conservation and carbon reduction, while recommending improvements in supply chain carbon management. Company I responded with plans to enhance energy management, reduce energy loss, and gradually increase the use of renewable energy to minimize environmental impact. Regarding its relatively low R&D investment compared to industry peers, Cathay SITE advised increasing innovation efforts. Company I indicated it would adjust its strategy to better meet market demands.

Engagement Impact

In September 2024, Company I's MSCI ESG Rating improved from "BB" to "BBB." The upgrade was attributed to the company's governance practices reaching the global industry average and improved disclosure on executive compensation, facilitating peer comparison. Cathay SITE also emphasized board diversity, and Company I committed to appointing a female director by 2026 and reviewing the tenure and concurrent roles of independent directors. Both parties expressed a shared commitment to advancing sustainability.

Follow-Up Actions

The MSCI ESG Rating upgrade marks a positive start in Company I's sustainability journey. Cathay SITE will continue to encourage the company to enhance its reporting and ESG performance. Engagement outcomes will be shared with the investment research team. If the company continues progressing toward positive sustainability goals, future investment decisions may consider increasing holdings. Conversely, if no improvement is observed, Cathay SITE will escalate engagement to shareholder meeting statements, and may consider divestment in future investment decisions.

Company A

Engagement Target Assessment

We believe the board of directors is the cornerstone of a sound governance framework. By holding regular meetings to review progress, the board can effectively address various sustainability risks and challenges, while integrating ESG considerations into corporate strategy and operations to enhance business resilience. In our assessment of Company A, a non-listed company, we found that its governance structure remains underdeveloped and requires improvement. Accordingly, we initiated engagement to provide recommendations.

Engagement Participants

Investee Side:

- Board members of Company A

Cathay SITE Side:

- Deputy Manager of Sustainable Private Equity Investment, Cathay SITE (serving as a board director of Company A)

Engagement Meeting Summary

Company A currently holds board meetings on a monthly basis, with additional meetings scheduled as needed to review business operations and ESG-related matters. During the engagement, Cathay SITE recommended that the board aim for a 100% attendance rate, as this would reinforce the board's commitment to overseeing strategic execution and ensuring effective implementation across the organization. We also encouraged the board to include ESG topics in its discussions, such as governance, diversity, equity and inclusion (DEI), and environmental standards.

In addition to strengthening governance, we requested that Company A conduct a greenhouse gas (GHG) inventory to improve the transparency of its environmental performance data.

Engagement Impact

As a result of the engagement goals set, Company A's board achieved a 100% attendance rate. The company also began collecting data for its GHG inventory, with the aim of completing the necessary emissions data in the coming year. This will help identify key emission sources and serve as a foundation for carbon reduction initiatives and ESG reporting.

Furthermore, we launched an ESG survey initiative for portfolio companies, starting in 2025. The survey will be conducted semi-annually to assess each company's progress in sustainability management, GHG accounting, and emissions reduction. The questionnaire focuses on four core ESG dimensions:

- Environment (carbon reduction, energy efficiency, net-zero/transition strategies)
- Social (human rights, talent development, data privacy, occupational safety, gender equality)
- Governance (governance mechanisms, internal controls)
- Disclosure (transparency and reporting quality)

This initiative aims to strengthen ESG awareness among portfolio companies and help the fund comprehensively monitor its sustainability impact, while providing stakeholders with clearer insights into ESG performance.

Follow-Up Actions

Looking ahead, the Cathay Sustainable Private Equity Fund will continue to promote ESG discussions at board meetings and collaborate with investee companies to foster environmental awareness. We will focus on measurable, transparent reporting and set key performance indicators (KPIs), such as job creation, carbon emission reductions, number of board meetings held, and implementation of recycling initiatives. This approach will enable us to quantify the impact of our investments and effectively track performance improvements.

If an investee company fails to meet our sustainability standards over time, it may influence future capital allocation decisions by the fund.

Category	Item	Current Status	Target Status
Board Governance	Board Meeting Attendance Rate	100%	100%
Board Governance	ESG Topics in Board Discussions	Not yet implemented	Implement by Q3 2024
Environmental	GHG Inventory Completion	In progress	Complete by Q4 2024
Environmental	Carbon Emission Reductions	Not yet implemented	Implement by Q3 2025
Social	Talent Development Initiatives	Not yet implemented	Implement by Q3 2025
Social	Data Privacy Initiatives	Not yet implemented	Implement by Q3 2025
Governance	Internal Controls	Not yet implemented	Implement by Q3 2025
Disclosure	Transparency and Reporting Quality	Not yet implemented	Implement by Q3 2025

Group Collaborative Engagement

Company V

Engagement Target Assessment

Company V, a semiconductor foundry, was identified as a key engagement target due to its high carbon emissions revealed through Cathay's annual portfolio carbon footprint review. Cathay was the first institutional investor to initiate sustainability-related dialogue with Company V, urging the company to take action on carbon reduction.

