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Cathay Life Insurance

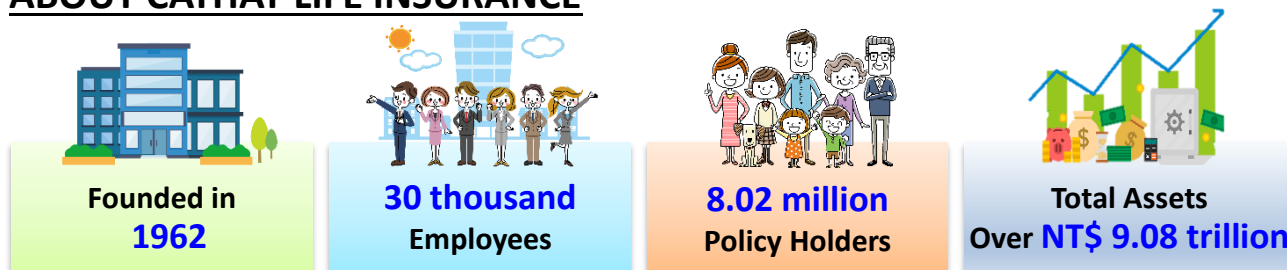
2025

Responsible Investment and Stewardship Report

2025.01.01-2025.12.31

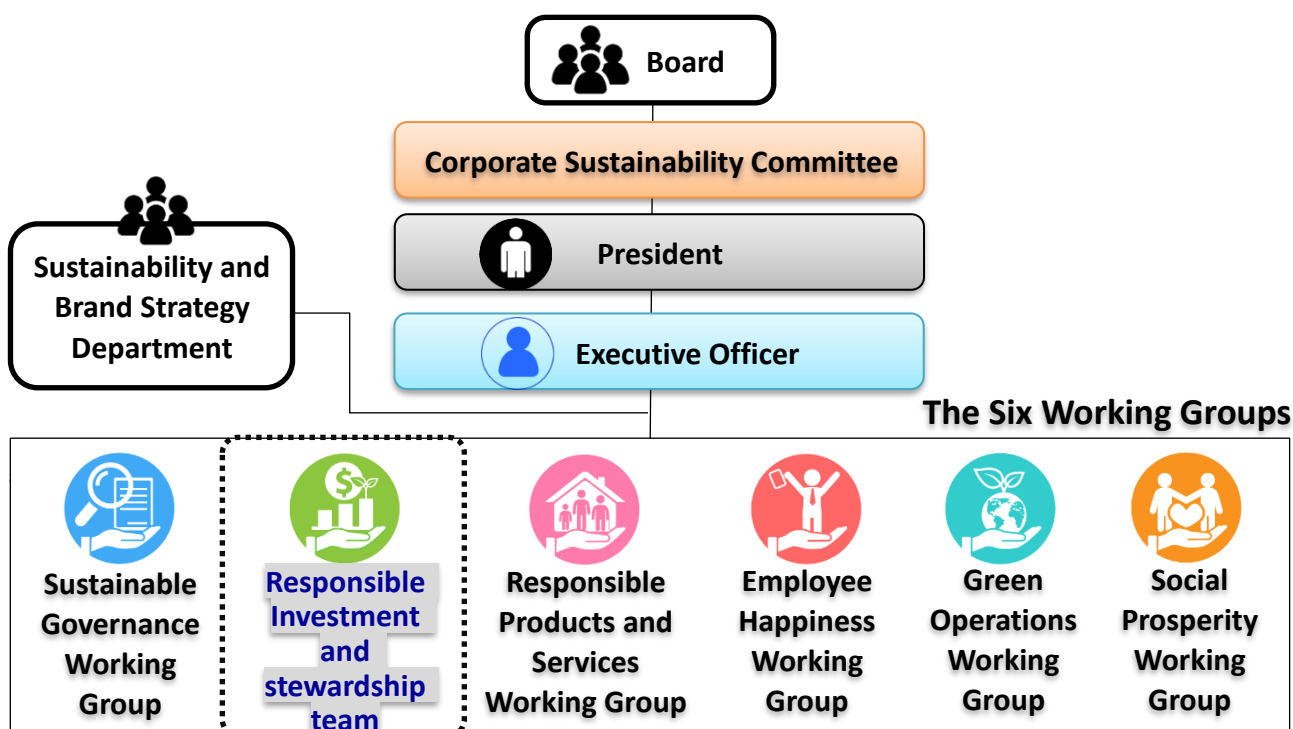


ABOUT CATHAY LIFE INSURANCE

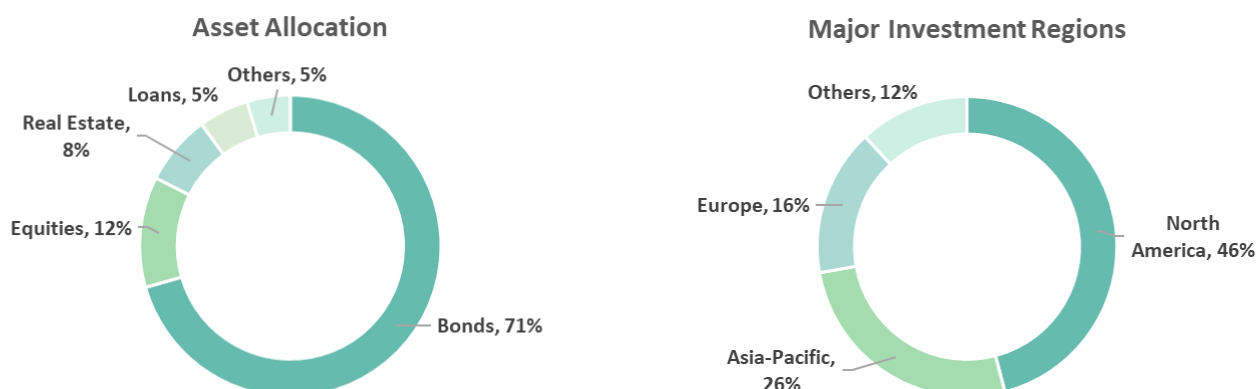


Founded in 1962, Cathay Life Insurance is the leader of Taiwan's insurance industry, with 30 thousand employees, 8.02 million policy holders, and total assets of over NT\$9.08 trillion. Its investment portfolio primarily focuses on bonds and equities, with major investment regions including North America, the Asia-Pacific and Europe. "Lead the way in sustainable insurance and ensure the happiness of society" is Cathay Life's vision of sustainability, which consists of three strategic directions: Climate, Health, Empowerment.

■ Cathay Life Corporate Sustainability Team



■ Asset Allocation and Major Investment Regions



Note: Major assets refer to bonds and equities, excluding ETFs and investment funds.

STATEMENT

Since 2015, Cathay Life has been self-complied with the Principles for Responsible Investment (PRI) on its own initiative. On July 25, 2016, Cathay Life signed the Taiwan Stewardship Principles for Institutional Investors issued by TWSE Corporate Governance Center, becoming the first insurance company in Taiwan to become a signatory. In 2017, Cathay Life established our own Stewardship Principles.

When Cathay Life use the core investment capabilities to pursue growth, we will always commit to integrate environmental, social and governance (ESG) factors into investment decision-making and ownership practice through the system establishments and process adjustments. Furthermore, through stewardship activities, Cathay Life is committed to reducing ESG risks in investee companies' sustainable operations. It also aims to increase the long-term investment values of its customers and shareholders, thereby fulfilling the duties of an Asset Owner.

This report is not only we demonstrate our efforts in responsible investment and stewardship but also claim to abide by six principles of PRI and Taiwan Stewardship Principles for Institutional Investors. After being countersigned by the legal affairs office and corporate governance manager, it is submitted to the general manager for approval and then proactively disclosed.

As of December 31, 2025, Cathay Life has complied with the Principles for Responsible Investment (PRI) and the six principles of the (Taiwan) Stewardship Principles for Institutional Investors without fail.

ABOUT THIS REPORT

The contents in this report is released after reviewed by the legal affairs office, chief corporate governance officer, and approved by the general manager. The information disclosure period of this report is from January 1, 2025 to December 31, 2025. The report discloses information on Cathay Life Insurance, and the scope is limited to Taiwan.

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Taiwan Stewardship Principles
for Institutional Investors



Signatory

 Cathay Life Insurance
2016.07.25



[Visit Stewardship
Website for
Compliance
Statement](#)

CONTENTS

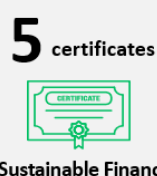
Responsible Investment Organization and Mechanism.....	5
(I) Working Group and Inputs	5
(II) Our Missions	6
(III) Responsible investment mechanism.....	8
Responsible Investment Measures	11
(I) Implementing integration of ESG factors	11
(II) Oversight of External Managers.....	22
1. Mandate institutions	22
2. ETF and Funds	25
3. Third-party service providers monitoring	25
(III) Interacting with investee companies	27
1. Dialogue.....	27
2. Engagement	28
3. Proxy Voting.....	70
(IV) Sustainable Investment	95
1. Theme Investing	95
2. Impact investing	99
3. Sustainability-Linked Bond (SLB).....	107
(V) TCFD.....	107
(VI) TNFD	124
1. Exposure to industries vulnerable to nature-related risks	124
2. Water resources.....	125
3. Biodiversity	128
4. Comparison Table of TNFD Indicators.....	133
Evaluation of the effectiveness of responsible investment	134
Communication channels of stakeholders and other information	139
Annexed Table : RI policy on different asset classes.....	141
Appendix I: Principles for Responsible Investment Content Index	143
Appendix II: Taiwan Stewardship Principles for Institutional Investors Content Index	145
Appendix III.....	147

Responsible Investment Organization and Mechanism

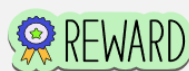
Cathay Life Insurance's total assets exceed NT\$9.08 trillion (NT\$8.08 trillion of which are investment assets), accounting for about 1/4 of Taiwan's overall life insurance industry. As one of the largest institutional investors in Taiwan, Cathay Life has long been focusing on appropriately using the funds of policy holders and shareholders to make its capital usage more meaningful. With the growing awareness worldwide on corporate sustainability and ESG issues, responsible investment has become a mainstream value. In response, Cathay Life also considers the integration ESG issues into our investment decision making process. We not only pay attention to the operational prospect of our investees, but also hope to set a model for our investees that focuses on sustainable development. From encouraging our investees' development towards becoming a good company and demonstrating good behavior to changing other companies, we can make our environment more sustainable, retain long-term viability of our operations, mitigate the impact of ESG risks, and generate positive economic benefits, all in order to establish a model for corporate accountability and create a sustainable future.

(I) Working Group and Inputs

Cathay Life Insurance established a Responsible Investment Working Group in 2016, headed by senior executives from the equity investment management departments. In January 2022, we established a dedicated unit to coordinate related matters. Through a robust management framework, ESG considerations and stewardship requirements are integrated into investment decision-making, with progress reported annually to the Board of Directors. Our team continues to expand research resources to strengthen the Company's responsible investment capacity and improve our sustainability performance, with the hope to become a leader in responsible investment in Taiwan.



- Establish a responsible investment working group in 2016.
 - Established a dedicated unit for RI matters in 2022.
 - Five dedicated professionals hold five sustainable finance.
- Including: CFA Certificate in ESG Investing \ CFA Climate Risk, Valuation, and Investing Certificate \ Certified Professional in Sustainable Finance \ Basic Test on Sustainable Development



TWSE Stewardship Disclosure:

- 2025 List of Institutions with Better Stewardship Disclosure (Top 10%)
- The only domestic institutional investor to be recognized for six consecutive years
- Achieved full scores in all 30 evaluation indicators for four consecutive years

Organize trainings periodically:

Investment manager (including junior and mid-to-senior level executives)

Periodically share the latest ESG trends and potential investment opportunities at the work meetings and the weekly investment meetings.



Responsible investment education and training

- ✓ Organize 2 physical responsible investment trainings and arrange practice workshops annually.
- ✓ Organize online ESG training for investment teams annually.
- ✓ Themes included: ESG trends, climate change, and nature and biodiversity.



Employee orientation

- ✓ Incorporate responsible investment contents into investment team employee orientation.
- ✓ Themes included: Introduction to basic ESG concepts and internal responsible investment mechanisms.



(II) Our Missions

1. Plan responsible investment and climate related implementation programmes and annual due diligence governance activities, such as investees engagements, proxy voting and shareholders' meeting voting analysis and related operations;
2. Research on international sustainability trends, responsible investment, climate change trends, and key international frameworks;
3. Analyse the policies and frameworks of responsible investment and climate change in the benchmark industry;
4. Organise regular training to enhance the investment team's understanding of sustainable investment;
5. Publish monthly newsletter 'CLIMATE PLUS' to share the latest domestic and international responsible investment initiatives and industrial carbon reduction trends.
6. Establish systematic ESG management tools:
 - (1) Integrate ESG and climate information into the internal investment management system, including corporate ESG ratings and climate information (e.g., corporate climate governance, net-zero commitments, historical carbon emissions data, and low-carbon transformation actions), to provide the investment front office with a grasp of the ESG performance of the investee company, its carbon emissions information, and climate preparedness.
 - (2) Preparation of Taiwan Carbon Fee Calculation Worksheet: To assist investment

teams in incorporating the carbon fee levied by companies, their voluntary reduction plans, and their applications for voluntary reduction and offset projects into their investment evaluation.

CLIMATE PLUS NEWSLETTER

- ✓ International climate initiatives
- ✓ ESG policies and regulations
- ✓ Industry carbon reduction trends
- ✓ the 12 Key Strategies
- ✓ Enabling Activities



269 Participants
senior executives and investment teams

180 mins
of training per employee in 2025

NT\$ 60 thousand+
Put in

ESG Analysis Tool

Investees' Carbon Emissions Overview
→ Historical data

Low-Carbon Transition Planning

Climate Governance & Commitments
(e.g., SBTi, Net Zero, RE100, Carbon Reduction Targets)



Regular Provision of ESG Tools
→ Taiwan Carbon Fee Worksheet

ESG Rating & CVaR Lookup

Upload ESG Assessment Reports

Investment amount : **NT\$ 100.7 million**

Subscriptions of Third-Party databases **MSCI** **ISS** **Bloomberg** BloombergNEF **CDP**

(III) Responsible investment mechanism

1. Establish responsible investment management measures

In order to make our responsible investment comprehensively cover various types of assets (e.g., equity, bonds, funds, and real estate), we not only comply with the Responsible Investment and Lending Policy established by Cathay FHC, but also establish relevant ESG guildances and internal management measures tailored to individual investments in assets of different natures (please see the figure below and details as P.141 [Annexed Table](#)).

2. Fully implementing responsible investment

We exclude assets that fall outside the scope of responsible investment operations (e.g., cash equivalents, foreign exchange hedging, and separate account).

The total responsible investment assets amount to NT\$7.26 trillion.

Securities Investment

- The “Investment Management Procedures”^P and “Investment Policy”^P stipulate that the PRI must be considered when using funds, and that ESG factors must be incorporated into the decision-making process by adjusting investment procedures and using the internal investment information system and external research resources.
- Established the “Stewardship Principles”^P to increase investment value through stewardship actions with the goal of increasing long-term benefits to the Company, policyholders, and shareholders. The Responsible Investment Working Group regularly reviews relevant trends and requirements, proposing revisions for approval by the President prior to implementation.

Equity and Fixed Income

- ESG Risk Review Procedure^M ([P.11](#))
- Interacting with investee companies ([P.27](#))

Fund and Mandate

- Asset Manager Mandating and Monitoring ([P.21](#))

^P Refers to rules and regulations

^M Refers to internal management measures or operating manual

Corporate Lending

We stipulate “Responsible Lending Policy”^P and “Guidelines for Corporate Credit Granting”^M and design an ESG checklist to verify lending customers’ achievements of ESG matters. ([P.21](#))

Real Estate Investment

We establish “Real Estate Responsible Investment and Management Policy”^P, which states that real estate investments must improve the performance of its real estate holdings so as to engage in the proper utilization of Earth’s resources and the proper management of investment and operating risks. ([P.21](#))

3. Managing conflicts of interest

Cathay Life is consistently committed to steady, pragmatic operations based on the principle of business integrity. In order to ensure that our use of funds is in line with the policyholders' expectations and shareholders' rights and interests, we established a management system for specific conflicts of interest by formulating internal policies with reference to external regulations, including the Securities and Exchange Act, Company Act, Financial Holding Company Act, self-regulatory asset management guidelines for the insurance industry, the Fair Customer Treatment Principles for the financial services industry, and the Financial Consumer Protection Act. The system properly manages and implements internal control of conflicts of interest that may occur, to prevent conflict of interest causing "between the Company and its clients, between the Company and its employees, between its employees and its clients, between the Company and its other investees, and between the Company and its affiliates."

(1) Implementing conflict of interest education

In order to enable employees in our investment teams to better understand the spirit of avoiding conflicts of interests, and adhere to high ethical standards and comply with relevant internal and external laws and regulations when implementing investment businesses, Cathay Life has prepared documents for communication on conflicts of interest for employees to refer to at any time, convened meetings among relevant departments from time to time to discuss relevant matters, and included courses on conflicts of interest as compulsory courses for new investment-related employees.

We regularly provides employees with educational training related to the "Financial Consumer Protection Act and Principles of Fair Customer Service." The training introduces financial consumer disputes and various principles of fair customer service to enhance employees' knowledge and awareness of fair treatment, thereby implementing the Company's customer-centric service philosophy.

(2) Stipulating directions and regulations

The Company has established relevant rules and regulations, such as the “Code of Conduct for Employees”, “Guidelines for the Prevention and Management of Conflicts of Interest in Investment”, “Policy on the Principle of Fairness to Customers”, “Procedures for Handling Consumer Disputes”, “Regulations Governing the Assumption of Duties by Managers in Affiliated Enterprises”, “Rules Governing Internal Operations and Conduct in Transactions Other Than Disbursement of Funds to Interested Persons”, “Regulations Governing Disbursement of Funds to Interested Persons and Persons under Observation of Transactions”, and other related internal control procedures. In addition, the Company also implements education, division of authority and responsibility, information control, firewall design, monitoring and control mechanism, reasonable remuneration system, compliance with engagement and voting standards, and remedial measures to avoid conflicts of interests.

In 2025, no incidents involving conflicts of interest occurred in Cathay Life Insurance, which demonstrated the effectiveness of our preventive mechanism for conflicts of interest.

Responsible Investment Measures

(I) Implementing integration of ESG factors

1. Incorporating ESG issues into the investment decision-making process

Cathay Life Insurance has established an ESG Risk Review Procedure. When investing in stocks and bonds, it must consider the ESG performance of the investee company, and adopt the ESG integrated management mechanism of comply-or-explain and escalation process.



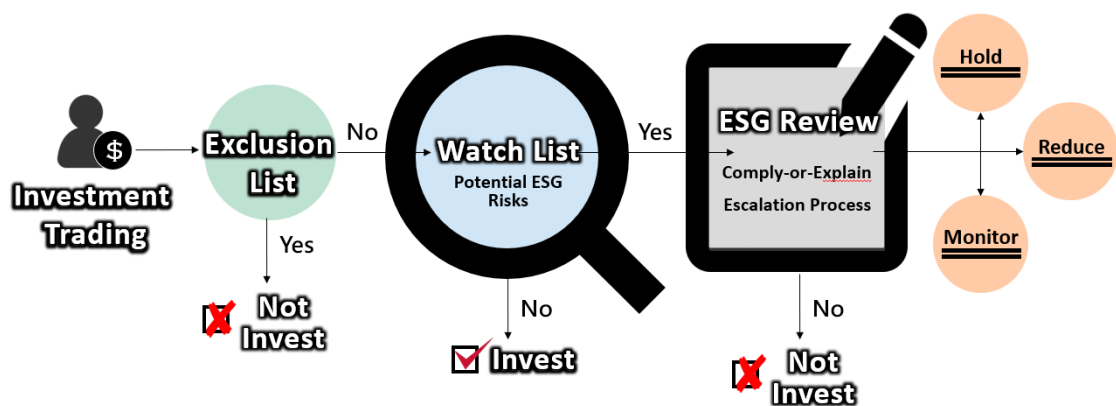
(1) Carefully considering the ESG performance of investment buylist

When adding a new investment target in our buylist, investment teams must check if the target is included in the exclusion list or watchlist. Targets on the exclusion list shall not be accepted in our investment buylist (which means no new investments shall be made). If a target belongs to the watchlist, the investment team must further understand the status of the investee company and conduct due diligence; further reports that evaluate its capabilities of ESG risk management shall be provided and the internal escalation process shall be conducted before adding the target as a new investee. Furthermore, the new investee company shall be continuously observed and followed up on its ESG performance in order to avoid ESG risks.

- (2) Reviewing the ESG performances of investment positions on a periodic or an ad hoc basis

Our investment team mainly utilizes MSCI ESG research data to monitor changes in the ESG performance of existing investment targets (including listed equities, corporate bonds, financial bonds and government bonds), with supplemental data from National Taipei University's Taiwan Sustainability Value Index and TWSE's Corporate Governance Evaluation System. When an investment target declines in ESG performance and is placed on the watchlist, our investment teams must immediately provide an evaluation report to understand the target's decline in ESG ratings, reasons for its negative incidents, and the response measures it has taken, and then take appropriate risk management measures (e.g., continuing to observe and follow up on developments, reducing position size, or holding current position). Furthermore, we conduct a comprehensive ESG review of existing investment targets every September.

In 2025, all listed equities, corporate bonds, financial bonds and government bonds investment targets with potential ESG risks have been reviewed, and a total of 336 cases have been reviewed through the ESG review procedure. Besides, investment team removed 1 investment targets from the buylist after considering basic aspects and ESG performance.



● Exclusion list

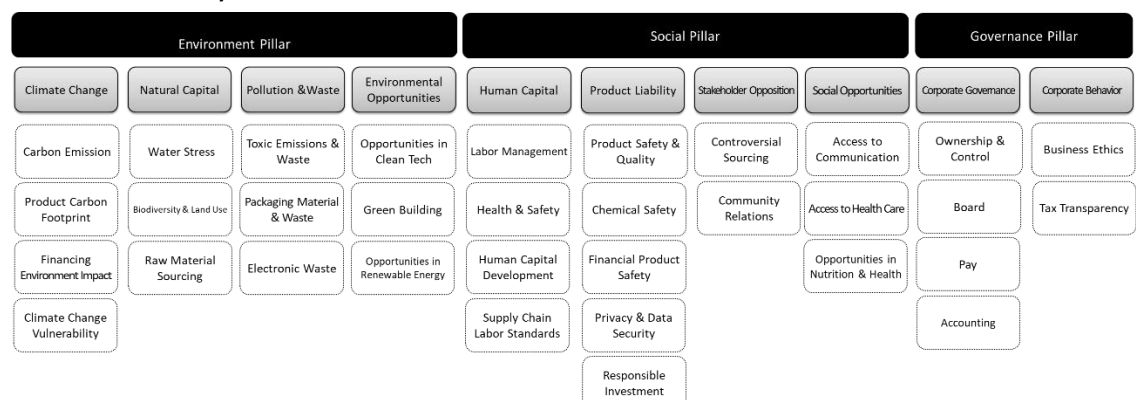
We comply with Cathay FHC and Subsidiaries Investment and Lending Exclusion Policy and our own Investment Management Principles for Sensitive Industries and place government bonds issued by countries that systematically violate human rights or exhibit major disputes over human rights and controversial industries that involve high environmental, social and moral risks that lead to negative social impacts, on the “exclusion list.” (e.g., companies in high climate risk industries with an MSCI Climate Value at Risk (CVaR) of -100% and no active transition measures in place)

● Watchlist

(1) Considering ESG-related risks and opportunities with financial materiality

The Governance pillar is the core of ESG and the foundation for evaluating the ESG performance of each company. The environmental and social pillars, on the other hand, are associated with the core competencies of operation and emphasize material issues of risks and opportunities related to corporate operation or finance performance (e.g., for the semiconductor manufacturing industry, water resource management is a financially material ESG risk, while clean technology represents a financially material ESG opportunity. We evaluate companies according to their exposure to ESG risks and how they manage those risks compare to peers. The MSCI ESG ratings range from the leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC). Company rated on the “B, CCC” scale will be put on the watchlist and must undergo “ESG risk review procedures” before investing.

【 MSCI ESG Key Issues 】



【Application of ESG Metrics】

Cathay life adopts ESG indicators from the MSCI ESG database. Take one of the indicators, “carbon emission”, as an example. It will be considered in the investment decision-making process, be used as a reference basis while negotiating with the investee companies, and be used when calculating the investment portfolio’s carbon footprint.

Focus of Assessment	The assessment is based on each company’s quality of carbon management and its efforts to manage climate-related risks and opportunities.
Risks and Opportunities	• Costs associated with carbon pricing or carbon taxes increase. • Regulatory caps lead to facility refurbishment or operational disruption.
Evaluation Index	Direct GHG emissions (Scope1), indirect GHG emissions (Scope2), carbon intensity (tons CO ₂ e/USD million sales), emission reduction target setting and achievement status, use of renewable energy, efforts to reduce carbon emissions.

(2) Evaluating controversies

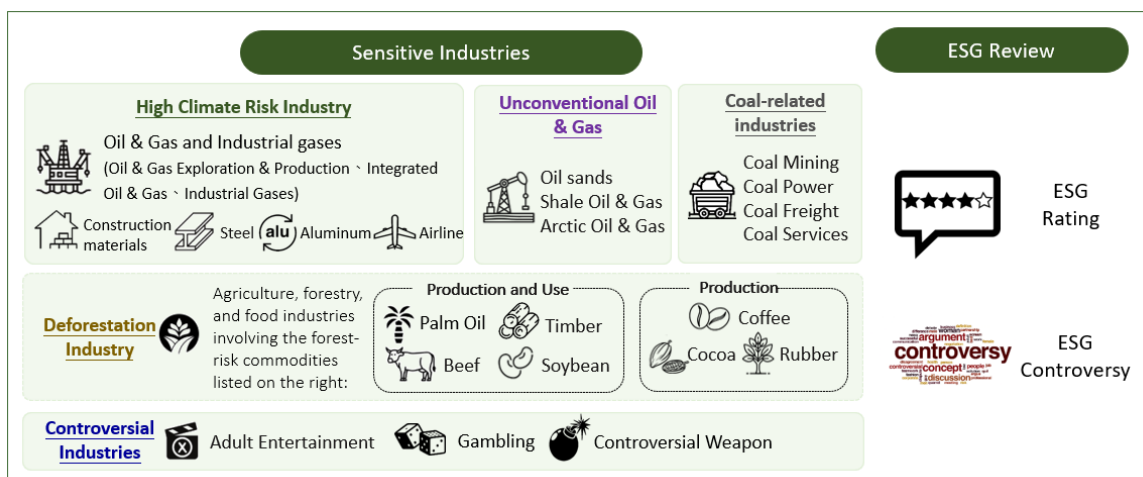
We evaluate investee companies’ compliance with the UN Global Compact and monitors their ESG incidents in real-time. If an investee company is involved in a severe ESG controversy of a significant impact scale and receives an Orange or Red flag under the MSCI ESG controversies scoring, it will be placed on the watchlist and must undergo “ESG risk review procedures” before investing.

Starting in 2025, in addition to the existing assessment of ESG controversies, human rights controversy assessment criteria will also be incorporated. If a company is involved in an ongoing and highly severe human rights controversy, or is found to be in violation of the principles of the United Nations Global Compact, it will be deemed to present high human rights risk. Such companies will also be placed on the watchlist and subject to the ESG Risk Review Procedures, under which an ESG assessment report must be prepared to evaluate the effectiveness of the investee company’s human rights policies, human rights due diligence and governance, and remediation measures.

Environment	Social			Government
	Customers	Labor Rights & Supply Chain	Human Rights & Community	
• Biodiversity & Land Use • Toxic Emission & Waste • Energy & Climate Change • Water Stress • Operational Waste (<u>Non-Hazardous</u>) • Supply Chain Management • Other	• Anticompetitive Practices • Customer Relations • Privacy & Data Security • Marketing & Advertising • Product Safety & Quality • Other	• Labor Management Relations • Health & Safety • Collective Bargaining & Unions • Discrimination & Workforce Diversity • Child Labor • Supply Chain Labor Standards • Other	• Impact on Local Communities • Human Rights Concerns • Civil Liberties • Other	• Bribery & Fraud • Governance Structures • Controversial Investments • Other

(3) Classifying targets from sensitive industries

According to Cathay Life's Investment Management Principles for Sensitive Industries, if a company belongs to a sensitive industry and has a medium-high level of impact on the environment and society, it shall be placed on the watchlist (e.g., companies in high climate risk industries "with an MSCI Climate Value at Risk (CVaR) of -100% but with active transition measures in place" or "CVaR less than -70%"), and must undergo "ESG risk review procedures" before investing.



Cathay Life Insurance evaluates industry-specific ESG risks every year and adjusts sensitive industries in a timely manner. Companies are assessed for the degree of their operational involvement in sensitive industries, the percentage of revenue earned from businesses in sensitive industries, Climate Value-at-risk(CVaR), etc. so as to determine the investment and lending exclusion list, and the

watchlist of investment targets. The industry watchlist is described as follows:

i. High climate risk industries

According to MSCI methodology, due to the nature of business activities in the “oil & gas and industrial gas, construction materials, aluminum, steel, and airlines,” companies in these industries face high levels of direct exposure to climate risks and are therefore classified as sensitive industries.

ii. Unconventional oil and gas industries

The scope of unconventional oil and gas includes oil sands, shale oil and gas, and Arctic oil and gas. Considering that unconventional oil and gas extraction generates significantly higher pollution than conventional oil and gas extraction, consumes substantial energy and water resources, and exacerbates climate change issues, the “unconventional oil and gas industry” is therefore included in the list of sensitive industries.

iii. Coal-related Industries

In 2021, the UN COP26 reached the “Glasgow Climate Pact”, the first climate agreement that specifies a plan to reduce the use of coal. We realized that phasing out coal has become a consensus for the global combat with climate change. Coal-related industries (e.g., Coal power, coal mining, coal freight and coal services) will face considerably increased risks of asset impairment in the future. Therefore, we include the coal-related industry in the list of sensitive industries.

iv. Deforestation-related Industries

Cathay Life included logging and palm oil in the list of sensitive industries in 2020, so as to mitigate the risk of land degradation by reducing deforestation. Since then, Cathay Life has continued to explore issues regarding nature and comprehend the impact of biodiversity changes and biodiversity loss, which may result in a potential crisis on the economy and sustainable life cycle. In view of this, the management scope expanded into the agriculture, forestry and food industries in 2023, while management actions shall comprise land-use change, supervising companies that produce

and use commodities causing deforestation, including beef, soybean, palm oil, and timber products, in order to prevent and reverse land degradation and prevent biodiversity loss.

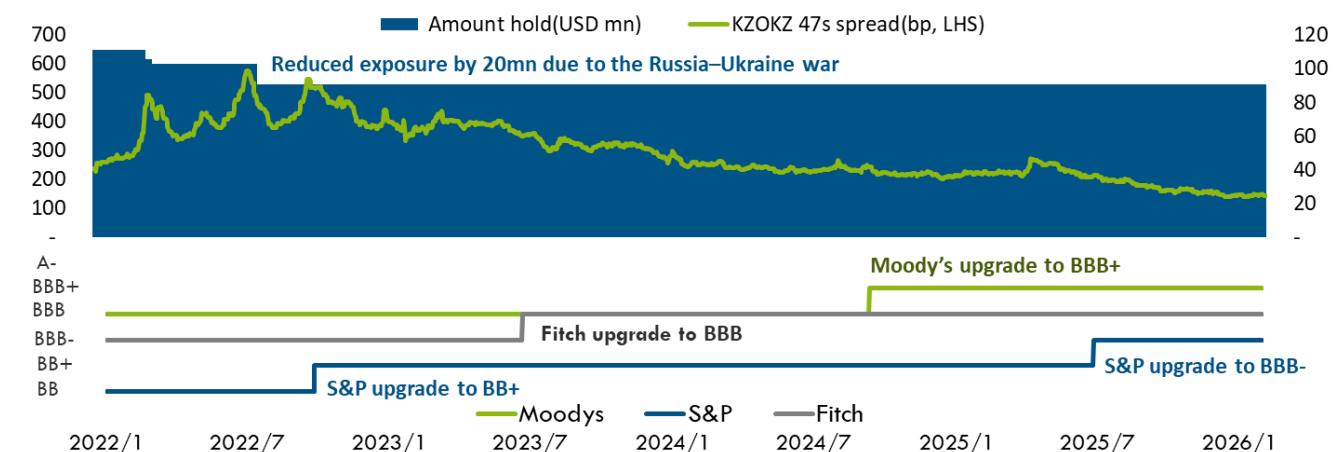
Starting in 2025, Cathay Life further expanded the scope of management for the agriculture, forestry, and food industry. In addition to companies originally engaged in the production and use of beef, soybean, palm oil, and timber, companies involved in the production of major deforestation-risk commodities, including rubber, cocoa, and coffee, were newly included in the scope of management.

v. Controversial weapon industries

Since biological weapons (Biological and Toxic Weapons Convention, 1972), chemical weapons (Chemical Weapons Convention, 1993), anti-personnel landmines (Ottawa Treaty, 1997), cluster bombs (Convention on Cluster Munitions, 2008), depleted uranium ammunition, and nuclear weapons (Treaty on the Non-Proliferation of Nuclear Weapons, 1968) cause indiscriminate attacks and mass destructions, with serious violation of humanitarianism, with the support of corresponding international conventions, the above-mentioned controversial weapons industry is incorporated in the list of sensitive industries.

Case study: Integrating ESG factors into investment decisions—Company K

- Company K is a state-owned oil company in Kazakhstan, with a credit rating in line with the sovereign rating and a strong credit profile. The company has maintained positive free cash flow over the past five years, with net leverage at only 0.5x.
- Geopolitical and ESG-related investment risks: Approximately 90% of exports are transported to Europe via Russian pipelines. In terms of ESG risks, model¹ estimates indicate that if governments worldwide successfully limit global warming to 1.5°C, Company K's value could be fully eroded by carbon taxes and policy-related costs.
- Response to ESG risks: Oil fields in Kazakhstan require energy-intensive operations and water injection technologies to enhance production. Fossil fuels account for 85%² of the country's energy mix, of which approximately 55% is coal, resulting in high carbon emissions. Currently, the Kazakh government has committed to achieving carbon neutrality by 2060. Through internal carbon pricing mechanisms, enhanced methane leakage control systems, and CCUS³ technologies, as well as the substitution of coal with renewable energy and natural gas⁴, ESG risks are expected to improve over the long term.
- In view of the Company's stable operations and the expectation that ESG risks will improve in line with Kazakhstan's policies, we will continue to observe and track the risks.



Note:1.The MSCI CVaR model is used to estimate a company's potential valuation loss under climate change scenarios

2.2024 proportion

3.CCUS stands for Carbon Capture, Utilization, and Storage

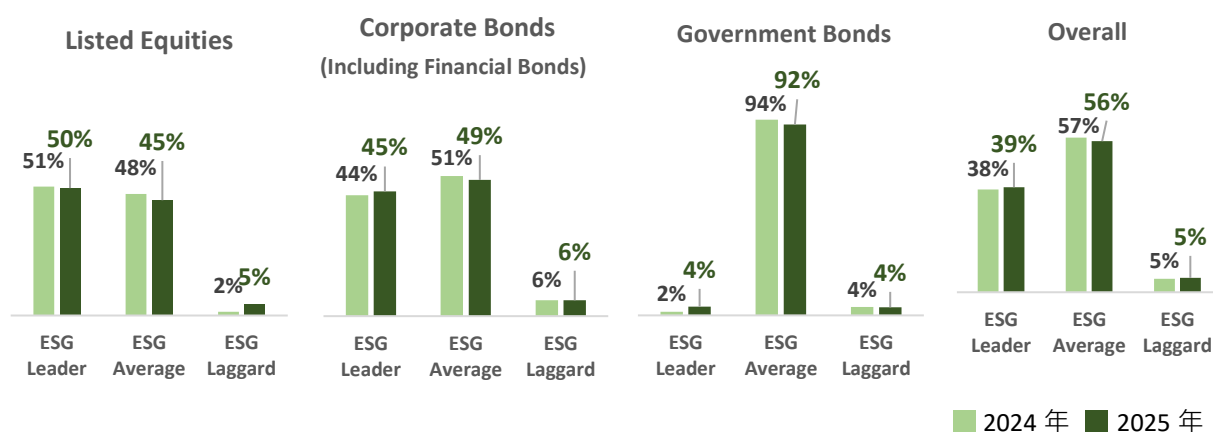
4.Changes in power generation mix over the past 10 years: Natural gas:19%>28%; low-carbon energy: 9% > 15%

Case study: Integrating ESG factors into investment decisions—Company C

- Company C is in the steel industry, which is a high-carbon emission industry, and its MSCI climate value at risk (CVaR) was rated lower than -70%. The main risk comes from direct carbon emissions under policy risk, so the company was included in our watchlist.
- In recent years, the steel market has remained sluggish, and declining production volumes have led to higher unit energy consumption. However, Company C still achieved approximately 101,600 tons of CO₂e carbon reduction in 2024, representing a 0.46% reduction compared with the 2018 base year, and invested approximately NT\$8.56 billion in energy and environmental initiatives, demonstrating its continued efforts in response to climate change.
- In terms of sustainability governance, Company C has established the “Sustainable Environment Development Task Force” and “Energy Conservation, Carbon Reduction, and Carbon Neutrality Implementation Task Force” under its Corporate Governance and Sustainability Committee, and regularly reports the progress to its board of directors. In practice, the company adopts regional energy integration and engages in energy cooperation with nearby petrochemical companies, establishing a steel co-production model and showing the spirit of cross-industry cooperation for sustainability. Company C also propose short-, medium-, and long-term carbon reduction goals to move towards carbon neutrality by 2050.
- Based on the investment team’s assessment, Company C has established specific carbon reduction goals and clear strategies, and will therefore remain under ongoing monitoring.

Changes in investment decisions

- Through ESG risk review procedures, biannual regular training, and onboarding training for new employees, we gradually guide the investment team to attach importance to responsible investment and ESG issues.
- After reviewing the ESG distribution status of self-owned positions including listed equities, corporate bonds (including financial bonds) and government bonds in 2025, the overall proportion of the Company's investments in ESG-rated positions classified as Leaders increased, the proportion classified as Average decreased, while the proportion classified as Laggards remained flat. Among them, the proportion of listed equities with ESG ratings classified as Leaders decreased slightly compared with the previous year, while the proportion classified as Laggards increased. However, the overall risk level remained at only approximately 5%, which was still within a controllable range. In comparison, investment positions in corporate bonds (including financial bonds) and government bonds with ESG ratings classified as Leaders showed an upward trend, while the proportions of positions classified as Average and Laggard decreased or remained flat. Going forward, the Company will continue to engage with companies rated as Laggards to help improve their ESG ratings.



Note:

1. MSCI ESG Ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC).



2. Since the ESG risk review is only applicable to the Company's own investment positions, the above statistics only cover the Company's own investments with MSCI ESG ratings.
3. The figures in the table above may not sum to exactly 100% as a result of rounding adjustments.

■ Incorporating ESG factors into corporate lending decision-making process

When implementing know your customer (KYC) guidelines, Cathay Life designs an ESG checklist, which assesses corporate lending customers' environmental, social and corporate governance performance in order to ensure their ESG implementation. These customers are further divided into those "Excluded loan customer," those "Requiring closer watch loan Customer," and those "General loan Customer." There were a total of 6 new loan cases were accepted and completed in 2025, and 2 cases required additional attention to the customer. As of the end of 2025, there were a total of 24 valid corporate cases, with only 7 cases requiring additional attention to the customer. (Environmental issue: 4 cases; Social issue: 2 cases; Environmental and Government issue: 1 case)

■ Real estate investment

To demonstrate its commitment to ecological sustainability and environmental protection, since 2016, Cathay Life Insurance has required all architects commissioned for self-developed building projects to adopt green building designs. Since 2023, all newly constructed buildings obtaining construction permits have been required to obtain either U.S. LEED certification or Taiwan Green Building Label(EEWH). In addition, beginning in 2025, building energy efficiency labeling has been incorporated into the design guidelines for newly constructed commercial office buildings, with Intelligent Building Lable expected to be further incorporated starting in 2026.

(II) Oversight of External Managers

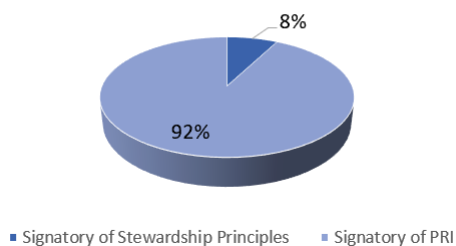
To ensure our mandated asset managers are subject to responsible investment requirement, Cathay Life Insurance takes various measures on assets under management by mandataries to ensure that its mandate institutions or the ETFs and Fund it invests in are in line with the company's principles:

1. Mandate institutions

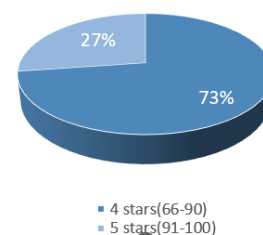
We take signing the Principles for Responsible Investment (PRI) into consideration for mandate partner evaluation to ensure that Cathay Life Insurance's mandate partners fulfill their duties as asset managers. We also stipulate when signing contracts, that responsible investment must be included into decision-making, and that the investment targets' fulfillment of obligations in accordance with relevant ESG regulations be assessed. We will also ask our mandate partners to comply with Cathay FHC and Subsidiaries Investment and Lending Exclusion Policy, our own Investment Management Principles for Sensitive Industries, and present reports detailing their ESG measures on an annual basis.

Of the mandated assets¹ entrusted by Cathay Life Insurance for discretionary investment in 2025, 100% of assets were entrusted to asset managers that are signatories to the PRI or local stewardship principles. Among the mandated institutions subject to the annual PRI assessment, 73% received four stars (65-90 points) for Policy Governance and Strategy (PG&S)², and 27% received five stars (91-100 points), as opposed to the median score of all signatories to the PRI of only 66 points, showing the excellent performance of mandated institutions selected³.

Mandate institutions signing PRI or local Stewardship Principles



Mandate Institutions accepting PRI PG&S assessment



Note:

1. Mandated institutions refer to the discretionary investment institutions that actually made transactions of positions entrusted by Cathay Life Insurance in 2025.
2. The Policy Governance and Strategy item mainly assesses the overall results of signatories in terms of responsible investment (including responsible investment policy, reporting and disclosure, voting & engagement, and climate change and sustainability actions), ratings are classified into 1 star (0–25 points), 2 stars (26–40 points), 3 stars (41–65 points), 4 stars (66–90 points), and 5 stars (91–100 points).
3. The statistics on the right are applicable to mandated institutions that accepted the PRI annual assessment (accounting for approximately 92% of mandated assets). Institutions that did not sign the stewardship principles of their country are not included.