Engagement Participants

Investee Side:

- Investor Relations Officer (IRO), Manager Liu

Cathay SITE Side:

- Cathay Life Insurance – Responsible Investment Working Group / Project Manager Chang, Associate Su
- Cathay SITE – Head of Sustainability Office / Assistant Vice President Mike Lee, Ms. Wan-Lun Chen

Engagement Meeting Summary

In May 2022, Cathay SITE and Cathay Life Insurance jointly engaged with senior executives of Company V. The company explained that carbon emissions vary depending on the age and type of semiconductor manufacturing processes. It expressed its commitment to researching and evaluating various sustainability initiatives, enhancing energy-efficient product development, and producing more energy-saving products than industry peers to achieve its sustainability goals. The company also affirmed its intention to move toward net-zero emissions.

In August 2024, Cathay SITE conducted a follow-up engagement with Company V regarding the increase in electricity consumption and total carbon emissions, as well as the decline in capacity utilization. The company responded that it had actively procured green electricity, built solar power facilities, and developed carbon-negative technologies to achieve its net-zero goals. It also began assessing the potential impact of carbon fees expected in 2025. On governance, the company has started addressing concerns over long board tenures and the lack of female directors, with plans to meet regulatory requirements in the next board election.

Engagement Impact

Through engagement, Cathay SITE successfully encouraged Company V to take concrete steps toward carbon reduction and governance improvement. Due to its strong sustainability performance, Company V has been selected as a component of the Dow Jones Sustainability World Index (DJSI-World) for four consecutive years. In 2022, it was also included for the first time in the DJSI Emerging Markets Index, and has continued to be listed in the index.

Follow-Up Actions

Cathay SITE will continue to monitor Company V's carbon emissions and reduction efforts, encouraging ongoing improvement. Engagement outcomes will be shared with the investment research team. If the company continues to progress toward positive sustainability goals, future investment decisions may consider increasing holdings. Conversely, if the company fails to make meaningful progress, Cathay SITE will escalate engagement to shareholder meeting statements, and may consider divestment in future investment decisions.

Company S

Engagement Target Assessment

Company S, a semiconductor integrated circuit design firm, was found to have insufficient ESG information disclosure during its first engagement in 2022. This lack of transparency resulted in a low corporate governance rating. As of mid-2024, the company had not yet published a Chinese-language sustainability report, leading to lower scores in other sustainability assessments and a clear deficiency in disclosure transparency.

Engagement Participants

Investee Side:

- Investor Relations Officer (IRO) Manager Liang
- Director Huang and relevant specialists

Cathay SITE Side:

- Cathay SITE – Head of Sustainability Office, Ms. Chen Wan-Lun
- Cathay United Bank – Manager of Financial Markets Division, Mr. Chiang Meng-Hsiu
- Cathay Futures – Assistant Vice President of Securities and Futures Research Department, Mr. Chu Wen-Hao

Engagement Meeting Summary

In July 2023, Cathay SITE, together with Cathay Futures, engaged with the Head of Risk Management for Greater China at Company S, elevating the level of engagement. During the meeting, Cathay recommended that the company prepare a Chinese-language sustainability report in accordance with Taiwan GRI and SASB disclosure standards.

In April 2024, Cathay SITE, along with Cathay United Bank and Cathay Futures, conducted a follow-up engagement with Company S to assess its sustainability disclosure progress. Cathay proposed the establishment of a Corporate Sustainability Committee. The company responded that it had published its first Chinese-language sustainability report, aligned with Taiwan GRI and SASB standards. It also outlined its roadmap to achieve carbon neutrality by 2040. The report includes disclosures on conflict minerals and whistleblower mechanisms. However, MSCI has not yet incorporated these updates. Cathay encouraged Company S to proactively communicate with MSCI.

Engagement Impact

Company S has published a Chinese-language sustainability report and initiated its carbon neutrality planning, demonstrating the tangible influence and effectiveness of Cathay SITE's engagement in driving corporate Net-Zero transformation.

Follow-Up Actions

Cathay SITE recommended that Company S establish an ESG Committee to strengthen its sustainability governance. Engagement progress will be shared with the investment research team and incorporated into investment decision-making. If the company continues to move toward positive sustainability goals, future investment decisions may consider increasing holdings. Conversely, if the company fails to make progress, Cathay will escalate the issue by speaking at the shareholders' meeting. Should there still be no improvement, investment will be considered in future investment decisions.