Furthermore, our the Company's annual review results indicate that external asset managers have also demonstrated a certain level of maturity in the implementation of Responsible Investment and human rights governance practices:

- 100% of Mandated institutions have incorporated ESG factors into investment decision-making or established dedicated Responsible Investment teams, indicating that Responsible Investment has become a core function within the investment management frameworks of most external asset managers. In addition to complying with the Group's Negative Investment and Lending Policy and the Company's Investment Management Principles for Sensitive Industries, all external asset managers also utilize international ESG rating agencies or internal databases to assess the ESG performance of investment positions, demonstrating that all discretionary investment assets of Cathay Life Insurance are managed by institutions that place importance on ESG-related risks and opportunities.
- In terms of human rights risk identification and assessment methodologies, discretionary asset management companies with human rights management measures generally adopt international standards or frameworks such as the UNGPs, OECD Guidelines, UN Global Compact (UNGC), and ILO standards as important reference frameworks for evaluating the human rights performance of investee companies.

- To ensure that discretionary asset management companies fulfill their role as active investors, Cathay Life Insurance also regularly reviews ESG engagement progress of our Mandated institutions:

External discretionary asset manager F has continued to engage with Company S on grievance mechanisms and risk management issues, prompting Company S to publish its Global Grievance Resolution Policy in 2024 in accordance with the United Nations Guiding Principles on Business and Human Rights, and to expand its scope of application to its semiconductor business in 2025. Company S also disclosed grievances involving tier-2 suppliers, demonstrating that the grievance mechanism has been effectively implemented and has promoted best practices across the supply chain.

2. ETF and Funds

The following methods are adopted to understand the ESG policies and measures of counterparties or funds that are selected by Cathay Life-invested ETFs or funds and that are in line with Cathay Life's investment philosophy:

- (1) Whether counterparties have signed the PRI or governmental stewardship principles;
- (2) Review ESG performance of ETFs, funds as well as ETF and fund managers or issuers from external professional ESG assessment database.

【 Summary of Cathay's active management on Mandate, ETFs and Fund 】

	Mandate institutions	ETFs and funds
Checks whether they have signed the PRI or governmental Stewardship Principles	★	★ ¹
Stipulates in mandate agreements that any investment must consider ESG and climate factors	★	
Requires them to observe investment exclusion lists and regulations on sensitive industries	★	
Utilizes data from international ESG rating institutions to review ESG performance	★	
Review ESG implementation results annually	★	★ ¹

Note: 1. the review is conduct on an annual basis by responsible investment team.

3. Third-party service providers monitoring

To ensure the quality of data and the independence of service providers, in addition to reviewing data methodologies and assessing their limitations, we also hold meetings with providers when we have concerns regarding the data or think there is a potential conflict of interest.

- (1) Meeting with MSCI when concerns arise:

We will regularly review the MSCI rating methodology, such as ESG rating, ESG controversies and Climate VaR, and ensure the data quality and accuracy of data coverage continue to meet the needs of the business. We hold meetings with MSCI to discuss the ESG materiality we care about and any shortcomings

around data or research output when concerns arise to solve problems from our investment team and drive continuous quality improvements.

- (2) Engage service provider ISS for issuer companies' AGM/EGM voting proposals discussions:

Whenever questions arise with regard to specific voting research or application of our voting policy we contact ISS for further elaborations. Additionally, to broaden our internal research scope, we analyse ESG global trends with ISS and review their proxy voting guidelines for each market annually.

(III) Interacting with investee companies

Owing to the tremendous impact of corporate sustainability development on business operations, which in turn affects the rights of institutional investors, Cathay Life believes that continual communication with investee enterprises to attach importance to ESG risks and opportunities together is the best way to add value to all parties involved. Therefore, we interact with investee companies through dialogue, engagement and proxy voting, thus demonstrating the stewardship measurement of active ownership.

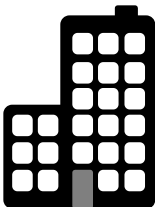


1. Dialogue

Cathay Life communicates with the top management, investor relations (IR) departments, or CSR team of investee companies in the forms of telephone conferences, forums, investor seminars, or attending shareholders’ meetings. Among the dialogue methods with investee company we adopt, we deem company visits the most straightforward and efficient. Through face-to-face dialogue, we are able to improve our understanding of information on investee companies, discern the gap between disclosed information and actualities, keep track of key risks and opportunities, and perfect the soundness of our investment analysis. The outcome of 2025 company visits is as follows:



A total of **2,337**
employees participated



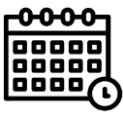
Visited a total of **676** companies;
Total number of visits reached **2,048**
An average of **3** visits per company

2. Engagement

The Engagement Policy, jointly established by Cathay Life, Cathay FHC, and various Cathay subsidiaries, publicizes Cathay's sustainable spirit and corporate governance values to exert our influence as a sustainable investor. We uphold the importance of engagement and adopt a progressive approach to communicating ESG-related concepts with companies, so that they become aware of the impact of ESG on themselves and recognize the importance of ESG issues, and then take a further step to participate in and implement ESG. In addition, we also participate in various relevant activities to share our responsible investment measures with other insurance companies to urge the investment business industry to realize responsible investment, so that a genuine positive cycle of the industry can be created.

1. Setting up engagement process

i. Make sure the engagement complies with our stewardship policy through five - stage engagement process :

 Main engagement themes	 Engagement targets selection	 Engagement period	 Engagement results evaluation	 Post-engagement investment actions
- Climate change - ESG rating - ESG information disclosure	- Climate change - ESG ratings and specific ESG material issues - Corporate ESG disclosure	5 years - Adjust according to situation	- Case closed successfully - Positive progress - No clear progress - Negative progress - Case closed Unsuccessfully	- Continuous observation and tracking - Reduce investment position - Stop investing temporarily - Adjust investment limit

■ STEP 1: Main Engagement Themes

Recognizing the impact of extreme weather and climates brought by climate change on companies, as well as the importance of ESG issues, we choose ESG rating and specific ESG material issues, ESG—information disclosure and climate change to be our main engagement themes.

■ STEP 2: Engagement Targets Selection

To objectively estimate the investee companies' ESG performance of and verify the key ESG issues of engagement, after deciding on engagement themes, the following methods are used to select the subjects of engagement and related issues that require engagement:

Main engagement themes	Description
ESG Rating and specific ESG material issues	■ Cathay Life Insurance believes that if companies place emphasis on major ESG issues related to their business operations or finances when implementing ESG management, they will not only maximize the effectiveness and efficiency of social resources, but also promote a virtuous cycle of social “sustainability” and “win-win situation.” ■ To ensure neutrality of corporate ESG assessments, we select companies whose ESG ratings are B and CCC as subjects of engagement based on MSCI ESG research data. ■ Directly engage in in-depth discussions on ESG risks and opportunities that are financially material to the company. The themes discussed include but are not limited to the following topics: 1.Environment: Water Stress, Biodiversity, Land Use...; 2.Social: Human Capital, Labor Management, Chemical Safety...; 3.Governance: Board Structure, Remuneration Policies, Business Ethics...;
ESG Information Disclosure	■ Encouraging companies to disclose “Power Up TW Program” reports and participate in international initiatives that promote corporate ESG disclosure in response to international trends. ■ Case-by-case assessment: Immediately engage and communicate with companies when insufficient information disclosure is found during internal assessments (such as ESG assessment or voting assessment).

Climate Change

- Engaged with investee companies based on relevant domestic and international net-zero transition frameworks or guidelines, encouraging them to establish decarbonization plans, low-carbon transition response plans, or climate change adaptation actions. Provided suggestions after understanding the limitations and difficulties the companies have adapting to climate change or reducing carbon emissions.
 1. SBTi's Corporate Net-Zero Standard:
 - (1) **Screening Criteria:** Based on the absolute carbon emissions or Cathay Life Insurance's financed emissions exposure.
 - (2) **Engagement Contents:** Cathay Life follows the temperature rating methodology under SBTi Financial Institutions' Near-Term Criteria to set its investment portfolio decarbonization pathway. If investee companies set targets approved by SBTi, or adopt ambitious mid-term decarbonization targets aligned with other international net-zero frameworks (e.g., ISO Net Zero Guidelines), their implied temperature rise would be lowered, contributing to the achievement of Cathay Life's SBTi-aligned climate goals.
 2. Taiwan Sustainable Taxonomy:
 - (1) **Screening Criteria:** Our investee companies.
 - (2) **Engagement Contents:** We would encourage companies to review and disclose the degree of sustainability of their main economic activities by referencing the "Taiwan Sustainable Taxonomy", and also engage companies with general economic activities that have not yet met the degree of sustainability specified in the "Taiwan Sustainable Taxonomy", in order to understand whether they have formulated a transition or improvement plan, in hopes that the companies can gradually meet the sustainability criteria specified in the guidelines. For

Climate Change

companies that are not applicable, we would encourage the development of climate change-related action plans.

3. Carbon fees in Taiwan:

- (1) **Screening Criteria:** We use the Ministry of Environment's "Mandatory Greenhouse Gas Reporting System" to screen investee companies that need to pay carbon fees and have poor capability to absorb carbon fees.
- (2) **Engagement Contents:** Understand the financial impact of carbon fees on the company and submit Self-determined Reduction Plans. If companies can propose an effective carbon reduction strategy, they can effectively reduce the burden of carbon fees.

■ Climate Scenario Analysis:

- (1) Screening Criteria: Companies operating in high climate-risk sectors and with an MSCI Climate Value-at-Risk (Climate VaR) score lower than -70%.
- (2) Engagement Contents: Focused on understanding companies' climate-related strategies and actions.

■ Engaged with companies selected based on the criteria set by international climate initiatives in which Cathay Life participates:

- (1) Climate action 100+: [Net Zero Company Benchmark](#)
- (2) Asia Utilities Engagement Program: [Investor Expectations of Asian Electric Utilities Companies](#)

■ STEP 3: Engagement Period

When engaging with an investee company, an enterprise must first recognize the importance of the ESG theme or climate change issue in terms of its impact on the enterprise's operations, and then adjust procedures or even restructure its organization in response to the issues it confronts. This process is very demanding for an enterprise and requires time to make adjustments. Therefore, an engagement with enterprises rarely achieves significant effects in its first year; a successful engagement takes three to five years at least. For this reason, we refer to international standard and

set our engagement period is five years.

■ **STEP 4: Engagement Results Evaluation**

We engage with investee companies based on their key ESG issues. We record the results of our communications from time to time, and evaluate the effect of engagement on various ESG issues every year. Also, we categorize them into five types of progress: Case closed successfully, Positive progress, No clear progress, Negative progress, Case closed Unsuccessfully.

■ **STEP 5: Post-engagement Investment Actions**

Discuss based on the investee company's response and improvement status as a basis for subsequent investment adjustments, such as continuous observation and tracking, reducing investment position, stopping investing temporarily, or adjusting investment limit.

ii. Engagement Methods

① Direct Engagement:

Engage in direct communication channels (such as telephone calls, letters, emails, or face-to-face meetings) to conduct ESG discussions and interactions with the selected engagement targets.

② Collaborative Engagement:

In addition to directly engaging with the investee companies, we believe that collaborating with other organizations is also beneficial for gaining a deeper understanding of the investee companies' responses and progress on ESG material issues.

■ Collaborative Engagement Partners

- ❑ Based on the assessment by Cathay Financial Holdings Corporate Sustainability Committee's Responsible Investment Working Group, collaborate with Cathay Financial Holdings Co., Ltd. or other subsidiaries.
- ❑ Collaborate with other financial institutions or international organizations through the signing or adherence to international ESG-related initiatives.
- ❑ Collaborate with other financial institutions based on the Cathay Life's management needs.

■ Primary Management Policies

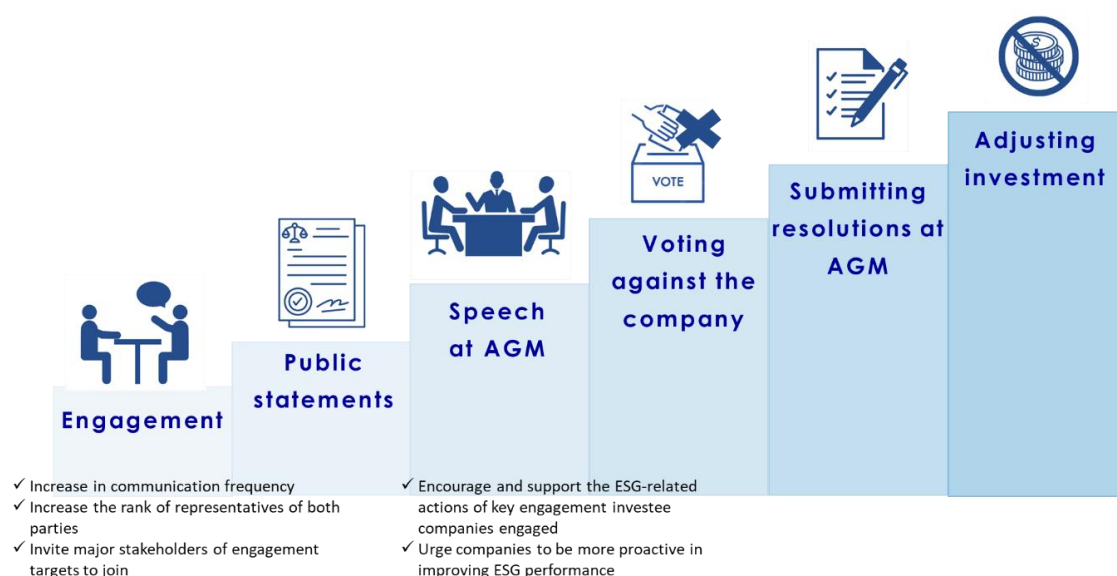
- ❑ Manage in accordance with the "Cathay Financial Holdings Engagement Policy" and the "Cathay Financial Holdings Engagement Regulations";
- ❑ During the collaborative engagement, avoid sharing or exchanging competitive and sensitive information related to investment decisions with engagement partners;
- ❑ Possible actions taken after collaborative engagement will be based on the our own strategy and Independently conduct investment judgments

and exercise voting decisions, without making collective decisions with engagement partners;

- ❑ We will not represent or make statements on behalf of other engagement partners or mention them without their consent.

iii. Adoption of Engagement Escalation Strategy

Given accelerated integration of ESG and the capital market, customers hope to jointly implement sustainability in the supply chain. Meanwhile, the competent authority has become more clear about ESG disclosure requirements. In addition to evaluating corporate ESG performance during investments, Cathay Life also actively encourages shareholders to take actions, and has set up a dedicated team for one-to-one communication with investees. As an active and responsible professional institutional investor, we also timely evaluate and adopt engagement upgrade strategies to encourage investee companies implementing ESG practices, and more actively improve their ESG performance. We believe these upgrade strategies can effectively achieve our final engagement targets, and create long-term value for both parties.



2. Implementing Engagement Measures



- i. Participating in international organizations that promote social initiatives to keep track of international trends ahead of time:

① Asia Investor Group on Climate Change (AIGCC)

Cathay FHC is a founding member of AIGCC and the earliest member from Taiwan. Cathay Life Insurance and Cathay FHC also joined six working groups under AIGCC, including Paris-aligned Investment, Engagement and Policy, Physical Risks and Resilience, Energy Transition, Forest and Land Use, and Asset Owner, where they work with international investors to study risks and opportunities related to climate and nature, and construct Asian investment frameworks based on climate change.

❑ Paris-aligned Investment Working Group

Cathay Life participated in the AIGCC Paris-aligned Investment Working Group, collaborating with international investors to develop investor-led solutions and mechanisms that support the transition of investment portfolios and the broader economy toward net-zero emissions.

❑ Engagement and Policy Working Group

Cathay Life participated in the AIGCC Engagement and Policy Working

Group, collaborating with international investors to examine engagement practices across Asia and monitor climate policy developments in different jurisdictions.

❑ **Physical Risks and Resilience Working Group**

Cathay Life participated in the AIGCC Physical Risks and Resilience Working Group, working with international investors to explore how physical climate risks and resilience can be integrated into portfolio management, while encouraging public- and private-sector stakeholders to mobilize capital toward resilience solutions.

❑ **Energy Transition Working Group**

Cathay Life participated in the AIGCC Energy Transition Working Group, collaborating with international investors to explore issues related to energy transition developments.

❑ **Forest and Land Use Working Group**

Cathay Life participated in the AIGCC Forests and Land Use Working Group, collaborating with international investors to discuss the integration of deforestation considerations into risk management processes, investment policies, and engagement programs, with the aim of supporting efforts to halt deforestation.

❑ **Asset Owner Working Group**

Cathay Life participates in the AIGCC Asset Owner Working Group, collaborating with international investors to advance net-zero investing and align investment portfolios with the goals of the Paris Agreement.

② **Ceres Valuing Water Finance Task Force**

Climate change has indirectly changed water circulation and precipitation patterns, which in turn affects company operations or asset value and even social stability. The Global Risks Report published by the World Economic Forum has listed the "water resource crisis" water crisis as one of the biggest risks faced by the world for many consecutive years since 2012. In recent years, water supply crisis has been included in natural resource

shortage, making it the 10th largest risk the world will face in the next decade.

Cathay Life Insurance and Cathay Financial Holdings joined the Ceres Valuing Water Finance Task Force in September 2020 to stay up-to-date on global trends in water resources, and understand the water resource risks and opportunities of various industries, so that Cathay Life Insurance can protect itself from related risks and increase the resilience of its investments when facing the challenges of water resources. We worked with institutional investors around the world in formulating water resource action plans, and completed a preliminary study in mid-2022, which will serve as the foundation for subsequent engagement with institutional investors and companies.

In addition to providing water resources ideas as professional institutional investors, Cathay Life Insurance has also kept track of forward-looking trends of global water resources and monitored risks and opportunities of water resources in various industries. By doing so, Cathay Life Insurance can prevent relevant risks and improve investment resilience when facing water resource challenges.

③ Ceres Water & High-Tech Working Group

Due to the rapid development of AI technologies in recent years, global demand for data centers and semiconductor manufacturing has increased significantly, and both industries are highly water-intensive. To strengthen investors' capabilities in managing water-related risks in the high-tech sector, Ceres established a high-tech working group in 2025 focused on water resource issues in the data center and semiconductor industries.

To deepen its understanding of water-related risks, opportunities, and best practices in the high-tech sector, and to enhance the depth of engagement on water resource issues, Cathay Life Insurance joined the working group in 2025. Through regular participation in meetings and exchanges with other investors, Cathay Life Insurance strengthens its research on water resource issues and gradually incorporates related risks into investment decisions and engagement strategies, thereby enhancing the long-term value and risk resilience of its investment portfolio while aligning with international practices.

④ Asian Corporate Governance Association (ACGA)

Both Cathay Life Insurance and Cathay Financial Holdings joined the ACGA in 2024 in order to become more globally aligned in terms of corporate governance, social aspects, and enhance our engagement capabilities. Through participation in the annual meeting, we learned about corporate governance of companies in Asia and explored the impact of related trends on the Asian market. Content discussed include: Stewardship, shareholder activism, independent directors, transparency of remuneration, corruption and fraud, challenges brought about by artificial intelligence, transition plans, and corporate value enhancement plan (Value up).

ii. Actively Engaging with Enterprises to Exert Influence in Sustainable Finance:

Since 2017, Cathay Life Insurance has participated in multiple international initiatives, including CDP “Non-Disclosure Campaign, Climate Action 100+, AIGCC Asian Utilities Engagement Program, Valuing Water Finance Initiative and Nature Action 100” to communicate with companies through collaborative engagement together with other international investors, or directly engages with companies, and also organized forums and seminars to engage multiple companies at the same time.

① Participating in international engagement initiatives



CDP Non-Disclosure Campaign

Non-Disclosure Campaign

- Cathay Life Insurance has participated in the campaign since 2017 and takes it upon itself to act as a leader in engagement. Through one-on-one communications, we have encouraged companies which have yet to respond CDP questionnaires, urging enterprises to disclose climate change measures and carbon emission data, understand the shortage of water resources, and consider the issue of sustainable forests, in order to formulate relevant response strategies and management approaches.
- Key performance:

- (1) Success rate of engagement: We successfully engaged with 3 companies in 2025, bringing the cumulative number of successful engagements from 2021 to 2025 to 80 companies, with a success rate of 8% for the year. Some companies were required to devote substantial resources to IFRS alignment and, although willing to respond, were unable to complete the disclosures this year due to insufficient manpower. We will continue to monitor and understand companies' disclosure progress in order to enhance the effectiveness of future engagements.
- (2) Engagement progress rate: In 2025, a total of 6 companies demonstrated improved performance in the year following successful engagement, resulting in a progress rate of 51%, compared with 50% in the previous year, indicating that engagement has a positive impact on corporate performance.



- Climate action 100+ was launched in 2017, and is the world's largest investor climate initiative ever. It urges companies to take carbon reduction actions pursuant to the Paris Agreement. Of the 164 companies around the world on the watchlist, Cathay Life is actively engaging with all three Taiwanese enterprises on this list, in the hope that they will reduce carbon emissions in response to the Paris Agreement to achieve the goals and promises of transformation into a low-carbon energy and net-zero emissions.
- Key performance:
 - (1) All three Taiwanese companies have expressed their commitment to net-zero emissions or carbon neutrality by 2050, and set short-term and mid-term carbon reduction targets. Furthermore, one of three companies have approved by the Science Based Targets initiative (SBTi).
 - (2) In 2025, Cathay Life Insurance engaged Company C twice. Although Company C faced challenges in sustainability and carbon reduction due to industry characteristics, it still worked hard to invest resources to advance decarbonization strategies and test technologies. For CA100+ net-zero

benchmark indicators, they also actively discussed items with investors that they wanted to improve, achieving excellent results in 2025. Among them, Company C improved its CA100+ net-zero benchmark score from 43.5% to 52.2% in 2025, surpassing the industry average of 42.1%. In the future, we will continue to engage Company C to track their climate progress and carbon reduction plans, and assist them in improving their climate actions and disclosures.