Company F

Engagement Target Assessment

Cathay SITE is the first domestic asset management company in Taiwan to join Climate Action 100+ (CA100+), a global investor initiative that urges 170 of the world's highest-emitting companies—responsible for over 75% of global emissions—to address climate-related risks to their operations. As a high-emission company in the oil and gas sector, Company F met the selection criteria and was jointly engaged by Cathay Financial Holdings and CA100+ investors in 2024.

Engagement Participants

External:

- CA100+ member investors

Investee Side:

- Deputy Section Chief, Business Analysis Team, Office of the General Manager
- Section Chief, Occupational Safety and Health Department

Cathay SITE Side:

- Executives from Cathay Financial Holdings, Cathay Life Insurance, Cathay Century Insurance, Cathay United Bank, Cathay SITE, and Cathay Securities

Engagement Meeting Summary

In October 2024, executives from Cathay Financial Holdings and its subsidiaries, together with CA100+ investors, held a joint engagement meeting with Company F. Discussions focused on the company's carbon reduction plans and achievements, MSCI ESG rating results, plastic-related issues, and industry best practices. Company F responded that it had established a Transformation Development Team and is actively promoting coal-to-gas conversion projects, wind turbine installation plans, and carbon capture technology development to support its energy transition and carbon reduction goals. Regarding areas where it lost points in ESG ratings, the company has implemented corrective measures and committed to enhancing disclosure in its sustainability reports, while maintaining active communication with MSCI.

On plastic-related issues, the company is developing recyclable and biodegradable products and promoting strategies to reduce single-use plastics and substitute high-carbon materials.

Engagement Impact

For investors, Company F demonstrated a positive attitude and willingness to disclose information during the engagement, particularly in advancing carbon reduction technologies such as coal-to-gas conversion, wind turbine deployment, and carbon capture development. These efforts enhance the credibility of its energy transition strategy and boost investor confidence. The company has initiated corrective actions for MSCI rating deficiencies and pledged to improve disclosure and engage proactively with rating agencies, which supports better ESG ratings and meets international investors' expectations for transparency and risk management. For customers, Company F's response to plastic-related issues reflects its commitment to product sustainability and innovation. By reducing the sales volume of single-use consumer plastics and developing recyclable EVA and biodegradable products, the company addresses market demand for low-carbon materials. This strengthens its appeal to environmentally conscious brand clients and enhances its competitiveness within the supply chain.

Through this joint engagement meeting, Cathay Financial Holdings, its subsidiaries, and CA100+ investors engaged in in-depth dialogue with Company F, fostering transparency and two-way communication. The company's responsiveness and commitment to sustainability issues generated tangible impact for both customers and investors.

Follow-Up Actions

Cathay will continue to monitor Company F's progress in carbon reduction implementation and information disclosure. Attention will also be given to the company's performance under CA100+'s Net Zero Benchmark and its climate-related actions. Cathay SITE will maintain its current engagement direction, encouraging ongoing environmental improvements, and will share engagement outcomes with the investment research team as a reference for future investment decisions.

(4) Shareholder Meeting Participation

Cathay SITE has consistently committed to promoting corporate sustainability and maintains strong engagement with investee companies. In 2024, Cathay SITE participated in the shareholder meeting of Realtek, facilitating two-way communication.

Taking Realtek as an example, the Head of the Sustainability Office personally attended the shareholder meeting and delivered remarks. Prior to the meeting, Cathay SITE's Stewardship Team conducted internal research and discussions regarding the 2024 shareholder meeting proposals, including the election of directors and independent directors, as well as the proposal to lift non-compete restrictions.

Cathay SITE attended the Realtek shareholder meeting in June 2024



Through multiple email exchanges with Realtek's Investor Relations Officer, Cathay SITE reviewed the backgrounds and qualifications of the nominated directors and independent directors. These were found to be in alignment with Cathay SITE's Proxy Voting Guidelines. Realtek also provided detailed explanations regarding each nominee's concurrent positions, confirming that there were no conflicts of interest or violations of non-compete principles. As a result, Cathay SITE voted in favor of the proposals during the shareholder meeting. (For detailed voting results, please refer to the Cathay SITE Stewardship Report.)