- (3) The CA 100+ [2025 Progress Update](#) indicates that the Asian steel industry (including Company C) has provided investors with a credible foundation through the development of clear decarbonization roadmaps.



6. Steel sector in Asia

Asian steel companies are making notable progress in developing detailed low-carbon decarbonization strategies through the disclosure of technology roadmaps (Climate Action 100+ Benchmark sub-indicator 5.5). This demonstrates increasing transparency around pathways to achieving targets and often integrates projected carbon reduction measures for various technologies, showing a vision to ensure the credibility of companies' decarbonization strategies.

Baoiron Iron and Steel has become the first Asian steel company to disclose a technology roadmap.

As the first Chinese steel company to subsequently achieve a score on Benchmark sub-indicator 5.5, Baoiron has also committed to an overarching ambition of carbon neutrality by 2050. This includes:

- Carbon reduction targets set at the scope 1+2 levels of 8% by 2025, 45% by 2030 and 30% by 2035, all against a 2020 baseline.
- Targets to be achieved through three key levers: energy efficiency, green electricity and low-carbon production pathways.

Technology roadmaps have also been developed by other Asian steel companies, providing a basis for investor engagement on credibility.

- China Steel** outlined plans to inject hydrogen into existing blast furnaces and to construct hydrogen-based iron reduction over the longer term.
- POSCO** provided updates on progress in completing its H2-PCA (hydrogen reduction non-reducing) test facility and evaluating its commercialization readiness by 2027.

Nippon Steel continued to outline its plans to inject hydrogen into blast furnaces, while expanding its electric arc furnace (EAF) steel by 2030. Further detail on capital allocation for the EAF fleet and investor engagement is ongoing. [S.2025.pdf](#) (2025.03.03) on the Climate Action 100+ website.

It's encouraging to see growing transparency and level of detail in Asian steel companies' technology roadmaps, which provide investors with a strong foundation for future engagement on the implementation of transition plans.



Source: CA 100+ [2025 Progress Update](#)

- (4) Cathay Life engaged with Company H three times in 2025. The engagements mainly focused on sharing international cases related to the CA100+ net-zero benchmark indicators and actively discussing areas for improvement. The score of Company H increased from 30.8% to 35.9%, higher than the industry average of 31.4%. Company H has made progress on certain net-zero indicators, demonstrating its commitment to enhancing its climate strategy and disclosures. We will continue to track their climate progress and assist them in improving their climate actions.

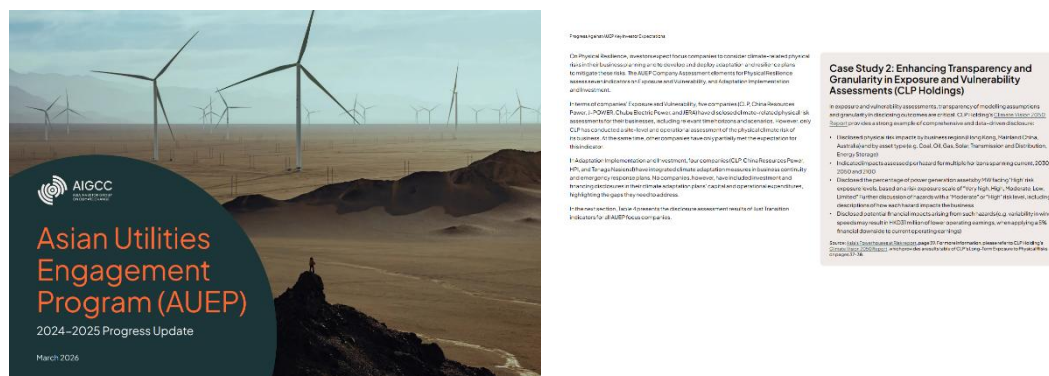
Asian Utilities Engagement Program

- As the world seeks to achieve emission reduction targets and tackle climate change by “phasing out of coal,” Cathay Life has adopted a more positive attitude by leveraging the power of dialog to influence companies’ measures related to “phasing out coal.” In cooperation with global institutional investors,

Cathay Life has "engaged" with 8 large coal-fired power generation plants, in order to promote their low-carbon transitions and comply with the net-zero emissions scenario set out in the Paris Agreement.

■ Key performance:

- (1) Company C, with which Cathay Life Insurance jointly engaged, has accelerated adjustments to its energy mix in recent years, having completed the retirement of three coal-fired units in Hong Kong and planning to divest its power plant in India. Its subsidiary has also implemented an employee transition program in Australia. To strengthen climate-related disclosures, Company C committed to disclosing the specific content and weighting of “executive remuneration and climate performance indicators” in its 2025 report.
- (2) Company C was featured as two case studies in the AUEP Progress Report due to its detailed disclosure of its power generation asset structure and renewable energy transition budget, as well as being the only company to conduct comprehensive climate physical risk analysis at both the corporate and asset levels. At the same time, Company C also demonstrated a more comprehensive and mature management approach to value chain emissions reduction actions compared with the other seven assessed companies.



Source: [AUPEP Progress Report 2024-2025](#)



- The greenhouse effect and extreme climate conditions caused by carbon emissions have led to instability of water supply. In view of this, Ceres Valuing Water Finance Task Force completed a preliminary research in mid-2022, and established six major water resources management framework for companies with high water footprints. In the same year, it also launched the [Valuing Water Finance Initiative](#) for engaging with high water-related risk companies.
- To contribute to sustainability, Cathay Life Insurance participated in this initiative since 2022 and officially initiated dialogues with companies in 2023, with the hope to promote their business operations and manage water footprint risks in the supply chain. The water risk will be assessed and mitigated as a financial risk, and actions will be taken to protect water resources.
- In 2023, Cathay Life began to engage in dialogue with one company together with international investors, hoping that the company can more clearly disclose water-resource related information and set SBTN water targets. The company actively set SBTN water targets and obtained verification in 2024. Although the company was approaching the limits of emissions reduction technologies in 2025 and faced challenges in supply chain water management, it continued to pursue improvements and plans to further disclose relevant action details in 2026.
- In 2025, Cathay Life Insurance and other institutional investors, co-signed and sent joint engagement letters to all key listed companies. Focusing on issues such as water resource management, supply chain water risks, and related information disclosure, enterprises were urged to strengthen their water risk management mechanisms and supply chain resilience, thereby enhancing their ability to cope with climate change and water resource risks while improving the transparency of relevant disclosures.



Nature Action 100

- In 2023, we were in the first group of participants that joined the Nature Action 100 global investor-led engagement initiative, with nature as the theme, and signed to join the engagement team.
- Biodiversity is crucial to human survival and development. Cathay Life Insurance and international investors jointly call on investees and related companies to take necessary actions to protect and restore natural and ecological systems to reduce risks. Since 2024, we have collaborated with international investors and, together with Company P as a leading investor for Company N, introduced the Nature Action 100 initiative and shared practical case studies related to nature issues. In 2025, the Company continued these exchanges by sharing international case studies on nature-related issues to help Company N better understand practical approaches to nature risk management. Company N responded positively and stated that it had gained a clearer understanding of areas for further improvement and enhancement.

Participation in International Initiatives and Direct Engagement – Case 1

■ **Background:**

Company C is a coal-fired power generation company listed as an engagement target under the Asia Utilities Engagement Program. It is the most important local power supplier. Compared to Europe, the asset age of coal-fired power plants in Asia is relatively young, and the coal-fired utilities in Asia are actively undergoing net-zero transformation as most Asian governments continue to strengthen climate goals and the world continues to develop low-carbon technologies. As a result, promoting the transformation of coal-fired power plants in Asia is critical to the world's transition to net-zero emissions and was therefore included as an engagement target of Cathay Life. Cathay Life participated in engagement with Company C as a collaborator with Leading investor Manulife Investment Management, BNP Paribas AM, Manulife Investment Management and seven other foreign institutional investors. The first engagement meeting was held in 2022.

■ **Engagement Type:** Collaborative Engagement

■ **Asset Categories:** Bond

■ **Engagement Level:** Cathaylife RI team, Company C IR Team & Sustainability Team

■ **Main Engagement Goal:**

The following targets were set based on the Investor Expectations of Asian Electric Utilities Companies:

1. Strengthening governance mechanisms: Promote the linkage between management remuneration and climate-related KPIs, and disclose the details and weightings of specific indicators;
2. Promoting coal phase-out and energy transition: Formulate clear decarbonization strategies, including a coal-fired power phase-out schedule, transition measures, and alternative energy plans, to ensure that operations are aligned with net-zero targets;
3. Just transition: Manage just transition through employee training and development to support just transition plans that increase the proportion of renewable energy.

■ **Engagement contents:**

1. Understand Company C's decarbonization strategy, coal-fired power plant withdrawal plan, and the current status and capital expenditures of alternative energy deployment, and discuss areas for further enhancement going forward.
2. Discuss the link between the remuneration of management and climate-related KPIs, and understand its future plans.

■ **Engagement progress and results:**

During the engagement, Company C showed a high level of identification with the issue of low-carbon transition, and communicated and interacted well with investors. Company C obtained approval for its SBT emissions reduction targets, established specific 2030 carbon intensity targets, and committed to fully phase out coal by the end of 2040. Company C also plans to replace natural gas with hydrogen as part of its decarbonization strategy, with the goal of achieving net-zero emissions before 2050.

The engagement focus during 2022–2023 was on the Company's specific decarbonization strategies, capital expenditure planning for the low-carbon transition, and just transition issues. In 2023, Company C formally presented its just transition initiatives in its Sustainability Report. The engagement focus from 2024 to 2025 was on the challenges faced by Company C in achieving its emission intensity reduction target before 2030, while continuing discussions on the future transformation direction of its business portfolio, capital expenditure planning, and the constraints faced in the transition of regional power plants. At the same time, discussions and recommendations were also made regarding the linkage between executive remuneration and climate performance indicators.

With regard to the challenges faced by Company C in achieving its 2030 emissions intensity reduction targets. Although the current reduction in carbon intensity targets remains limited, the company expects overall emissions intensity to decline significantly after 2028 with the closure of coal-fired power plants in Australia and the advancement of renewable energy projects in China. In the meantime, three generating units at Company C's power plant in Hong Kong have already been retired. Going forward, the company will continue to accelerate the phase-out of coal-fired assets in alignment with its transition pathway.

■ **Follow-up action and plans:**

Overall, our engagement with Company C is heading in a positive direction, and some of the targets it set have already been reached. We will continue to hold engagement meetings in 2026 to understand Company C's subsequent climate change response measures (including its decarbonization strategy and progress of incorporating climate-related indicators into the performance of executives).

■ **Impact on the company and stakeholders after discussion:**

- **For the company:** Strengthening low-carbon transformation strategies and increasing investment in renewable energy and transparency of climate information will help attract support from investors and enhance the company's competitiveness in sustainability.
- **For the stakeholders:** Allowing other shareholders to better understand the progress of Company C's decarbonization strategy, coal-fired power plant decommissioning plan, and climate-related risks and opportunities.

■ **Action after engagement:**

Considering that company C has set the SBTi target, and has actively taken action for low-carbon transformation, we have included company C on the sustainable investment watchlist in accordance with our "ESG Risk Review Procedures" and "Investment Management Principles for Sensitive Industries."

Participation in International Initiatives and Direct Engagement – Case 2

■ **Background:**

Company C belongs to the steel industry, and is one of the list of focus companies in Climate Action 100+. With an MSCI Climate Value-at-Risk (Climate VaR) score below -70%, it has been identified as our major engagement target. Cathay Life has started negotiations with Company C since 2019. At the initial stage, it joined hands with international institutional investors to develop towards the goal of Climate Action 100+ (hereinafter referred to as CA 100+), in the hope that they will enhance disclosure of financial information related to climate change in accordance with the framework of Task Force on Climate-related Financial Disclosures (TCFD) and reduce carbon emissions in response to the Paris Agreement to achieve the goals and promises of transformation into a low-carbon economy and net-zero emissions. In addition, Cathay Life passed the Science Based Targets initiative (SBTi) in September 2022, and has set a carbon reduction pathway by use of the temperature rating methodology for science-based quantified carbon reduction method. Company C's ambitions for carbon reduction pathways and the resulting temperature conditions are discussed, with engagements initiated through phone calls, emails, and face-to-face or online meetings every year. Since 2024, Cathay Life has taken on the role of Lead Investor for Company C under the Climate Action 100+. In 2025, in addition to discussing the CA100+ net-zero benchmark, we also exchanged views on the Taiwan Sustainable Taxonomy.

■ **Engagement Type:** Direct Engagement

■ **Asset Categories:** Listed Equity and Bond

■ **Engagement Level:** Cathaylife RI team, Company C President, IR team, Finance team, Environment Protection team.

■ **Main Engagement Goal:**

1. Encouraged the company to set a carbon reduction pathway or science-based targets (SBTs) aligned with the Paris Agreement according with the Steel Science-Based Target-Setting Guidance.
2. Since carbon emissions in the steel industry mainly come from the manufacturing process, carbon reduction shall be implemented, and an ambitious carbon reduction pathway shall be set to ensure that the company's temperature can comply with the Paris Agreement.

Apart from enhancing energy efficiency, and most of it depends on technological breakthroughs and commercialization. Therefore, Company C's capabilities and investments in low-carbon transformation technology shall be the key goal for the engagement with Cathay.

3. The discussions and improvements on net-zero benchmark indicators are conducted based on Climate Action 100+, which covers capital allocation for low-carbon transformation, and climate policy engagements, climate governance, to improve the items that align with net-zero benchmark indicators

■ **Engagement contents:**

Since Company C had already recognized the importance of ESG and carbon reduction prior to the engagement, the engagement with Company C focused more on the implementation of low-carbon transition and supply chain transition strategy, the completeness and accuracy of alignment with international frameworks, the potential impact of carbon pricing and carbon border adjustment mechanisms on its operation based on the foundation of the company, and the assessment and disclosure status under Taiwan Sustainable Taxonomy. Cathay Life also shared best practices from international benchmark companies as reference for Company C.

■ **Engagement progress and results:**

Company C faces challenges in technology R&D, resources, and capital investments due to industry characteristics. Currently, commercially viable low-carbon steelmaking technologies remain lacking globally, and therefore its long-term decarbonization pathway will still need to be adjusted on a rolling basis in accordance with technological maturity. The insufficient supply and high costs of critical resources such as scrap steel, green hydrogen, and green electricity, coupled with the substantial investments required for R&D and infrastructure development, place significant pressure on Company C in balancing economic performance with the low-carbon transition.

Despite the challenges in achieving decarbonization results, Company C continues to invest in the research and development of low-carbon technologies and focus on international trends, while gradually advancing low-carbon production processes and decarbonization strategies. During the engagement process, both parties also discussed ways in which investors

and policymakers could support industry transformation, including institutional investors communicating industry needs to policymakers, advocating green procurement to increase demand for low-carbon steel, and the government providing clear support for R&D and transition efforts, reviewing relevant regulations and systems, and reducing transition risks through comprehensive policy tools. The outcomes of this engagement help strengthen cooperation among companies, investors, and the government, with the aim of jointly supporting Company C's continued progress toward its decarbonization targets.

Company C has actively responded to requirements of the CA 100+ net-zero benchmark and made significant progress. Its score improved from 43.5% in 2023 to 52.2% in 2025, surpassing the industry average of 42.1%. In addition, the 2025 Progress Update report published by CA100+ noted that the Asian steel industry (including Company C) provides investors with a credible foundation through the establishment of clear carbon reduction roadmaps. During the 2025 engagement process, Cathay Life Insurance continued to share international corporate climate practices with Company C, including climate policy engagement, climate governance, and disclosures on capital allocation, assisting them in optimizing their CA 100+ net-zero benchmark score and proposing additional concrete action plans. Company C also actively responded to CA100+ improvement projects and is committed to continuing to make improvements.



Source: CA 100+ [2025 Progress Update](#)

■ Follow-up action and plans:

Overall, Company C has already met some of the predetermined goals. In 2026, we plans to hold an engagement meeting with Company C to continue to tracking its actions in response to climate change, including Climate Action 100+ Net-Zero Company Benchmark indicators, its

application for Self-determined Reduction Plans and the assessment and disclosure status under Taiwan Sustainable Taxonomy.

■ **Impact on the company and stakeholders after discussion:**

- **For the company:** Promote Company C 's low-carbon transition disclosures and improve its CA 100+ net-zero benchmark scores, thereby gaining customer trust.
- **For the stakeholders:** Enable other investors to better understand the progress of Company C's low-carbon transition, while also helping governments better understand the steel industry's actual needs in terms of technology, resources, and costs, thereby serving as a reference for future policy adjustments. As Company C continues to strengthen its management of climate change, it can also help drive industry transformation and mitigate the impacts of climate change on society.

■ **Action after engagement:**

Investments may only be made after inclusion in the watch list in accordance with "Investment Management Principles for Sensitive Industries," and the "ESG Risk Review Procedures." Considering that Company C has established specific carbon reduction strategies and continues to implement carbon reduction measures, and demonstrated clear progress in climate governance and disclosures. We will continue to include the company in our buy list and focus on the implementation of its low-carbon transition.

② Direct engagement with companies

Learning from our experience participating in international engagement initiatives, Cathay Life Insurance also started to engage with investee companies in Taiwan, with corporate ESG ratings, specific ESG material issues, ESG information disclosure, and climate change as the main topics. The contents include enhancing climate change-related disclosure and management in accordance with the TCFD framework, keeping track of company carbon emissions, understanding company carbon reduction and transition planning to low carbon, setting SBT target, and other climate change-related issues, so as to solve ESG material issues. In addition, this allows us to learn about the limitations and difficulties in companies' adaption to climate change or during the carbon reduction process, and provide suggestions. Meanwhile, companies are encouraged to conduct inventory and disclosure with reference to the Guidelines for Determination of Sustainable Economic Activities. For companies whose economic activities are not yet "Compliant" with the level of sustainability stipulated in the "Taiwan Sustainable Taxonomy", we further guide the company to formulate transition or improvement plans, in hopes that the company will gradually meet the sustainability criteria set forth in the guidelines.

In addition, Cathay Life analyzes the sustainability progress of enterprises based on the main engagement aspects, classifying investee companies into four levels of sustainability readiness (ESG Awareness, ESG response, ESG improvement, and ESG enhancement). The engagement contents are customized, while the Company joins hands with enterprises for mutual growth, with the hope to become mutually trusting partners and ESG partners, consulting and discussing with investee companies.

【Overall Engagement Outcomes】

In 2025, Cathay Life communicated with 137 companies on 13 ESG material issues for a total of 382 times:

■ The main subjects of engagement were companies in the "Information

Technology" and "Public Utilities" industries.

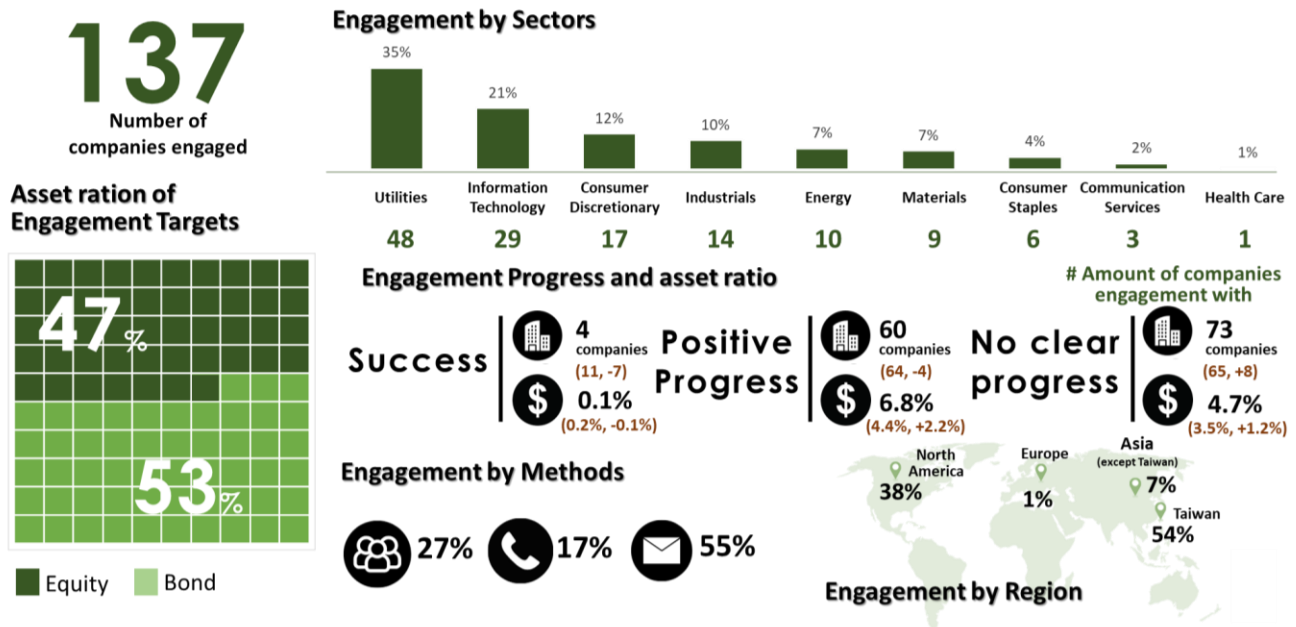
- ❑ If break down by asset classes, stocks accounted for 47% and bonds accounted for 53%.
- ❑ The main method of engagement was communication via "email" (55%), followed by "online or in-person meetings" (27%), and 17% of engagements were conducted via telephone.
- ❑ The main regions of engagement were Taiwan (55%), followed by North America (37%), Asia-Pacific(excluding Taiwan) (7%), and Europe(1%).
- ❑ In terms of the level of communication between the two parties, Cathay Life Insurance mainly communicated through the "members of the Responsible Investment Working Group," with the investment team participating as needed. While investee companies mainly communicate through their "IR Team, sustainability team, or other relevant departments," followed by "senior managers, spokesperson" and "directors."
- ❑ Main issues for communications were "adaptation to climate change," "carbon emissions," "water stress," and "corporate governance."
- ❑ Among the companies engaged, 2% of cases were successfully closed, mainly companies that successfully responded to the CDP questionnaire; 46% are heading in a positive direction, and 52% have not made any clear progress. We will continue to follow up on their progress in the future.

【 MSCI ESG Rating Engagement Outcomes 】

- ❑ Engagement Targets: 17 companies
- ❑ Engagement Format: 100% conducted through online or in-person meetings
- ❑ Engagement Topics: Covered 9 material ESG issues, with a total of 31 engagement times, primarily focused on overall ESG performance and corporate governance.
- ❑ Engagement Progress: 100% of the engagement topics showed positive development.

□ Engagement Outcomes:

- Through proactive and in-depth engagement with investee companies, a total of 7 companies demonstrated significant positive improvements in ESG disclosures during the year, among which 6 experienced rating upgrades.
- Among these positive developments, 4 companies benefited from our active identification and correction of inaccuracies in MSCI ratings/data during the engagement process, demonstrating the tangible impact of institutional investors in enhancing rating accuracy and corporate transparency.



Note:

1. The progress of the Company's engagement is displayed as the best progress in each communication issue. As there are currently no cases "Heading in a negative direction" and "Unsuccessful & closed," the data of these two milestones is therefore not displayed.
2. 💰 refers to the proportion of the total engaged listed equity and corporate bond investments relative to the total listed equity and corporate bonds investment.
3. Figures in parentheses indicate engagement progress and asset allocation, including prior-year data and year-on-year changes.
4. Due to rounding, the industry distribution does not sum to 100%.
5. Engagement statistics include pre-investment engagement for equity-method investments.

Engagement Level:



Cathay Life

0.3%

Senior Executives

97.7%

Responsible investment team

2%

Investment team



Engagement Targets

2.3%

Board Directors

9.3%

Senior Executives or Spokesmen

88.4%

Investor Relations Team, ESG Teams or other operational specialists

Engagement Issues and Progress per Issues:

13 ESG Issues

382 Times



Note:

1. The above statistics included pre-investment engagement for equity-method investments and did not include participation in investor conferences or AGM where ESG contents were not mentioned.
2. A total of 17 companies were classified as belonging to high-carbon-emitting and transition sectors in Taiwan, and 26 engagement meetings were conducted.

Case 1 – Company C

◆ **Engagement Topics:** Corporate governance, Social-Labor management, Environmental-Climate, Biodiversity

◆ **Background:**

Company C is one of the major companies in the telecommunications industry. As the company is one of the sources of Cathay Life Insurance's financed emissions, it was identified through internal assessment and has been included as an engagement target under Cathay Life Insurance's participation in the Coalition of Movers and Shakers on Sustainable Finance since 2022. During the engagement process, in addition to understanding the progress of its SBT target setting and carbon reduction strategies, we also focused on its corporate governance issues. Beginning in 2024, the focus of engagement was further expanded to include labor management issues and labor-related controversies within the social dimension, with the aim of improving the company's MSCI ESG rating performance.

◆ **Engagement Type:** Direct Engagement

◆ **Asset Categories:** Listed Equity

◆ **Engagement Level:** Cathaylife RI team, Company C IR team

◆ **Main Engagemet Goal:**

1. Encourage the Company to set SBTs in accordance with the SBTi's Corporate Net-Zero Standard.
2. Improve the Company's scores in corporate governance and labor management under the MSCI ESG Ratings, and enhance its overall rating.
3. Whether the Company plans to adopt the TNFD framework for disclosure and address biodiversity-related issues.

◆ **Engagement Contents:**

1. Discuss of SBTi target and the carbon reduction strategies

Company C proposed its SBT emissions reduction commitment in 2021. Since 2022, Cathay Life Insurance has tracked the submission timeline and progress of its SBT targets, while also understanding its plans to join RE100 and the challenges it faces in the decarbonization process. Company C's SBT targets were approved in 2023, and the

company officially joined RE100 in the same year.

In addition, with respect to the classification of sustainable economic activities, although Company C is currently not yet applicable to the general economic activities set forth in the “Taiwan Sustainable Taxonomy,” we continues to focus on the implementation of its decarbonization commitments, related plans and specific actions, as well as the challenges encountered during the decarbonization process.

Regarding the challenges faced in the decarbonization process, with respect to Scope 3 inventories, Company C is reviewing the scope of reporting and preparing for inventory implementation in response to the Ministry of Environment’s 2025 announcement that the third batch of carbon inventory registration targets will include the telecommunications industry. However, with more than one hundred directly operated and franchised stores combined, Company C faces difficulties in defining inventory boundaries and collecting data, and discussions with the government are still ongoing.

Regarding the use of renewable energy, Company C stated that the expansion rate of its data centers has exceeded the pace of green electricity procurement. In addition, due to considerations such as electricity price adjustments and flexible pricing mechanisms, it remains difficult in the short term to identify suppliers that meet its requirements. In response to the above challenges, Company C committed to reassessing potential green electricity suppliers, actively expanding procurement sources, increasing the proportion of renewable electricity usage, and strengthening Scope 3 supply chain management, in order to gradually achieve its renewable energy and decarbonization targets.

2. Improving corporate governance and labor management

Since 2022, Cathay Life Insurance has engaged with Company C on corporate governance issues. The engagement covered topics such as board remuneration transparency and business ethics, and provided relevant benchmark company case studies for reference. In 2024, the scope of engagement was expanded to include labor management issues within the social dimension.

Company C proactively proposed having a second engagement meeting in hopes of further understanding benchmark practices across different areas, including employee stock ownership plans, variable remuneration mechanisms, non-remuneration benefits,

supplier anti-corruption management, and board governance.

In the meeting, Company C committed to disclosing director remuneration information and plans to establish an anti-corruption management mechanism to strengthen corporate governance. In terms of labor management, Company C adjusted its practices relating to employee stock ownership plans, non-remuneration benefits, and controversial incidents, and actively engaged with MSCI in an effort to improve its ESG rating performance. After multiple rounds of communication and continuous follow-up, Company C has made concrete progress in both corporate governance and labor management.

3. Understanding biodiversity planning and response

Since the Taskforce on Nature-related Financial Disclosures (TNFD) was expected to release its framework and guidance at the end of 2022, the Company has, since the engagement meetings held that year, proactively inquired whether Company C planned to adopt the TNFD framework for disclosure, while also paying attention to its strategies and response measures regarding biodiversity issues. In 2023, Company C not only formally established its commitments to biodiversity and zero deforestation, but also conducted nature-related risk and opportunity assessments covering upstream suppliers and operating sites. In 2024, Company C published its first TNFD report. In 2025, in addition to continuing the TNFD report, the Company plans to expand the scope of analysis to the value chain. Company C also shared the biodiversity-related projects in which it is actively engaged, such as black-faced spoonbill conservation, endangered plant conservation, and the Taiwan sassafras restoration project. Cathay Life Insurance suggested that Company C further evaluate the possibility of applying for OECM (Other Effective Area-Based Conservation Measures) in order to strengthen the systematic approach, long-term effectiveness, and international recognition of its biodiversity initiatives, while continuing to enhance its disclosure and management of nature-related issues.

◆ Engagement Progress and Results:

Company C's MSCI rating improved in 2025 following enhancements in corporate governance, and its score further increased in 2026 with respect to labor management-related controversies. This reflected positive progress on the engagement topic and indicated that the engagement objectives have been partially achieved.

◆ **Follow-up Action and Plans:**

Arrange an engagement meeting in 2026 to continue monitoring and understanding the company's ongoing progress in carbon reduction strategies, corporate governance and labor management.

◆ **Impact on the Company and Stakeholders after Discussion:**

1. For the company: Enhance Company C's performance in corporate governance and labor management issues, and improve its MSCI ESG rating.
2. For the stakeholders: Provide investors with better insight into Company C's corporate governance and labor management practices. As the company continues to advance its climate change, biodiversity, society, and corporate governance management, it will help contribute to mitigating the impacts of climate change on society.

◆ **Action after Engagement:**

Company C has achieved some of the goals we set. Additionally, company C has shown positive development, therefore, we will continue to place it on the buylist.



Case 2 – Company V

◆ **Engagement Topics: Environmental – Climate, Water stress, Social – Human capital development**

◆ **Background:**

Company V is one of the major companies in the semiconductor industry. As there remains room for improvement in its overall ESG performance, Cathay Life Insurance has included the company on its engagement list and conducted ongoing communication and exchanges since 2024. In addition to understanding whether the company plans to establish SBT targets and discussing its decarbonization strategies, the engagement also covered directions for improvement on material ESG issues. Cathay Life Insurance provided recommendations regarding the challenges faced by Company V in its low-carbon transition process, and shared international benchmark case studies on water resource security and human capital management issues.

◆ **Engagement Type:** Direct Engagement

◆ **Asset Categories:** Listed Equity

◆ **Engagement Level:** Cathaylife RI team, Company V Finance team and the spokesman

◆ **Main Engagemet Goal:**

1. Improve the score of water stress and human capital development in the MSCI ESG rating.
2. Encourage company V to set SBTs in accordance with SBTi's Corporate Net-Zero Standard.

◆ **Engagement Contents:**

1. In-depth discussions on water stress and human capital development issues

Since 2024, Cathay Life Insurance has engaged in discussions with Company V on water stress and human capital development issues to support improvements in its MSCI ESG rating performance. During the meeting, Cathay Life Insurance not only further analyzed the substantive content and evaluation focus of each subtopic under the material issues, but also discussed potential areas for improvement with Company V, while providing international benchmark company case studies for each subtopic as reference.



Company V responded positively and has strengthened disclosures related to water stress in its report. Going forward, the company plans to improve water-use efficiency and evaluate the feasibility of incorporating recycled water use. In terms of human capital development, Company V also committed to communicating with its human resources department to further enhance disclosures and improve related management practices.

2. Discussion of carbon reduction goals and strategies

Since 2024, Cathay Life Insurance has engaged in discussions with Company V regarding its commitment to SBT emissions reduction targets, as well as the difficulties and challenges it faces in the carbon reduction process. Currently, Company V has committed to aligning its 2040 medium-term targets with the SBT methodology. In addition to continuing to promote internal energy conservation, the company also plans to gradually introduce green electricity as part of its decarbonization strategy to reduce emissions.

In terms of energy-saving measures, Company V stated that the main challenge is that the equipment in its new plants was already introduced with the highest available energy efficiency standards. As a result, the room for further energy savings is limited, and the estimated annual reduction potential is only approximately 1%. In terms of green electricity, the Company has also evaluated options such as introducing energy storage systems and reusing recycled hydrogen from production processes. However, due to risk,

cost, and regulatory considerations, these measures are not currently feasible. In the short term, the Company is inclined to rely primarily on the external purchase of green electricity certificates as its main means of reducing emissions.

◆ **Engagement Progress and Results:**

Company V improved its disclosure of water stress and human capital development issues in 2025. Although it has not yet improved its overall MSCI ESG rating, it still shows progress in this engagement issue towards our engagement goal.

◆ **Follow-up Action and Plans:**

In 2026, Cathay Life will arrange an engagement meeting to continue tracking Company V's progress in climate action and to improve the progress of water stress and human capital development.

◆ **Impact on the Company and Stakeholders after Discussion:**

1. For the company: Improve the disclosure of Company V's water stress and human capital development, thereby enhancing the company's ESG performance.
2. For the stakeholders: Provide investors with better insight into Company V's water stress and human capital development practices. As the company continues to advance its climate change, it will help contribute to mitigating the impacts of climate change on society.

◆ **Action after Engagement**

This achievement meets some of the goals we set, and as company V has also shown positive development, we will continue to place it on the buylist.

Other engagement cases:

Company T

- ◆ **Target:** Committed | SBTi target
- ◆ **Carbon reduction limitations:**
 1. Taiwan faces an insufficient supply of renewable energy, a small market scale, and limited land availability, while regulatory restrictions also make it difficult for power development to be led by the private sector.
- ◆ **Current carbon reduction plans:**
 1. Develop diversified renewable energy sources, such as solar, wind, and hydrogen energy. Adopt long-term PPAs to enhance supply stability.
 2. Actively engage in dialogue and communication with the government to address regulatory restrictions.
- ◆ **Company T's sustainable economic activity planning and disclosure:**
 1. General economic activities and transition plan have been disclosed on the ESG digital platform
 2. Non-compliant items: Wafers of 6 inches or below accounted for 1% of revenue, due to the fact that they "have not yet met the technical screening criteria for making a substantial contribution to any environmental objective."
 3. As Company T falls within the applicable category but has not yet reached the level of "compliance," the company encouraged it to formulate a transition plan. Company T subsequently disclosed that its transition plan would be implemented by the Green Manufacturing Department, with effectiveness reviewed by the Energy Conservation and Carbon Reduction Committee. The plan includes replacing outdated energy-intensive equipment and introducing renewable energy.
 4. Target: Achieve an emissions intensity of less than 2.18 kg CO₂/cm² by 2030 and ensure that all applicable activities meet the sustainability criteria by 2030.

Company T

- ◆ **Target:** Committed | Net-zero pathway: ISO-aligned
- ◆ **Carbon reduction limitations:**
 1. Differences in regulations between the Taiwan and China plants have led to different decarbonization practices.
 2. The implementation of CCUS is constrained by the lack of suitable storage sites and concerns from local residents.
- ◆ **Current carbon reduction plans:**
 1. Align data and quality standards across Taiwan and China, track targets annually, and enhance employees' understanding of GHG emissions.
 2. Prioritize the development of upstream capture technologies, while plans for carbon storage will be advanced after the relevant regulations are fully established.
- ◆ **Company T's sustainable economic activity planning and disclosure:**
 1. It has disclosed general and enabling economic activities on its website and ESG digital platform.
 2. Ineligible economic activities: Trucking. The reason is that it does not make substantive contributions to climate change mitigation.
 3. Sustainability and climate-related issues are overseen by the Board of Directors. As Company T falls within the applicable category but has not yet reached the level of "compliance," we encouraged it to formulate a transition plan. A transition plan has now been established. In 2024, electric operational vehicles were introduced for upstream and downstream use, and in 2025, it plans to introduce an additional 10 electric heavy-duty trucks to reduce Scope 3 carbon emissions.
 4. Target: Replace its truck fleet with electric vehicles within 3–5 years, contributing to decarbonization in the cement industry while helping customers reduce their Scope 3 emissions.

Note: Cases presented in this report have been anonymized. The two companies referred to as "Company T" in the report are different companies

③ Summit and seminar

In addition to direct engagement with companies, Cathay Life has also organized summits and seminars voluntarily, working together with all companies in Taiwan to strive for sustainability and climate change mitigation.

➔ Sustainable Finance and Climate Change Summit

As sustainability pioneer, Cathay Life Insurance has cooperated with Cathay Financial Holdings to organize the Climate Change Forum since 2017, becoming the first institution investor that held group engagements. In 2025, upholding the concept of “Bringing Taiwan to the World and the World to Taiwan,” and acting as a pioneer in climate finance, the Group invited domestic and foreign leaders from industry, government and academia to share global frontline trends, as well as discussing on corporate sustainability strategies in response to climate change. We encouraged cross-disciplinary dialogue and mutual collaboration, so as to mitigate the effect of environmental changes and make adjustments, and jointly build a sustainable society.



5,015 people
(Online and offline)



1,817 companies & organizations joined
accounted for:

- More than 79% of Taiwan market capitalization
- Over 50% of Taiwan's total carbon emissions
- 54% of listed companies are in the six manufacturing sectors identified by the MOEA for the 2030 net-zero transition.

➡ Net Zero Transition Seminar –

Petrochemical Industry, Aviation Industry

In 2025, two “Net-Zero Transition Seminars” were held for the petrochemical and aviation industries under the “Financial Industry Net-Zero Transition Platform” established by the Financial Supervisory Commission. The events invited industry-related stakeholders, with a total of 161 participants attended, including 75 from the petrochemical industry session and 86 from the aviation industry session, to jointly discuss industry net-zero transformation trends and exchange views on the policy support and resources needed to advance the transition.

Through panel discussions, participants exchanged views with industry representatives on the challenges faced during the transition process and future development directions, while also discussing the role of the financial industry in advancing industrial low-carbon transition and how financial mechanisms can support companies in this process. The seminars promoted cross-sector exchanges among industry, the public sector, and the financial industry, helping industries better understand low-carbon transition trends and enhance their competitiveness in the transition toward net zero, while also strengthening the financial industry’s engagement influence in supporting corporate net-zero transition.



➡ ESG exchange seminars:

Insights into new MSCI ESG rating criteria and ISS shareholder voting

In December 2025, Cathay Life Insurance organized an ESG exchange seminar to help Taiwanese companies stay informed of the latest developments in international ESG ratings and corporate governance practices. The seminar invited listed companies from high-carbon-emitting and transitioning industries, with a total of 225 participants representing 114 organizations. The event received an average satisfaction rating of 4.72 out of 5.

The event began with Cathay Life Insurance sharing how Taiwanese institutional investors and Cathay Life Insurance are implementing sustainable finance, with the aim of leveraging the influence of institutional investors to help companies gain a deeper understanding of transition finance practices.

In addition, the MSCI team was specially invited to visit Taiwan in person to share insights on the upcoming 2026 ESG rating methodology through face-to-face exchanges, helping Taiwanese companies understand future rating directions and plan relevant strategies in advance. As corporate low-carbon transition has become a global trend that not only reduces operational risks but also attracts capital and international collaboration, the seminar also invited MSCI ESG experts to analyze developments and future trends in global low-carbon transition, helping companies plan their low-carbon transition roadmaps in advance.

At the same time, Cathay Life Insurance also invited the ISS-Corporate team to visit Taiwan to review key issues from Taiwan's recent proxy voting season and analyze shareholder meeting voting trends across the Asia-Pacific region. The aim was to strengthen the understanding and practical application of international corporate governance among TWSE/TPEx-listed companies, and to work together with companies in addressing increasingly complex policy risks and sustainability challenges.



225
People



114
in total Corporate



4.72/5

2025 國泰人壽

ESG國際新秩序

洞悉 MSCI 2026 ESG 評比新規 與ISS股東投票趨勢 交流研討會

國泰金融會議中心A廳 | 台北市信義區松仁路9號
2025 年 12 月 19 日 (五)
13:30-16:40 (13:00開放報到入場)
講座語言 | 中文

MSCI

關鍵未來：低碳轉型 驅動企業永續發展

MSCI 李尚毅 Mathew Lee

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iii. From Corporate Engagement to Policy Engagement: Expanding Climate Impact

① Global Investor Statement on Energy Transition in Taiwan

In response to Taiwan's energy transition and the rapid increase in corporate demand for green electricity, Cathay Life Insurance and international investors jointly submitted the "Global Investor Statement on Energy Transition in Taiwan," Supporting Taiwan's commitment to achieving net-zero emissions by 2050 and encouraging the government to continue optimizing the energy mix, increasing green electricity supply, and enhancing policy clarity in order to support companies in achieving global decarbonization targets.

② The Belem Investor Statement on Rainforests

Global attention to deforestation issues has continued to rise over the past few years, including the introduction of deforestation-related regulations by regulatory authorities such as the EU, driving companies to strengthen supply chain management and enhance disclosures. In 2025, Cathay Life Insurance signed "[The Belem Investor Statement on Rainforests](#)", jointly launched by international investors, calling on governments worldwide to promote deforestation-free trade, enhance information transparency, and strengthen the implementation of relevant laws and regulations. In addition, the statement outlined four key expectations for investors: reducing deforestation-related risks, strengthening stewardship practices, enhancing transparency and disclosure, and supporting forest-positive policy frameworks. Through its endorsement of the statement, Cathay Life further demonstrated its commitment to effective stewardship, the integration of nature-related considerations, and the advancement of sustainable policy development as an institutional investor.

3. Proxy Voting

In pursuit of the greatest benefits for our clients and shareholders, Cathay Life supports companies that attach sustainability into their operations. Attendance of shareholders' meetings, exercise of voting rights and offering opinions on proposals in the shareholders' meetings of investee companies are some of the ways in which we perform stewardship.

In order to ensure the proper exercise of voting rights at listed company shareholders' meetings, Cathay Life makes reference to international voting practices and the voting standards of international consulting firms, and establishes the internal principles for the exercise of voting, which are applicable to active investment strategies in which the investment team researches and selects the investment targets on its own, as well as passive investment strategies in which the investment team tracks specific indices or benchmarks.