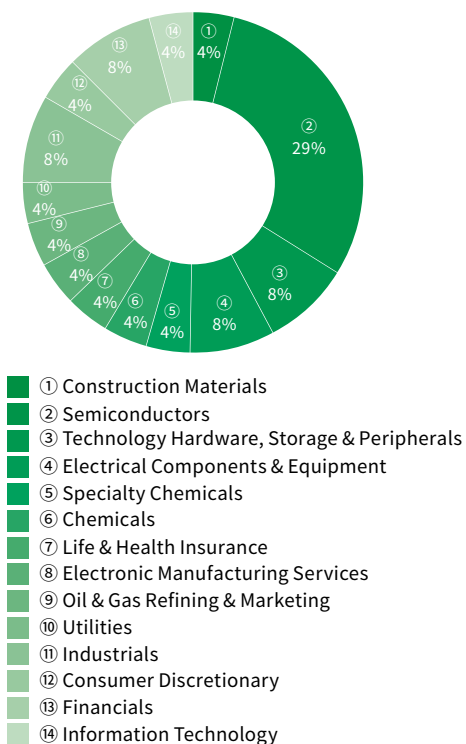
Notes: (1) Election Proposal: Re-election of directors (including independent directors)
(2) Discussion Proposal: Lifting non-compete restrictions for directors and their representatives

(5) Follow-up on Engagement

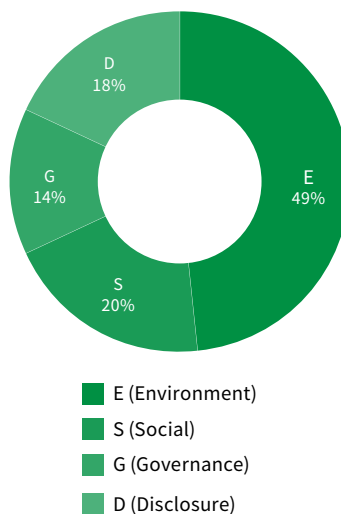
Cathay SITE, Cathay FHC, and Cathay Life plan engagement meetings with engaged companies annually based on progress, maintaining contact via phone and email to understand improvement progress and challenges. Progress is reported to other international institutional investors in regular CA100+ meetings. Cathay will continue seeking new engagement directions and targets, focusing on core holdings with significant ESG issues. In 2024, Cathay SITE conducted a total of 24 engagements, disclosed and analyzed by industry/topic and attending members as shown below:

議合對象					議合日期			
議合公司產業類別	議合形式	合議議題			議合日期			
		Environment	Social	Governance	議題			
高捷營運、自然資源、淨水及食物與藥物安全、人力資源與品質、社會與高品質、國家安全、經濟活動與社會計畫與設計								
聯瑞KY	Semiconductors	會議(實體會議)	●					2024/3/18
亞洲水泥	Construction Material	會議(實體會議)	●	●				2024/3/21
高捷	Semiconductors	電話				●		2024/3/25
矽力	Semiconductors	會議(實體會議)	●	●			●	2024/4/18
弘捷	Semiconductors	電話					●	2024/4/23
可成	Technology Hardware	會議(實體會議)		●	●			2024/5/9
JPP-KY	Electrical Components	會議(實體會議)					●	2024/5/10
易足科	Specialty Chemicals	會議(實體會議)	●			●	●	2024/5/21
瑞豐	Semiconductors	股東會發言					●	2024/5/30
台耀	Chemicals	股東會發言					●	2024/6/25
三商	Life & Health Insurance	會議(實體會議)				●	●	2024/7/9
世界先進	Semiconductors	會議(實體會議)	●	●			●	2024/8/26
瑞豐	Semiconductors	會議(實體會議)			●	●	●	2024/9/5
瑞海	Electronic Manufactur	會議(線上會議)	●			●	●	2024/9/10
華新	Electrical Components	非公開信訪(含E)	●	●		●	●	2024/11/5
特鋼石化	Oil & Gas Refining & h	會議(線上會議)	●	●	●		●	2024/12/23

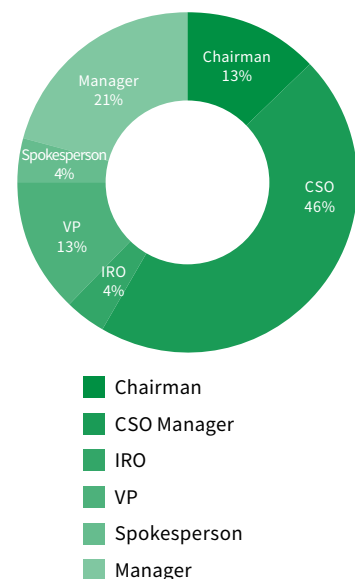
Engagement: Industries



Engagement: Issues



Engagement: Level of Attendants



CathayQE Engagement Scoring System

Starting in 2023, Cathay SITE developed the Cathay Quantitative Engagement (CathayQE) scoring system to quantify engagement progress. This framework is issue-centric and assigns scores ranging from 1 to 8 based on the company's responsiveness and actions toward specific ESG topics. There are two types of closure outcomes:

- A score of 0 is assigned if the company fails to approach or achieve the engagement objective.
- A score of 8 is assigned when the objective is successfully met.

After each engagement meeting, the CathayQE score is updated accordingly, enabling Cathay to track engagement progress in a structured and data-driven manner. This system helps guide investee companies toward 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

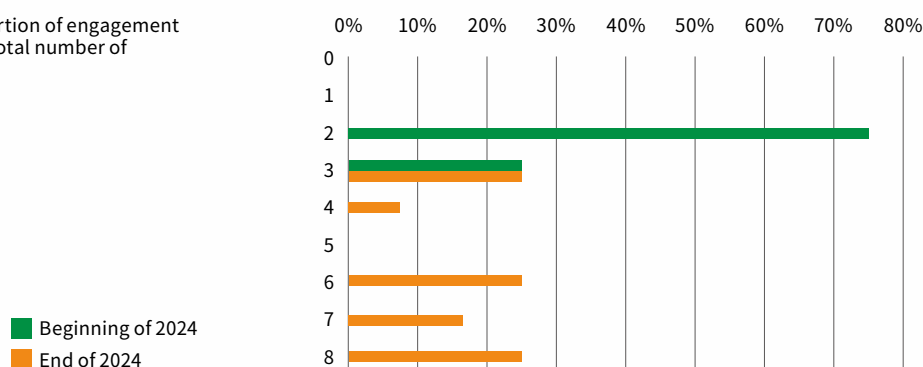
2024 CathayQE Effectiveness

Cathay SITE engaged with 8 companies on a total of 12 issues. According to the statistical summary, at the beginning of the year, 0% of the engagement items had achieved their respective goals. By year-end, this figure had increased to 25%, reflecting significant progress.

Overall, the engagement efforts in 2024 showed a positive trajectory. Cathay SITE will continue engaging with companies that have not yet reached a score of 8 under the CathayQE framework. As a professional institutional investor, Cathay remains committed to driving net-zero transformation across industries, the economy, and society, and to promoting collective upward development.

2024 Engagement Quantitative Statistics Table

N=Each data point represents the proportion of engagement topics at a specific stage relative to the total number of engagement topics.



Beginning of the year

CathayQE Score	Number of Issue	Number of Companies	% of Total Asset Coverage
0	0	0	0.00%
1	0	0	0.00%
2	9	5	0.01%
3	3	3	0.06%
4	0	0	0.00%
5	0	0	0.00%
6	0	0	0.00%
7	0	0	0.00%
8	0	0	0.00%
Total	12	-	-

End of the year

CathayQE Score	Number of Issue	Number of Companies	% of Total Asset Coverage
0	0	0	0.00%
1	0	0	0.00%
2	0	0	0.00%
3	3	2	0.06%
4	1	1	0.00%
5	0	0	0.00%
6	3	3	0.01%
7	2	2	0.01%
8	3	3	0.07%
Total	12	-	-

Notes: (1) The aggregate proportion of total assets has been calculated after excluding duplicate companies.

(2) Total assets at the beginning and end of the period are calculated using fund holdings as of year-end 2024, with fully discretionary mandates excluded. In 2024, the company under negotiation accounted for 0.07% of the total asset size.

2024 CathayQE Tracking and Management

Overall, the engagement progress in 2024 demonstrated a positive trajectory. Cathay SITE will continue engaging with companies that have not yet reached a score of 8 under the CathayQE framework. As a professional institutional investor, Cathay aims to facilitate net-zero transformation across industries, the economy, and society, driving collective progress. Engagement outcomes will also be incorporated into future investment decisions as part of the evaluation process.

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 168 companies, responsible for over 80% 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

A proud participant of:



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 chairwoman, 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.

2024 ESG-Related Activities Organized, Co-Organized, or Participated as a Panelist Include

Forums	<ul style="list-style-type: none"> • 2024 Cathay Sustainable Finance and Climate Change Summit Forum
Collaboration with Regulatory Authorities	<ul style="list-style-type: none"> • Net-Zero Financial Industry Platform – Data and Risk Management Working Group • PCAF Expert Exchange Member – the Sustainable Finance Movers and Shakers Alliance and Policy & Guidelines Task Force • Policy Development Subgroup – Net-Zero Financial Industry Platform: Policy & Guidelines Working Group • Industry Representative for the Financial and Insurance Sector – Sustainable Economic Activity Classification Guidelines Exchange Meeting • Net-Zero Financial Industry Platform – Capital and Statistics Working Group, the Sustainable Finance Movers and Shakers Alliance • Contributor to the Financial Carbon Emissions Handbook for Investment Portfolios – Securities Investment Trust & Consulting Association (SITCA) • Co-author of the Climate Change Disclosure Guidelines – Securities Investment Trust & Consulting Association (SITCA) • Lecturer for Taiwan Academy of Banking and Finance (TABF): <ul style="list-style-type: none"> · “Campus Financial Literacy Lecture Series” – Climate Change and Responsible Investment Practices · “Sustainable Finance Certification” – ESG Investment Principles and Strategies · “ESG Sustainable Investment and Green Finance Innovation” Course