Given that the Company has established comprehensive proxy voting policies and shareholder meeting proposal evaluation procedures, it may exercise independent analysis and judgment based on the specific circumstances of the investee company and its governance performance, so as to ensure that voting decisions are aligned with the Company's responsible investment principles. Accordingly, all voting rights exercised by the Company are currently exercised by the Responsible Investment Team. The Company has not entrusted a third-party consulting institution as a proxy to exercise voting rights on its behalf. Furthermore, Cathay Life may entrust part of its stewardship activities to other professional agencies to vote on behalf of the Company. However, this shall be based on agreements with such agencies or conducted under Cathay Life's supervision, so as to ensure that the entrusted agency performs at the request of the company. Cathay Life has not entrusted a third-party consulting institution as proxy to exercise voting rights on its behalf. However, if such need arises in the future, we will prudently assess both the depth and breadth of the proxy related to voting proposals and appropriateness of voting policies, so as to select a consulting institution that meet Cathay Life's needs and voting philosophy. In addition, we also request on exercising voting rights in

accordance with Cathay Life's principles and due diligence for voting.

(1) Setting up Proxy voting process



■ STEP 1: Selection on companies

1. Fulfilling voting qualifications

Cathay Life established the threshold for exercising voting rights based on its influence on the overall operations of investee companies through conducting a feasibility analysis. In principle, voting rights will only be exercised if the shareholding reaches a certain percentage or amount. However, voting rights can still only be exercised after an assessment performed by relevant units.

2. Demonstrate ESG management principles

Due to climate change intensification and the increasing risks associated with the environmental and ecological impacts of biodiversity loss, Cathay Life holds boards accountable for companies that have not taken action on environmental (E) and social (S) risks. We also support ESG proposals that promote sustainable development to guide companies towards more concrete environmental and social actions. Therefore, we exercise our voting rights to select companies in high climate or high natural risk industries.

■ STEP 2: Assessment on proposals

Cathay Life exercises its voting rights for proposals in shareholders'

meetings in accordance with external laws and regulations and its own internal voting policies. Before exercising these rights, responsible investment team will carefully evaluate each proposal based on Cathay's voting guidelines and research of investee companies, along with the ISS voting recommendations, then present a report on "evaluation and analysis of proxy voting," which therefore is not solely rely on external recommendations such as ISS.

■ **STEP 3: Communication procedures**

Compared to conveying concerns for investee companies by directly speaking up or voting in shareholders' meetings, we believe that working to reach consensuses with investee companies in terms of long-term value creation may bring more positive impacts on investee companies and exert our influence as an institutional investor, thereby simultaneously benefiting Cathay Life, investee companies, and the society at large. Therefore, in the following situations, the Company's responsible units of investment and the Responsible Investment Working Group will cooperate to directly communicate with investee companies. If necessary, the company will make a speech or propose an agenda at the shareholders' meeting of the invested company after careful assessment.

- ✓ When there are controversial and high-profile issues
- ✓ When information needed to conduct voting analysis is insufficient
- ✓ When the core shareholder companies of domestic listed stocks recommend to "against" in their preliminary voting recommendations
- ✓ When overseas-listed stocks holding 1.5 percent or more of investee companies' outstanding shares at the end of the previous year recommend to "against" in their preliminary voting recommendations

■ **STEP 4: Proxy Voting methods**

To fully express an opinion on each proposal at the meeting and reduce the time and space restrictions of voting, the exercise of voting rights is primarily conducted through electronic voting, with the appointment of

representatives to vote on-site as a supplementary measure.

While voting for the domestic listed or OTC companies' AGM proposals, we generally use the Taiwan Depository & Clearing Corporation Stockvote Platform as the authority encourages investors to exercise voting rights online. As for the foreign listed company investments, due to considerations of distance and amount, we would vote via Proxy Edge voting platform, and for some foreign outsourced managed portfolios, we authorize managers of mandate institutions to attend shareholders' meetings and exercise voting rights.

A case of pre-voting communication

At the Company's 2023 shareholders' meeting, a proposal regarding "the issuance of new common shares through a cash capital increase or private placement" sought authorization to issue up to 15,000 thousand common shares (representing 16% of the existing outstanding shares). As the issuance ratio exceeds 10% of the existing shares outstanding, a full private placement issuance could grant the Board of Directors excessive discretion over the issuance process and potentially dilute the interests of existing shareholders.

After internal analysis, it was preliminarily recommended not to support this proposal, and a communication process was initiated to engage with the Company for further understanding. After evaluation, we ultimately voted in favor of the proposal after considering the following reasons:

- After the proposal is approved, the Company will issue a material information announcement regarding the issuance of 10,000 thousand common shares (representing approximately 11% of the existing outstanding shares) for subscription by employees and existing shareholders, as well as for public sale, and the issuance will not be conducted through private placement. As the proportion of publicly issued new shares does not exceed 20% of the existing outstanding shares, it will not grant the Board of Directors excessive discretion or create a significant risk of diluting existing shareholders' interests.
- The Company committed to making recommendations to management and conducting follow-up communications regarding improvement measures.

However, in the Company's 2025 proposal regarding "the planned public offering or private placement of securities to meet the Company's funding needs," the Company proposed issuing up to 50,000 thousand common shares, representing 49.15% of the existing outstanding shares. Given that communications had already been conducted with the Company in 2023 and specific examples had been provided for its reference, yet no concrete improvements were observed in this year's proposal, and the proposed share issuance would account for as much as 49% of the existing outstanding shares, potentially resulting in severe dilution of existing shareholders' interests, the Company therefore voted against the proposal.

(2) Exercise of Voting Rights

In 2025 Cathay Life Insurance had attended 254 shareholders' meetings at home and abroad and voted 2,417 resolutions. In addition to 100% exercising voting rights electronically, representatives were appointed to attend in person the shareholders' meetings of seven companies. Of which, speeches were made in the shareholders' meetings of two companies to encourage and support the investee companies' improvement in ESG performance. Cathay Life Insurance look forward to these companies' continuous effort in ESG.

**We voted at
254
General Meeting**



Voting Methods

253 e-voting, 1 on-site voting



Attendance in AGMs

Cathay Life Insurance: 6 attending on-site, 1 attending virtually

Mandated institutions: 1 attending on-site, 0 attending virtually

**We voted on
2,417
proposed resolutions**



Exercising Voting Rights

Cathay Life Insurance: 100%

Mandate institutions: 0%

Note: If the same company's shareholders' meeting is attended both physically and online, they will be counted separately.

Cases of Speech at investee Annual General Meeting—Company N

In recent years, Company N has continued to strengthen its corporate governance practices, with its corporate governance evaluation results improving year by year. Over the past five years, the company has advanced from the 51–65% tier to the 6–20% tier, demonstrating continued investment and tangible progress in areas such as board operations, information disclosure, and related governance mechanisms. This has also established a solid foundation for the subsequent advancement of its overall ESG strategy. In this regard, Cathay Life Insurance highly recognizes Company N's proactive efforts in corporate governance and believes that strong corporate governance helps enhance a company's resilience and long-term competitiveness in responding to changes in the external environment.

As capital markets place increasing emphasis on ESG issues, regulators, institutional investors, and supply chain customers have all raised their expectations for corporate sustainability performance. ESG has gradually become one of the core competitive strengths of companies. Since 2023, MSCI has officially included Company N within the scope of its ESG ratings. Beginning that same year, Cathay Life Insurance has engaged with the company through engagement meetings and communication channels on key ESG issues such as climate change, human capital management, and water resource management, helping the company gain a better understanding of the assessment frameworks and disclosure priorities of international ESG rating agencies.

Through ongoing dialogue and engagement, Cathay Life Insurance has observed that Company N has devoted considerable efforts to a number of ESG issues in recent years, with notable progress made in related systems and management practices.



國泰人壽於2015年開始自行遵循聯合國責任投資原則，於2016年成立責任投資小組，為善盡機構投資人盡職管理之責，我們除重視被投資公司的財務績效，也十分重視被投資公司的 ESG 表現，因此，在投資過程中評估企業 ESG 表現，並積極行使股東行動主義，設置專職團隊與企業針對 ESG 議題溝通，鼓勵公司逐步提升 ESG 表現。

ESG 三個元素中，我們認為公司治理是基本的一環，也是 ESG 的核心，因為企業的公司治理做得好，將可帶領企業朝向正確的方向前進，並使企業具備因應各種變動環境的風險抗衡度及韌性；而我們觀察到貴公司在公司治理評鑑狀況，近 5 年公司治理評鑑排名由 51–65% 逐年提升到 6–20%，顯示貴公司在強化公司治理方面持續深耕，亦為推動整體 ESG 策略奠定了關鍵基礎。

資本市場高度重視 ESG，從主管機關對企業 ESG 資訊揭露要求愈趨明確，到國內外機構投資人積極督促公司提升 ESG 表現，而客戶亦期待供應鏈能共同實踐永續，足以顯示 ESG 已成為企業的核心競爭力之一；由於 2023 年 MSCI 將 貴公司正式納入其 ESG 評比範疇之中，國泰人壽陸續與貴公司就氣候變遷、人力資本管理及水資源管理等 ESG 議題進行交流，我們很開心看到公司這幾年來投注許多心力，也有明顯的進展，衷心期待 貴公司持續地精進 ESG 作為，進而提升 ESG 評比績效，讓國內外各方利害關係人充分了解到公司在 ESG 領域所付諸的努力，並受到更多投資人的肯定。如果有國泰人壽能協助之處，也歡迎……隨時與我們聯繫，謝謝！

Summary of Cathay Life's speech in the minutes of Company N's shareholders meeting

Cases of Speech at investee Annual General Meeting—Company T

Company T is a benchmark enterprise in the semiconductor industry that has long been committed to climate action and actively advancing green transformation, while striving to achieve its net-zero targets. Cathay Life Insurance highly recognizes Company T's ESG initiatives. However, we have observed that alignment between domestic policies and international standards is accelerating, and requirements for corporate sustainability disclosure continue to increase. Therefore, at Company T's shareholders' meeting, Cathay Life Insurance recommended that Company T follow Taiwan's "Taiwan Sustainable Taxonomy" for disclosure, and transparently communicate its assessment results and progress to stakeholders. By doing so, Company T can establish itself as an industry benchmark and encourage more industries to engage in sustainability information disclosure.

In addition, we jointly signed a collective statement with international investors, including APG Asset Management, to provide recommendations at Company T's shareholders' meeting regarding the progress of its RE100 commitment. These recommendations included clarifying renewable energy target setting, disclosing project progress and implementation details, and supporting supply chain decarbonization, with the aim of enhancing Company T's transparency and resilience in the energy transition.

Company T attached great importance to these recommendations. In addition to providing detailed explanations of its internal assessments regarding sustainable economic activities, it also actively communicated with the competent authorities to clarify related issues. Ultimately, Company T officially disclosed information related to its sustainable economic activities in November 2025, demonstrating its leadership in sustainability governance and transparency. Regarding the progress of renewable energy, Company T responded that it would fully support and maximize the use of green electricity wherever possible. Relevant project plans and progress would also be disclosed to the public in a timely manner. At the same time, it would continue to work together with its supply chain and stakeholders to jointly advance the energy transition.

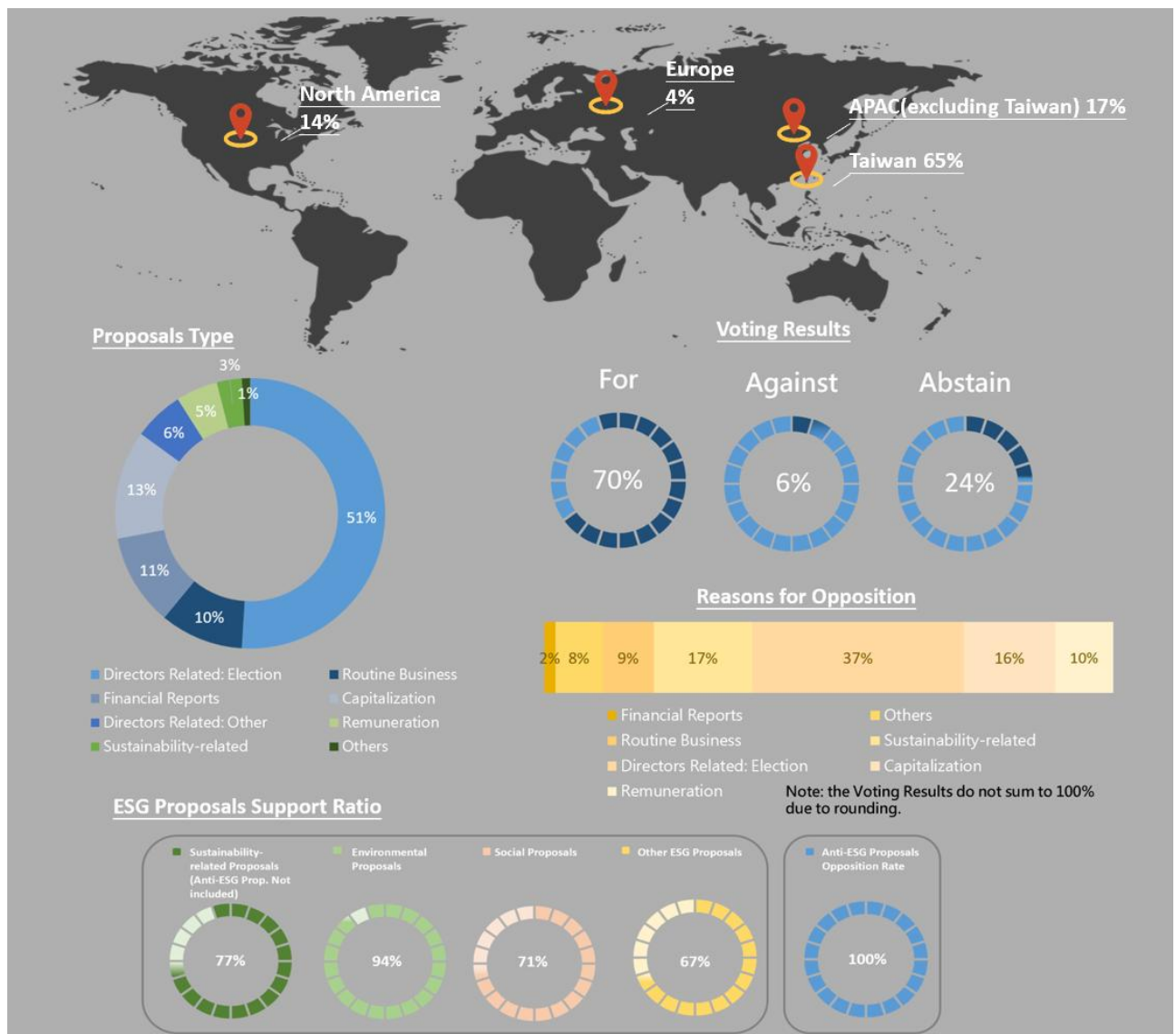
Photo of Cathay Life's
speech at Company
T's shareholders
meeting



(3) Proxy Voting Results

In 2025, shareholders' meetings held in Taiwan accounted for the highest percentage of all the meetings we attended at 65%, followed by those in other countries within the Asia Pacific region (17%) Among all proposals we voted, the majority falls in "the election of directors and supervisors"(51%), followed by "capitalization"(13%) and "financial reports" (11%).

Cathay Life Insurance respects the know-how of investee companies, and in the interest of sustainable growth and low-carbon transitions, we generally support management proposals. However, only when proposals that obstruct the sustainable development of investee companies will not gain our support. Therefore, we voted for 70%, against 6%, and 24% abstained from all proposals we voted this year.



i. Reasons for Opposition

Cathay Life believes that shareholders have the right to review material issues one by one rather than be forced to vote on multiple proposals collectively as a bundle. If a motion classifies into multiple types of proposals of the same category, and the contents of these proposals may clash with or obstruct shareholders' rights or economic interests, Cathay Life may directly oppose the whole proposal bundle in the motion.

In addition, we pay attention to the overall ESG performance of investee companies. We will cast opposition votes against proposals deemed inconsistent with the spirit of corporate governance, detrimental to shareholders' rights and interests, or having negative impacts on the environment or society. We also consider factors such as proposals' impact on the company's sustainable operation and the shareholders' rights to screen out the categories of major proposals the company is mainly concerned about. Below are the proposal categories of our main concerns and the considerations for our opposition:



Election of Directors:

- ✓ We pay attention to whether directors are independent, serve for too long or have too many concurrent positions in other companies.
- ✓ The Company will proactively communicate with companies whose business operations or value chains (1) generate a large amount of greenhouse gas emissions; (2) may cause biodiversity risks; and (3) are associated with significant human rights controversies, but have not taken appropriate actions to reduce climate risks. In addition, it may also abstain from voting or oppose the election of directors (such as chairmen, CEOs and relevant committee members of companies) or climate-related proposals of senior executives based on environmental and human rights accountability.
- ✓ Example: Elect directors of companies on the Climate Action 100+ focus group list, receiving poor ratings in the Forest 500 assessment, or involved in significant human rights controversies.



Remuneration and benefits:

- ✓ Compensation and benefits are mainly about attracting, retaining and rewarding people who are critical to the long-term sustainable growth of companies, so if the compensation plan is not linked to the company's long-term sustainable value or has no relationship with performance goals, we may oppose the company's salary-related proposals.
- ✓ Examples: Approve employee share purchase plan, Advisory vote to ratify named executive officers' compensation



Financial statement and audit:

- ✓ Whether the capital structure affects shareholders' investment values and their priority to receive benefits over other debtors in the company. For this reason, if the company's auditors are not independent or the proportion of non-audit fees to the total audit fees is too high, we may oppose the relevant proposals for the appointment of auditors.
- ✓ Example: Approve appointment of financial auditor



Profit Distribution:

- ✓ Cathay Life is normally in favor of distributing cash or stock dividends generated by income or derived from capital and statutory reserves, only unless the dividend rate is not in the best interests of shareholders (such as being continuously too low without adequate explanation) or is unfavorable to the company's sustainable financial condition (such as being too high for the company's financial condition).
- ✓ Example: Approve Profit Distribution Plan

ii. Reasons for Abstentions, with possible conditions below:

- Subject to Article 146-1 of Insurance Act in Taiwan, insurance companies cannot cast a vote in the election of directors or supervisors at the public company, those in Taiwan being invested, hence the abstention votes for proposals related to the appointment of directors and supervisors;
- If the preliminary voting recommendations is “against”, investee company is willing to improve after we communicate and engage with the investee company;
- We neither support nor against the management proposals.

iii. When to vote for: If above concerns is absent, we will vote for.

■ **Key points of analysis on "say on pay":**

The main purpose of remuneration is to attract, retain, and reward directors, senior management personnel or key employees who play critical roles in ensuring long-term sustainable business growth of the company. For this reason, remuneration indicators of the bonus system shall be challenging and stringent, and provide appropriate incentives, while performance evaluation indicators and actual performance shall also be fully disclosed to provide investors with sufficient information for evaluation.

■ **Background:**

This is an advisory vote on executive compensation, which allows shareholders to express their views for or against the executive compensation plan (including the compensation, equity awards and performance measures granted to executives) established by the Company's Leadership Development and Compensation Committee.

■ **Reasons to vote against on company L's advisory proposa:**

- ✓ Insufficient transparency in the variable remuneration of senior executives makes it difficult to assess its linkage to performance: Company L only disclosed the total annual bonuses for senior executives in its annual disclosure. Although some performance evaluation criteria were described, the specific weightings of various financial and non-financial indicators were not further disclosed, nor were the thresholds, targets, and actual achievement rates for each performance indicator provided. These deficiencies in information disclosure prevent shareholders from effectively assessing the rigor of the performance conditions and whether they align with good corporate governance practices. Furthermore, the annual bonuses received by the Company's CEO since 2021 have remained at the same level, failing to reflect changes in the Company's operating environment and performance fluctuations across different years, thereby further raising concerns as to whether the variable remuneration is substantively linked to performance. The aforementioned circumstances have weakened the function of the remuneration system in incentivizing management to create shareholder value, and are also unfavorable to enhancing shareholders' trust in the reasonableness and fairness of the remuneration

structure;

- ✓ The performance conditions of the long-term incentive plan are insufficiently challenging and short-term oriented: The long-term incentive plan granted this year is ultimately determined primarily by the performance of two financial indicators during 2025–2026, including the Group’s recurring operating profit, net cash flow generated from operating and investing activities, and operating profit margin for the period. The aforementioned financial indicators account for a combined weighting of 85%;In addition, 15% was tied to ESG-related performance conditions. However, the Company did not disclose the specific content or evaluation methodology of the ESG indicators. Overall, such performance conditions do not appear to be sufficiently challenging, and the evaluation period is relatively short, making it difficult to effectively guide management to focus on creating long-term value for the Company. Furthermore, without sufficient disclosure of the ESG performance indicators, such conditions fail to strengthen the governance quality of the incentive plan and instead further reduce the transparency and verifiability of the remuneration structure.

For the above reasons, Company L’s senior executive remuneration proposal failed to adequately align with good corporate governance practices and the achievement of long-term shareholder value in terms of the linkage between remuneration and performance, the level of challenge embedded in the incentive plans, and the transparency of information disclosure. Therefore, the Company does not support this advisory vote on senior executive remuneration.

■ **Follow-up action if we are not satisfied with the result of the proposal:**

This year, the Company voted against Company L’s senior executive remuneration proposal for the aforementioned reasons. If the Company fails to take concrete and effective improvement actions in the following year regarding shareholder concerns such as the transparency of the remuneration structure, the rigor of performance indicators, and the adequacy of information disclosure, the Company may continue to vote against the Company’s senior executive remuneration proposal in the following year.

■ **Key points of analysis on “climate accountability”:**

Check if companies from high-emission industries and the focus companies on the CA100+ list have committed to a net-zero emission target, set scope 1, 2, and 3 emission reduction targets, implemented climate-related financial disclosures, or have specific carbon reduction strategies.