Associations

- Lecturer for Lead For Taiwan Association – Responsible Investment Course
- Corporate Mentor for Uledy Enterprise MA Development Program
- Lecturer for Taiwan Financial Literacy Education Promotion Association – Fund Management and Responsible Investment Courses

4. Cathay Sustainable Finance and Climate Change Summit

To encourage investee companies to take action on climate change issues, Cathay has held the Climate Change Forum for four 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 forum 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 Forum." 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.

In 2024, the forum centered on the theme of “Net-Zero Transformation Competitiveness,” focusing on the development of global climate finance, energy transition, and industrial transformation. The event brought together prominent figures from domestic and international government, industry, and academia to propose strategic solutions for corporate sustainability.

The forum was opened by Mr. Tsai Hong-Tu, Chairman of Cathay Financial Holdings, with keynote remarks delivered by Mr. Chen Yen-Liang, Vice Chairperson of the Financial Supervisory Commission, and Mr. Lien Chin-Chang, Administrative Deputy Minister of the Ministry of Economic Affairs.

International speakers included Mr. Jens Nielsen, Chairman of the World Climate Foundation (WCF), and Mr. Sam Kimmins, Director of Energy at the Climate Group, who delivered their first speeches in Taiwan this year. The forum reached a record-high attendance of approximately 4,800 participants, with participating companies representing 82% of Taiwan's stock market capitalization and 54% of the country's carbon emissions—demonstrating strong corporate engagement with climate issues.

V. Proxy Votings

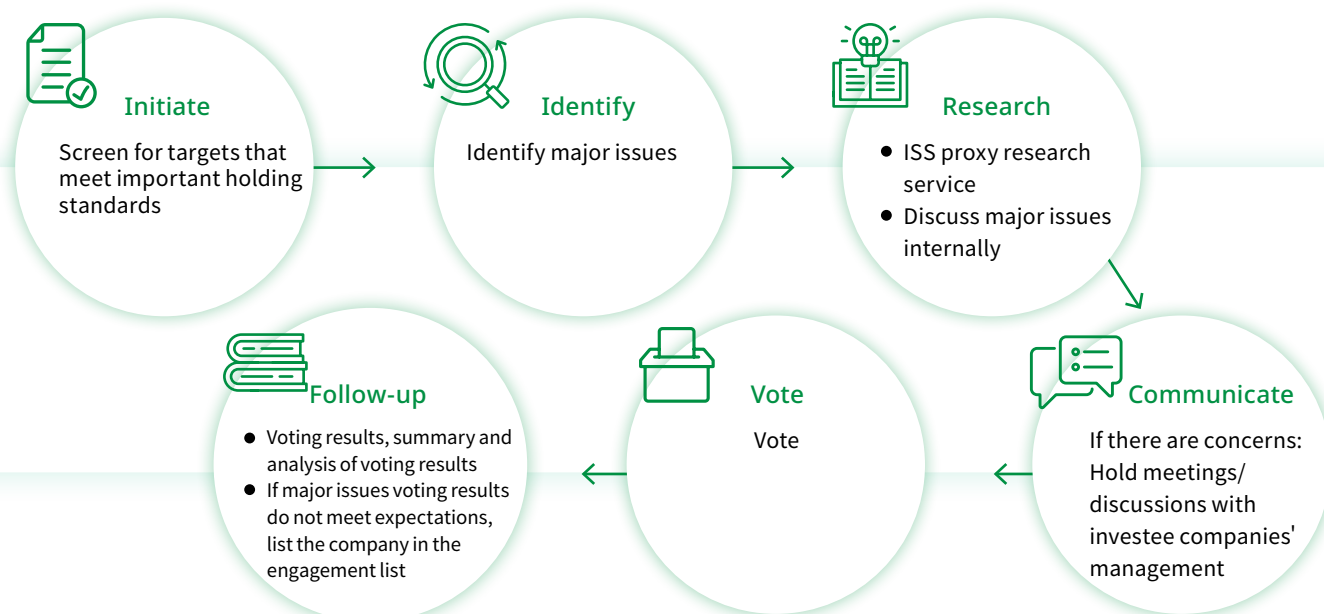
1. Proxy Voting Policy

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.

Policy for Determining Significant Proposals

Based on years of experience in managing proxy voting proposals, we have identified the following categories as the most influential types of significant proposals for our firm:

- 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:

Support:

- 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.

Oppose:

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

- 9 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.

-

- 10 For shareholder proposals, whether the proposal benefits corporate governance, social, environmental issues, or improves long-term shareholder value.

-

- 11 For cash capital increases, whether the proposal causes share dilution exceeding 20%.

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.

- 12 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.

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.

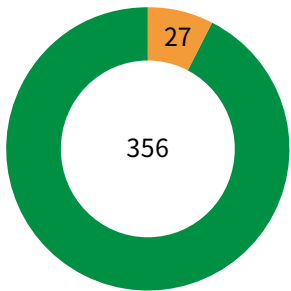
2. Voting Statistics

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



2,179 proposals

Engagement Communication with Investee Companies



In the first half of 2025, we voted at the shareholder meetings of 356 domestic and international companies, and conducted pre-vote engagements with 27 companies.

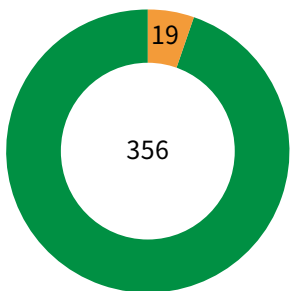
Core Concept:

For key holdings, after ESG analysts review shareholder meeting proposals, if any items are found to be inconsistent with Cathay SITE’s Proxy Voting Guidelines or raise concerns, the team will proactively seek pre-vote communication with the investee company. The goal is to obtain additional information regarding the proposals in question, enabling analysts to provide more accurate voting recommendations. This process also encourages investee companies to enhance future disclosures in their shareholder meeting handbooks.

Case:

During its shareholder meeting, Company Z proposed amendments to certain provisions of its “Procedures for Engaging in Derivatives Transactions,” including a fivefold increase in the board-approved authorization limit for hedging contracts. However, the rationale behind this adjustment was not clearly explained, and Cathay SITE initially recommended voting against the proposal. Following a phone engagement with relevant executives at Company Z, we learned that the company’s annual USD revenue has significantly increased. In the event of a long-term appreciation trend of the USD against the TWD, the original authorization limit would be insufficient. Therefore, the proposed increase aims to enable timely hedging operations. Upon gaining a clearer understanding of the rationale, Cathay SITE revised its recommendation from voting against to voting in favor of the proposal.

Shareholder Proposal



In the first half of 2025, we voted at the shareholder meetings of 356 domestic and international companies, among which 19 included shareholder proposals.

Core Concept:

For key holdings, after ESG analysts review shareholder meeting proposals, if any items are found to be inconsistent with Cathay SITE’s Proxy Voting Guidelines or raise concerns, the team will proactively seek pre-vote communication with the investee company. The goal is to obtain additional information regarding the proposals in question, enabling analysts to provide more accurate voting recommendations. This process also encourages investee companies to enhance future disclosures in their shareholder meeting handbooks.

Case:

A shareholder proposal was submitted to Company A, requesting the company to initiate a “one share, one vote” capital restructuring plan. Currently, the company adopts a three-class share structure (Class A: 1 vote per share, Class B: 10 votes per share, Class C: non-voting), which results in Class B shareholders holding only one-tenth of the equity but controlling over 50% of the voting rights. This enables them to unilaterally remove any board member or pass any resolution without justification, raising concerns about board accountability and shareholder equality. Cathay SITE believes that all feasible measures should be taken to initiate a restructuring plan that eliminates the disproportionate rights of Class B shareholders, thereby enhancing shareholder rights and improving board accountability. In light of these considerations, Cathay SITE supports the shareholder proposal.

2025H1 Proposal Type	Number of Approved Proposals	Number of Rejected Proposals	Number of Abstained Proposals	Total Number of Proposals
Operational Management	346	2	0	348
Capital Related	305	2	0	307
Financial Statement	720	5	0	725
Directors/Supervisors: Non-Election Related	81	5	0	86
Director Election	229	8	0	237
Remuneration	128	3	0	131
M&A/Restructures	8	0	0	8
Exercise of the Rights of Inclusion	0	0	0	0
ESG	2	1	0	3
Others	328	6	0	334
Total	2147	32	0	2179

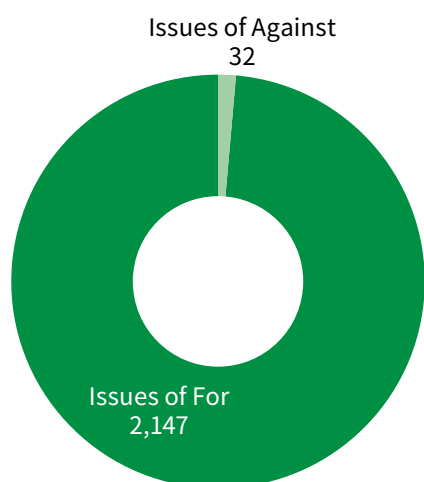
Total Attendance at Shareholder Meetings

In the first half of 2025, we attended the shareholder meetings of 356 domestic and international companies, all of which were conducted via electronic voting. Among them, 147 were domestic meetings and 209 were international meetings.