■ **Background of the proposal:**

Company S has established net-zero greenhouse gas emissions targets and clearly committed to achieving at least a 95% reduction in Scope 1 and Scope 2 emissions by 2050 or earlier, and this indicates that it has already developed an initial long-term carbon reduction plan. However, under the CA100+ Net-Zero Company Benchmark, in addition to long-term commitments, companies are still required to establish comprehensive and concrete short- and medium-term emissions reduction pathways to enable investors to assess their actual capacity and progress in implementing the transition.

At present, the company has not yet met CA100+ Indicator 3.1 (requiring the establishment of short-term emissions reduction targets by 2027) and Indicator 4.1 (requiring the establishment of medium-term emissions reduction targets for 2028–2035), indicating that its net-zero commitment still lacks concrete implementation plans. As global policies gradually move toward stricter emissions management and mandatory disclosure requirements, failure to establish concrete quantitative targets in the short and medium term may lead to increased transition uncertainty and potential operational and financial risks.

✓ **Reasons to vote abstain to Company S’s election of directors:**

- ✓ Although the company has established a 2050 net-zero commitment, it has not yet set short-term (by 2027) greenhouse gas emissions reduction targets.
- ✓ It also has not established medium-term (2028–2035) emissions reduction targets, and therefore does not meet the requirements of CA100+ Net-Zero Company Benchmark Indicators 3.1 and 4.1.
- ✓ The lack of short- and medium-term pathways supporting its long-term targets undermines the credibility and execution of the company’s overall climate strategy.

■ **Follow-up action if we are not satisfied with the result of the proposal:**

Based on the principle of climate accountability, the Company believes that the Board of Directors should be responsible for ensuring that companies establish comprehensive and time-bound decarbonization pathways aligned with the global transition toward 1.5°C. Although the Company has proposed long-term targets, neither short-term nor medium-term targets have been established, resulting in a disconnected climate strategy. The Company therefore abstained from voting on the election of directors to the Sustainability Committee this year to express its concern over the lack of progress in climate governance. If the Company fails to propose more concrete short-term and medium-term targets in the future, the Company will, based on subsequent improvement efforts, consider whether to vote against the directors responsible for sustainability and climate governance in the following year as a means of accountability.

(4) Environmental and Social (E&S) related Proposals:

i. Definition

Cathay Life takes into account the environmental and social-related proposals in exercising voting rights, and conducts case-by-case inspections depending on individual companies' status and proposals, while voting decisions are made based on internal evaluation.

① Environment-related factors:

Include climate change, water resources, biodiversity, nature, carbon emissions, waste treatment and renewable energy, etc.

② Society-related factors:

Include human rights, labor management, human capital, gender, race, animal welfare, charitable donations, workplace diversity, equality and inclusion, information security and personal privacy, and AI risk management etc.

ii. Guideline for exercising voting rights

Cathay Life Insurance supports E&S proposals related to strengthening investee companies' capability to develop long-term sustainable value, in order

to inspire companies to adopt more specific environmental and social response actions. We hope to motivate more specific climate response and nature conservation actions among enterprises. Meanwhile, we also pay attention to proposals involving labor disputes, diversity and equality, and human rights, which may have significant impact on society. We encourage companies to give respect to different genders and ethnic groups, meet international human rights standards, and make substantial contributions in combating social inequality. However, unreasonable sustainability-related proposals that obstruct sustainable development of investee companies will not win our support in principle.

Thus, in principle, Cathay Life Insurance support:

- ① Climate-related proposals in line with carbon reduction goals of the Paris Agreement;
- ② Society-related proposals that comply with the United Nations Guiding Principles on Business and Human Rights(UNGPs);
- ③ Performance disclosure proposals that should raise a company's awareness and sense of responsibility toward environmental or social performance;
- ④ Proposals that can reduce a company's major environmental and social risks and increase or protect shareholder value;
- ⑤ Proposals on biodiversity that align with the "Kunming-Montreal Global Biodiversity Framework";
- ⑥ Proposals align with SDGs 6 Clean Water and Sanitation

In general, shareholder proposals enable shareholders to effectively express their opinions to the senior management of companies. Many shareholders will submit proposals on promotion of ESG in companies at the shareholders' meetings. Currently, the sustainability-related proposals are mainly shareholder proposals, and the Company will prudently assess the reasonableness of such proposals before making voting decisions. In addition, some companies submit environmental and social (E&S) proposals or future sustainability plans for shareholder consideration in order to seek shareholder

support. For such proposals, Cathay Life Insurance will make voting decisions following a prudent assessment of their reasonableness and potential to enhance long-term corporate value. In recent years, shareholder proposals opposing sustainability-related initiatives have also emerged, particularly in the U.S. market. As a general principle, Cathay Life Insurance votes against proposals that may hinder a company's sustainable development, thereby demonstrating its support for the sustainable management and long-term value creation of investee companies.

iii. Proxy voting result of E&S sustainability-related proposals

① Environmental-related proposals:

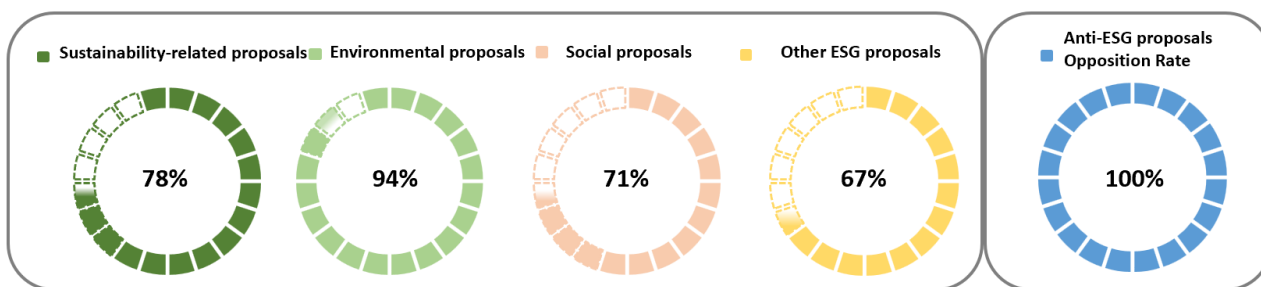
To avoid more serious impact from climate action failure, in 2025, we supported 94% of environment-related proposals to help mitigate companies' climate risks, including linking executive remuneration to GHG emissions reduction targets, climate risk management and presenting a biodiversity report.

② Society-related proposals:

Under reasonable circumstances, we support assessment reports on the impact of company operations on human rights, announcements and proposals on diversity and inclusion, and disclosure of political and lobbying activities and expenses, so as to promote attention on human rights and diversity. Thus, the approval ratio of social proposals is 71% in 2025.

③ Overall, driven by stronger support for E&S proposals, support for E&S sustainability-related proposals increased by 1.3 times compared to previous year. The overall support rate for sustainability-related proposals (including anti-ESG proposals) was 78%.

④ Against the backdrop of a growing anti-ESG trend in global markets, shareholders' proposals to eliminate the DEI policy and reduce GHG reduction targets, which weaken sustainability commitments or hinder sustainable development, began to appear during shareholders' meetings in 2024, and continued in 2025. Cathay Life Insurance voted against 100% of these anti-ESG proposals to demonstrate our commitment to sustainability.



Note: The support rate for E&S sustainability-related proposals includes anti-ESG proposals.

Environmental-related Proposal – Case 1

Environmental factors: Climate change

Proposal: Require company to disclose its climate transition plan

Background:

Company M is a global leader in the technology industry. With the rapid development of generative AI, the Company's data center energy consumption has increased significantly. According to the Company's disclosures, its electricity consumption has risen by approximately 200% compared with the level prior to the expansion of its data centers, indicating that data center expansion has become a significant source of the Company's carbon emissions and energy-related risks. Accordingly, shareholders submitted a proposal seeking disclosure of a climate transition plan, requesting that Company M explain to shareholders how it will ensure that the additional energy demand arising from data center expansion will be offset by newly added renewable energy capacity or accelerated emissions reductions.

For the following reasons, Cathay Life Insurance supported Company M's shareholder proposal requesting disclosure of the Company's climate transition plan:

- Insufficient progress in transition efforts compared with industry peers: In comparison, industry peers have made more forward-looking commitments. Its major competitors have committed to achieving 24/7 carbon-free electricity (24/7 CFE) across all operations, a standard widely regarded as one of the best practices in sustainable energy governance within the technology industry. Although Company M has implemented a number of renewable energy procurement measures, it still lacks sufficient transparency and verifiability with respect to its strategies, target setting, and implementation progress for ensuring

that additional energy demand is fully covered by newly added renewable energy capacity.

- Enhance investors' understanding of the climate risks arising from industry expansion: By formulating and disclosing a clearer climate transition plan, Company M will enable investors to better understand how it manages the carbon emissions arising from data center expansion and the associated regulatory risks.

In conclusion, disclosure of the Company's climate transition plan would not only help strengthen its governance of climate-related risks, but also support its ability to respond to future regulatory requirements, enhance operational resilience, and ensure the Company can maintain long-term sustainable development amid competition in energy-intensive industries. Cathay Life The Company supports this shareholder proposal based on the need to enhance information transparency, promote stronger climate governance practices by the Company, and respond to market and investor expectations regarding responsible energy use in the technology industry.

Environmental-related Proposal – Case 2

Environmental factors considered: Nature and biodiversity

Proposal: Require company to provide a nature loss and biodiversity risk assessment report

Background:

Company P is one of the world's leading beverage companies. The food and beverage industry is highly dependent on ecosystem services provided by natural ecosystems, which have significant impacts on the stability of corporate supply chains, the sourcing of raw materials (such as water and sugar), operational resilience, and long-term growth. Shareholders therefore proposed that Company P publish a more comprehensive report on biodiversity and nature-related risks and losses. Although Company P has disclosed certain environmental information and continues to promote initiatives aimed at reducing deforestation and mitigating natural capital-related systemic risks, its existing disclosures have yet to provide a sufficiently comprehensive assessment of the deterioration of

natural ecosystems, biodiversity loss, and their related financial and operational impacts on the Company's operations.

For the following reasons, we supported the proposal of Company P's shareholder to request that the company provide a nature loss and biodiversity risk assessment report:

- Responding to NA100 and investor expectations: According to the NA100 assessment, Company P failed to meet five of the six nature-related assessment criteria, indicating that the Company needs to further strengthen its biodiversity risk management capabilities and information disclosure transparency in order to respond to the expectations of investors and stakeholders.
- Strengthening the Company's sustainable management capabilities: By publishing biodiversity and nature-related risk reports, the Company can more clearly identify the specific risks and opportunities it faces in relation to natural capital, and propose subsequent response and mitigation measures, which would help strengthen corporate governance and long-term sustainability capabilities.

In conclusion, the report can enable investors to assess the Company's preparedness for climate, ecological, and regulatory transitions, and help reduce significant future risks such as financial, legal, or supply chain disruptions. Based on considerations of enhancing information transparency, improving natural capital risk management, and strengthening the Company's sustainable competitiveness, Cathay Life Insurance supports this shareholder proposal.

Social Proposals – Case 1

Social factors considered: Supply chain human rights

Proposal: Require the company conduct a third party assessment to evaluate its human and labour rights commitments in the supply chain

Background:

Company M is a large multinational food industry company. Its global food and consumer goods supply chain spans multiple countries and tiers, with labor conditions and human rights risks present across stages including raw material sourcing, processing and manufacturing, and outsourced production. In recent years, human rights issues such as forced labor, child labor, and excessive working hours have attracted significant

international attention. Governments in many countries have also gradually strengthened corporate responsibility and supply chain due diligence requirements.

Although the Company has established relevant supply chain human rights policies and conducts a certain degree of supplier review and management, recent labor rights controversies involving supplier Company H, including the employment of child labor as well as labor and safety violations, highlight that the current supply chain management and oversight mechanisms still have room for improvement in terms of implementation. In addition, the Company's current audit scope is mainly concentrated on tier 1 suppliers and does not yet cover the entire supply chain. The public transparency of its supply chain review results is also limited, making it difficult for external stakeholders to fully assess the Company's actual effectiveness in managing human rights risks.

For the following reasons, we supported the proposal of Company M's shareholder to conduct a third party assessment to evaluate its human and labour rights commitments in the supply chain:

- **Aligning with international human rights standards:** The International Labour Organization (ILO) and the United Nations Guiding Principles on Business and Human Rights (UNGPs) both require companies to conduct ongoing and effective due diligence on human rights risks within their supply chains. Independent third-party assessments can enhance the Company's credibility in identifying and managing human rights risks.
- **Responding to recent labor rights controversies and strengthening governance mechanisms:** Supplier H's labor rights disputes demonstrate that the existing supplier review system failed to identify and prevent risks at an early stage. Third-party reviews can help address blind spots and gaps in internal governance.
- **Enhancing supply chain transparency and expanding the scope of review:** The current review mainly focuses on tier 1 suppliers and does not yet cover the multi-tier supply chain. Third-party assessments can help the Company gain a more comprehensive understanding of its supply chain structure and risks, thereby helping to enhance overall supply chain resilience.

- Reducing regulatory and reputational risks: As the United States, the European Union, and other jurisdictions gradually advance forced labor bans and supply chain regulations, strengthening due diligence can reduce the Company's risks of legal litigation, product bans, and damage to brand reputation.

In conclusion, although Company M has established a certain framework for managing human rights within its supply chain, recent incidents have highlighted that there is still room for improvement in implementation. The Company supports the principles set forth in international labour conventions and supply chain responsibility standards, and believes that commissioning an independent third-party assessment would help enhance corporate governance transparency, strengthen due diligence capabilities, and reduce potential future legal and reputational risks. Therefore, we support this shareholder proposal.

Social Proposals – Case 2

Social factors considered: Human rights in the value chain

Proposal: Require the company to publish a human rights impact assessment report

Background:

Company J is one of the world's leading pharmaceutical companies. The pharmaceutical industry plays a critical role in global public health systems, and the right to health serves as a fundamental prerequisite for the realization of many other basic human rights. J Company's activities, including product accessibility, research and development processes, clinical trial management, and supply chain transparency—are closely connected to the human rights issue of the right to health. In recent years, global attention to pharmaceutical safety, information disclosure, clinical research compliance, and access to medicines for vulnerable populations has continued to increase.

Industry peers such as Sanofi and Novo Nordisk have not only established comprehensive human rights policies but have also implemented corresponding due diligence processes, human rights impact assessment mechanisms, and regular disclosures of related management performance. This demonstrates that greater transparency in human rights governance is increasingly becoming a new industry standard within the pharmaceutical sector.

Although J Company has adopted a human rights policy, its Board of Directors has argued that safeguarding the right to health depends more heavily on government policymaking and public investment than on unilateral corporate action. However, given that the company has faced public scrutiny and regulatory pressure in recent years concerning product safety and health-related concerns, external stakeholders have become increasingly concerned about its ability to manage human rights impacts and associated risks. In the absence of a clear, human rights-focused impact assessment report, investors face challenges in evaluating the company's actual governance effectiveness regarding issues related to the right to health.

For the following reasons, we support the shareholder proposal requesting that J Company conduct and disclose a Human Rights Impact Assessment (HRIA):

For the following reasons, we supported the shareholders' proposal of Company P "requesting the Company to seek third-party verification of the safety of the sugar substitutes":

- **Alignment with industry best practices and international standards:** International human rights frameworks, such as the UN Guiding Principles on Business and Human Rights (UNGPs), require companies to regularly assess the human rights impacts associated with their products and operations. Many industry peers have already publicly disclosed human rights impact assessments, placing J Company behind prevailing industry trends in terms of transparency.
- **Strengthening governance of product safety and health-related risks:** The company has recently faced external concerns regarding product safety and health-related issues. Conducting a formal human rights impact assessment would enhance the company's ability to identify and manage risks while strengthening trust among consumers and investors.
- **Independent assessments enhance governance credibility:** The shareholder proposal calls for an independent and objective assessment process, which can help reduce information asymmetry and improve accountability of both the Board and management regarding human rights issues.
- **Mitigation of legal and reputational risks:** Global pharmaceutical regulations are

becoming increasingly stringent, and product liability litigation risks continue to rise. A lack of transparency in risk management may result in higher compliance costs and reputational damage. Conducting a human rights impact assessment would allow the company to proactively address and mitigate these risks.

Considering the pharmaceutical industry's high sensitivity to issues related to the right to health, as well as the room for improvement in J Company's transparency and governance maturity compared with its peers, we believe that the human rights impact assessment requested by the shareholder proposal would strengthen the company's overall human rights governance framework and enhance its ability to respond effectively to external regulatory developments and right-to-health-related concerns. Accordingly, we support this shareholder proposal.

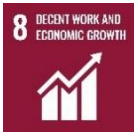
(IV) Sustainable Investment

In addition to establishing a comprehensive system and procedures for responsible investment, Cathay Life Insurance also takes proactive actions when making investments by investing in specific environmental sustainability and social development themes through its core investment capabilities, creating shared value for society and business.

1. Theme Investing

(1) Investment in accordance with Cathay FHC's 5 sustainable themes:

Related investments reached NT\$1.52 trillion in 2025, representing a 7.9% increase compared with 2024. Investments in ESG- and sustainability-related public infrastructure, industries (including but not limited to renewable energy and the circular economy), infrastructure projects, and related products and services accounted for 17% of the Company's total assets.

Investment themes	Alignment to SDGs	2025 investment amount	Description
 low-carbon and green energy industries	 	NT\$ 242.1 bn	In response to the global trend of transformation into a low-carbon economy and the Taiwanese government's 2050 net zero emission target. Cathay Life Insurance actively invest in low-carbon green energy industries and make contributions to creating a low-carbon planet.
 Infrastructure	 	NT\$ 842.7 bn	In order to maintain economic and social growth, eradicate poverty, and adapt to the impacts of climate change, infrastructure improvements will be crucial for sustainable development. Cathay Life has invested in infrastructure-related industries to fund sustainable urban development and change people's lifestyle.

Investment themes	Alignment to SDGs	2025 investment amount	Description
 Water resources		NT\$ 1 bn	With the scarcity of water resources, the rapid increase of the urban population, and the extreme climate change have rendered the effective use and treatment of water resource a major concern of the present era, We hope that areas can have better public water supply by investing in public sewage treatment and water resources development.
 Aging society and health		NT\$ 501.4 bn	Health is a fundamental human need and a crucial core of sustainable development. With the rapid demographic changes, it will bring significant impacts and demands to the healthcare system. In order to promote human health and well-being, we actively invest in health-related industries such as drug development and biotechnology.
 Community and financial inclusion	 	NT\$ 80 mn	Upholding our core philosophy of being “people-oriented,” which is incorporated into our core competencies of investment, Cathay Life invests in industries related to education and microfinance, hoping in doing so to contribute to the realization of inclusive finance.

Note: Due to the overlapping of some sustainable investment contents, the total amount of sustainable investment is not a combination of each theme investment.

(2) Support investment in the orderly net-zero transition of Taiwan’s industries

Cathay Life Insurance supports Taiwan’s 2050 net-zero emissions pathway and strategy, and prioritizes investments in areas such as sustainability-linked bonds, the 12 key strategic industries, and supporting economic activities in order to meet enterprises’ financing needs for low-carbon transition, thereby promoting an orderly transition toward a green economy.

i. Sustainable bonds

As of 2025, Cathay Life Insurance had invested NT\$11.8 billion in sustainable bonds approved by the Taipei Exchange, including green bonds, social bonds, sustainability bonds, and sustainability-linked bonds, accounting for 0.3% of its total bond^{Note} investments.

Note: Relevant definitions in accordance with the Insurance Act and the Regulations Governing Foreign Investments by Insurance Companies.

ii. 12 key strategies

In support of the National Development Council's "12 Key Strategies" policy, Cathay Life Insurance's total domestic investments and financing aligned with the strategic industry classifications amounted to NT\$133.8 billion as of 2025. The covered activities and investment amounts are shown in the table below.

12 key strategic industries	Investment Amount (BN)		Financing Amount (BN)
	Securities	Real Estate	
1.Wind/Solar Photovoltaic Power	26.5		3.6
4.Power System and Energy Storage	0.2		
5.Energy Saving and Efficiency	26.5	61.5	2.3
7.Carbon-free and Electric Vehicles	2.7		
8.Resource Recycling with Zero Waste	0.2		
10.Green Lifestyle	5.4		
11.Green Finance	4.9		
Total			133.8

Note: Industry numbers and names are listed in accordance with the order announced by the National Development Council.

iii. Enabling activities

Enabling activities can help accelerate the implementation of key strategic industries for transition. As of 2025, Cathay Life Insurance's total domestic investments and financing aligned with Enabling activities under Taiwan Sustainable Taxonomy amounted to NT\$28.9 billion. The covered activities and investment amounts are shown in the table below.