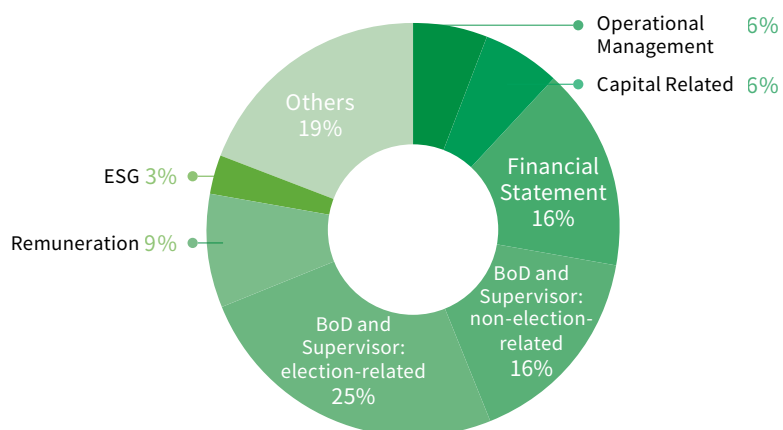
【 2025H1 Annual Voting Disclosure 】

Proportion of Votes Against or in Favor of the Proposal

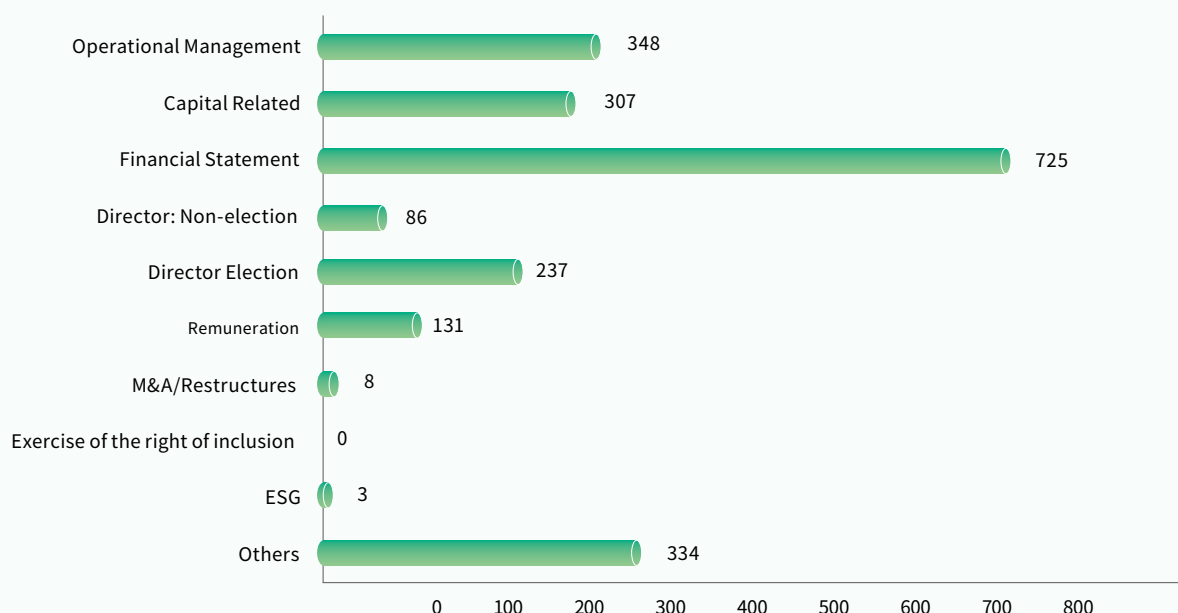
Issues of For/Against



Proportion of types by Issues against



【 2025 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	26-35
	Corresponding action: Join International Organizations	36
	Corresponding action: Climate Change Forum	37
Principle Three	We will seek appropriate disclosure on ESG issues by the entities in which we invest.	
	Corresponding actions: Corporate Engagement	26-35
	Corresponding action: Join International Organizations	36
	Corresponding action: Climate Change Forum	37
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	37
Principle Five	We will work together to enhance our effectiveness in implementing the Principles.	
	Corresponding actions: Joining International Organizations	36
	Corresponding actions: Climate Change Forum	37
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.	



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