Enabling activities	Securities Investment Amount (BN)	Financing Amount (BN)
1.Renewable energy generation, installations and related equipment	25	3.6
10.Energy storage facilities and related equipment	0.3	
Total		28.9

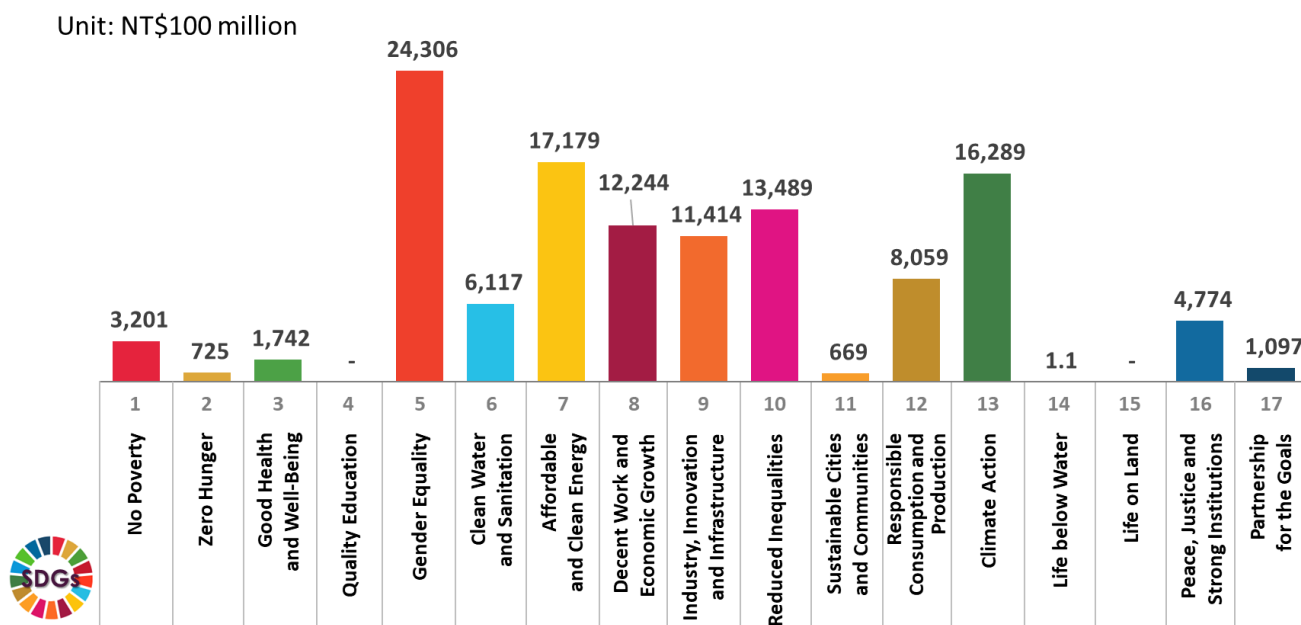
Note: The activity codes and names follow the order set out in the Taiwan Sustainable Taxonomy.

(3) Investment linking to 17 Sustainable Development Goals (SDGs):

The United Nations adopted the 2030 Agenda for Sustainable Development in 2015, proposing 17 world SDGs for moving towards sustainable development. It provides guidance on the decision-making, investments and actions for central governments, local governments, enterprises, citizen groups and others in the next 15 years, so that “every country achieves sustained, inclusive and sustainable economic growth, and decent work for all,” jointly creating a world involving sustainable production, consumption and use of natural resources including air, land, rivers, lakes, groundwater and ocean.

Cathay Life has financial assets are all over the world. As a citizen of earth, We have a profound understanding of the importance of the 17 Sustainable Development Goals (SDGs) on “economic growth,” “social progress” and “environmental protection.” Before making an investment, we would carefully evaluate whether the investee company can solve specific social or environmental issues and adhere to the 17 SDGs. By use of the MSCI SDG Alignment Tool, we would review whether the operations or products of domestic and foreign listed stocks and corporate bond underlying assets (excluding sustainability-related bonds^{Note}) are aligned with the SDGs. As of the end of 2025, domestic and foreign listed equity and corporate bonds investment portfolios were most connected to the following targets, ranked in order of alignment: SDG 5 Gender Equality, SDG 7 Affordable and Clean Energy, SDG 13 Climate Action, SDG 10 Reduced Inequalities, and SDG 8 Decent Work and Economic Growth.

Note: Sustainability-related bonds referred to herein include green bonds, social bonds, and sustainability bonds.



Note: The same investment target may correspond to more than one SDG.

2. Impact investing

To strengthen the positive impact on society or the environment, Cathay Life incorporates the four core aspects for considerations in investment decision-making. With reference to impact investment defined as “intentional, measurable, cross-asset and financially rewarding” by the Global Impact Investing Network (GIIN), we select investment targets that can effectively address specific social or environmental issues with measurable contribution for investment. We also reference international frameworks when assessing and taking inventory of the positive impacts of investee companies.

(1) Defining asset scope:

Considering that impact investment, has features that are of cross-asset, and measurability, asset types such as sustainability-related bonds, private equity investments, and impact funds are used as basis for the calculation of impact investment assessment scope and performance.

(2) Selecting evaluation method:

To effectively explain the impact goals and intention of contributing to positive and eventual social and environmental solutions, Cathay Life refers to

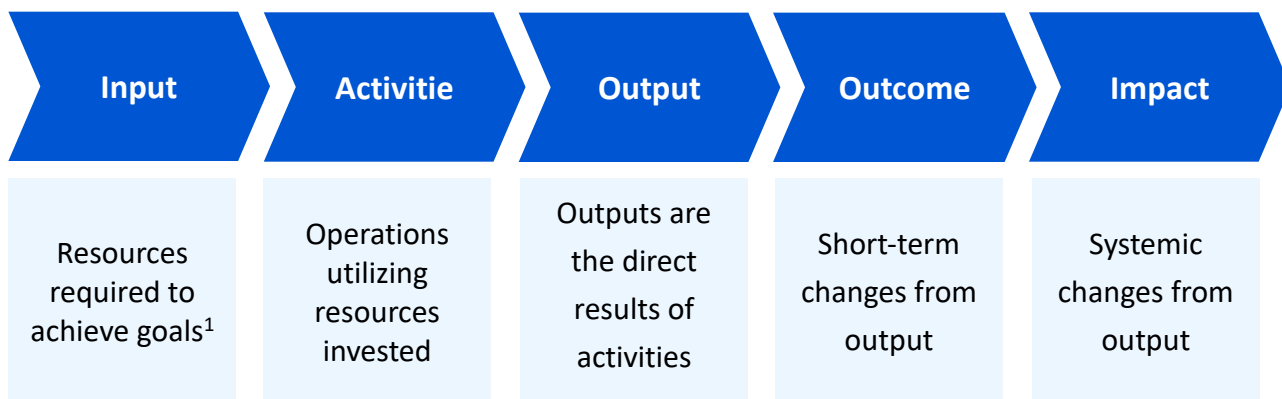
the “impact investment” jointly defined by CFA Institute, GSIA and PRI in 2023, and measures the social and/or environmental impacts by use of the Theory of Change and the “IRIS+ Thematic Taxonomy” framework published by GIIN. Meanwhile, we also use the 17 SDGs to match with impact projects of the Theory of Change:

- Impact investment involves the Theory of Change, which requires credible explanation on investor contribution or catalytic role.
- Impact investment shall be measured based on the impact measurement and management indicators that have been publicly recognized, such as IRIS+ launched by GIIN, or other environmental and social impact indicators such as the Global Reporting Initiative (GRI) or Future-Fit Business Benchmark.

➤ Selection of Evaluation Methods

“Theory of Change” + “IRIS+ Thematic Taxonomy” + the UN 17 Sustainable Development Goals

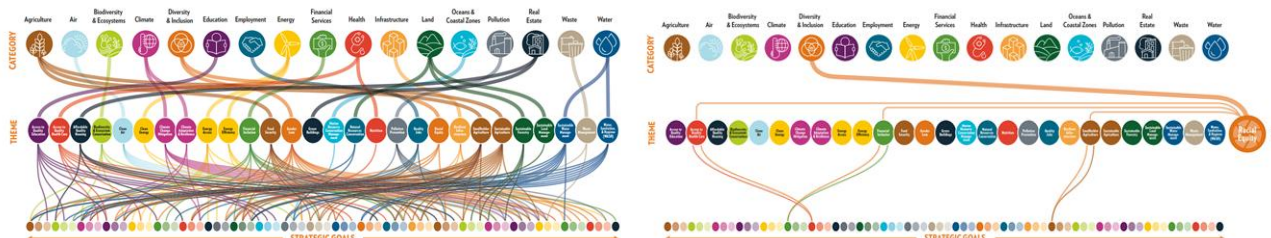
THEORY OF CHANGE



Note: 1. including human resources, R&D expenditure, funding, etc.



IRIS+ differentiates **17** impact categories, **28** themes and over **50** detailed evaluation indicators in impact investment. Corresponding to specific categories and themes based on the connotation of impact investment, the investment performances are based on the recommended detailed evaluation indicators.



Reference: [IRIS+ Thematic Taxonomy](#)



(3) Impact investing results:

- As of the end of 2025: Amount of impact investing reaching NT\$ **121.9** billion

■ Sustainability bonds recognized by the TPEX



The development items of the green bond we invest in include renewable energy, energy efficiency, clean transportation, green buildings, and wastewater management.



By investing in social bonds related to improving the lives of disadvantaged groups, providing affordable housing to address residential needs, and developing essential services, Cathay Life Insurance helps governments and enterprises generate positive and tangible social impacts.



In addition to directly investing in green bonds and social bonds, Cathay Life Insurance also invests in sustainability bonds that simultaneously support green investment projects and social impact investment initiatives, encouraging governments and enterprises to devote greater efforts to social and environmental improvement issues.



Cathay Life Insurance seeks to exert a positive influence by investing in funds or private equity of companies with products or plans that have a positive impact on society and the environment.

(4) The influence on the environment or society

Cathay Life Insurance calculates the environmental and social contributions of investments based on the impact reports issued by investee companies, or data directly provided by investee companies. In the future, we will continue to assess the feasibility of expanding measurable impact investment results. Meanwhile, the environmental or social indicators will be adjusted depending on the current situation.

IRIS + Categories	IRIS + Themes	Corresponding SDGs	Environmental or social indicators - contributions from the Company's investments (Cumulative amount in 2022-2025)	
 Energy	Energy Access	    	CO ₂ equivalent avoided	137,697 Mt CO ₂ e
			Number of households benefiting from renewable energy	312,080 Households
 Pollution	Pollution Prevention	  	Total volume of wastewater treated	20,779,344 Cubic meters (tons)
 Water	Sustainable Water Management	 	Total water conservation	31,546,663 Cubic meters (tons)
 Education	Access to Quality Education	  	Students benefiting from lunch subsidies	109,804 Head count
 Real Estate	Affordable Quality Housing	  	Number of beneficiary families of affordable housing	1,205 Households
 Financial Services	Financial Inclusion	  	Number of beneficiaries from improving the lives of disadvantaged groups	1,920,273 Head count
 Health	Access to Quality Health Care		Number of beneficiaries from improving health insurance	612,348 Head count

Note: Taking into account data availability, the impact calculated in the table below cannot cover all impact investment positions.

(5) Case Study on Cathay Life Insurance Investment

i. SunnyRich Multifunction Solar Power

Theory of Change Framework	Description
Input	To address issues such as the decline of traditional aquaculture techniques, insufficient funding, and environmental change, and to encourage young people to return to their hometowns to engage in technology-driven aquaculture, Sunny Rich Diversified Photovoltaic began adopting a smart greenhouse aquaculture model in 2021 to transform fish farms into technology-based industries. This initiative has not only created local employment opportunities, but also enabled young people to remain in their hometowns by combining aquaculture with green energy. This project is expected to require a total investment of NT\$20 billion for the construction of photovoltaic fishery facilities. After commercial operation begins, it is expected to generate annual electricity sales revenue of NT\$1.7–1.8 billion, with annual operating costs and expenses of NT\$1.2–1.3 billion.
Activities	The company will establish photovoltaic aquaculture facilities using photovoltaic panels as rooftop coverings, and adopt greenhouse aquaculture technologies to cultivate white shrimp, tiger prawns, and other species, thereby reducing climate-related disaster risks, increasing production yields, and employing local youth for operations and management.
Output (Cathay Life Insurance's Share)	IRIS+ Theme: Energy (Clean Energy) IRIS+ PI2764: Avoided Emission (CO₂e): 85,506 t-CO₂e/year IRIS+ PI3317: Electricity generated is equivalent to annual electricity consumption of 44,344 persons

Outcome	As only Phase 1 of the project (124.6 MW) has been completed and connected to the grid, the photovoltaic facilities are expected to generate approximately 180 million kWh of electricity in 2025, reducing CO₂ emissions by approximately 86,000 metric tons, equivalent to the annual carbon sequestration capacity of 220 Daan Forest Parks. Meanwhile, white shrimp farming has gradually commenced. Spot checks conducted on aquaculture ponds between July 2023 and June 2024 showed an average yield of 10.8 metric tons per hectare, exceeding the three-year average yield of 4.74 metric tons per hectare reported in the Fisheries Statistical Yearbook. The harvest yield was more than 100% higher than the three-year industry average reported in the Fisheries Statistical Yearbook.
Impact	7 AFFORDABLE AND CLEAN ENERGY  9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 

ii. Mexican Government Bonds

Theory of Change Framework	Description
Input	As of December 31, 2025, Cathay Life Insurance had invested NT\$1.1 billion in sustainable development bonds issued by the Ministry of Finance and Public Credit of Mexico.
Activities	Health-related initiatives include promoting drug prevention screening and education in schools while providing access to medical center resources; funding scientific and technological research related to healthcare; providing antiretroviral treatment for people living with HIV and promoting sexually transmitted disease prevention education; offering initial medical examinations, vaccinations, and health risk screenings; expanding maternal and child healthcare services and promoting modern contraceptive methods; and supporting healthcare professionals through transportation assistance and training programs.
Output (Cathay Life Insurance's Share)	IRIS+ Theme: Health (access to healthcare coverage) IRIS+ OI5495: A total of 11,556 beneficiaries gained improved healthcare coverage
Outcome	People in underserved areas are able to access essential medical and preventive services more easily in the short term, while trust in and utilization of the public healthcare system have also increased. Vaccinations, basic health screenings, and disease prevention practices have increased community awareness of the risks associated with infectious diseases and addiction. Women have gained greater access to sexual and reproductive health information and services, helping to begin addressing health inequalities caused by limited access to resources. At the same time, the training of healthcare professionals has helped local healthcare providers deliver more

	consistent service quality and risk management, ensuring continued access to stable medical support throughout the healthcare governance reform process.
Impact	

3. Sustainability-Linked Bond (SLB)

In addition to impact investing, Cathay Life Insurance also invests in sustainable-linked bonds (SLBs). The SLBs are designed to link bond interest and principal payment terms to the issuer's sustainable development performance, so as to ensure that the issuer will integrate sustainable development into their operational decisions and business models. The SLBs invested by Cathay Life Insurance come with a sustainable development target of achieving 100% greenhouse gas reduction. They support companies in implementing carbon reduction in business operations. As of 2025, the investment amount totaled NT\$ 7.2 billion.

(V) TCFD

Confronted by the increasingly severe impact of climate change, Cathay Life Insurance has taken the initiative in promoting the framework of the Task Force on Climate-related Financial Disclosures (TCFD) issued by Financial Stability Board (FSB). In 2022, Cathay Life Insurance and its parent company Cathay FHC science-based targets (SBT) were approved by the Science Based Targets initiative (SBTi) and moving towards the goal of Net Zero Emissions by 2050.

1. The impact of quantified climate change on investment portfolios

Physical risks caused by extreme weather may damage investee companies and even impact their production capacities, thus increasing the probability of companies' defaults or decreases in their market values. To control global warming, governments around the world are intensifying their supervision of carbon emissions by implementing carbon pricing or carbon emissions trading mechanisms; but such

measures have created a transition risk that has led to an increase in the costs of investee companies and affected their profits and values, thus reducing Cathay's income and values of assets we are investing in. Therefore, we use Backward looking quantitative methods and Forward looking scenario simulation methods to manage the risks and get opportunities of climate change in investment portfolios in advance.

(1) Backward looking quantification: Carbon footprint of investment and financing Portfolios

i. Assess the exposure of industries to the climate transition risk

The SASB Guidelines and IFRS S2 were referenced to define oil and gas, chemical and raw materials-related industries, Construction Materials (including cement), mining, fossil fuel power generation, and coal-related industries, and transportation as six sensitive industries that are vulnerable to climate transition risks. The Climate Transition Risk Assessment Framework was formulated on this basis. Exposure to climate transition risks accounted for 9.0% of the portfolio.

Group Sensitive Industries	Percentage of Exposure	Industry Vulnerable to Climate Transition Risks
Oil & Gas	6.9%	●
Food and beverage manufacturing	2.9%	
Real estate development and management	0.3%	
Mining	1.1%	●
Chemical raw materials related industries	0.7%	●
Automotive and parts manufacturing	0.3%	
Construction Materials (including cement)	0.2%	●
Transportation	0.004%	●
Fossil fuel-based electricity generation and coal-related industries	0.1%	●
Agriculture/Forestry/Fishery/Animal husbandry	0.02%	
Total	12.5%	9.0%

Note 1: Percentage of exposure refers to the percentage of the investment and financing balance of each sensitive industry to the total investment and financing balance.

Note 2: Climate transition risk indicators were established according to IFRS S2 indicators in order to identify the concentration of exposure to high carbon emission industries in sensitive industries.

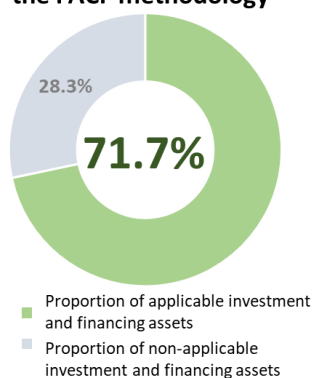
① Inventory Coverage

Since 2020, Cathay Life has voluntarily complied with the guidelines of the Partnership for Carbon Accounting Financials (PCAF), and used the PCAF methodology to calculate the financed emissions of its own investment portfolios. The inventory coverage of our overall investment and loan portfolio applicable to the PCAF methodology was 94.2% in 2025.

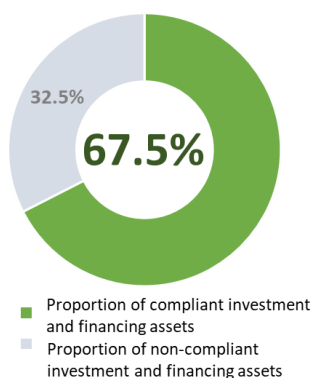
Note:

1. Coverage rate applicable to PCAF methodology: The investment and loan positions in line with the PCAF methodology as a percentage of the total investment and financing positions.
2. Inventory coverage: The investment and loan positions that already underwent inventory pursuant to the PCAF methodology as a percentage of the total investment and financing positions.
3. Inventory coverage applicable to the PCAF methodology: The investment and financing positions that underwent inventory pursuant to the PCAF methodology as a percentage of the total investment and loan positions in line with the PCAF methodology.
4. As funds do not have access to underlying assets or cannot be classified pursuant to the PCAF methodology, they are recognized as excluded assets, and shall not be included in the calculation of PCAF assets.

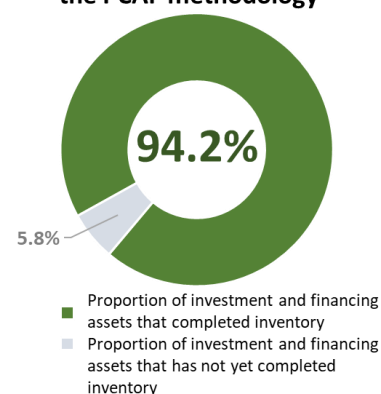
2025 coverage rate applicable to the PCAF methodology



2025 inventory coverage



2025 inventory coverage applicable to the PCAF methodology



② Portfolio financed emissions overview

Cathay Life Insurance began measuring financed emissions for its listed equity and corporate bond portfolio in 2020. In 2023, the scope was expanded to calculate financed emissions and economic emission intensity across the seven asset classes defined in the PCAF methodology. Following

the release of the updated PCAF Standard in December 2025, which expanded the asset classes from seven to ten^{Note1}, Cathay Life Insurance further incorporated the newly added asset classes into its calculations beginning in 2025. As Cathay Life Insurance does not provide motor vehicle loans, this asset class is not presented below. Going forward, we will continue to regularly review the financed emissions of our investment and loan portfolios to effectively monitor changes in portfolio carbon emissions.

In 2025, financed emissions from the investment and loan portfolio amounted to 15,495,377 tCO₂e, with an economic emission intensity of 2.8 tCO₂e per million NTD, as shown below.

Organizational boundaries	- Subsidiaries that the Company has controlling interest and are included in the Company's consolidated financial statements are excluded, as their GHG emissions are already included in Scope 1 and Scope 2 emissions of the Company. - Only the financed emissions of investment and loan portfolios in the standalone financial statements are calculated, and subsidiaries in the consolidated financial statements are not included.
Types of assets	Listed equity and corporate bonds, business loans and unlisted equity, project finance and investment, commercial real estate finance and investment, mortgages, securitized and structured products, and sovereign bonds.
Account title	- Investment Proprietary and mandated investment positions listed under Financial assets at fair value through profit or loss (FVTPL), Financial assets at fair value through other comprehensive income (FVTOCI), Financial assets measured at amortized cost (AC), and Investments accounted for using the equity method. - Loan

	Loan positions listed under “Loans.”
Scope of Greenhouse Gas Emissions	Except for the items separately explained below, all other assets in the inventory are calculated as Scope 1 and Scope 2 GHG Emissions. • For sovereign bonds, only Scope 1 category is calculated. • Scope 1, Scope 2, and Scope 3 greenhouse gas emissions are calculated separately for listed equity and corporate bond investment and financing portfolios. • All project investments and financing are renewable energy loans, and are therefore separately calculated to avoid carbon emissions^{Note2}.

Note:

1. The methodology published by PCAF in December 2022 includes seven asset classes: listed equity and corporate bonds, business loans and unlisted equity, project finance, commercial real estate, mortgages, motor vehicle loans, and sovereign debt. The updated methodology published in December 2025 expands the classification to ten asset classes, retaining the original seven while adding use of proceeds structures (Sustainability-related bonds), securitized and structured products, and sub-sovereign debt. However, Cathay Life Insurance does not engage in motor vehicle loan business, and therefore its asset exposure in this asset class is zero. Use-of-proceeds structures and sub-sovereign debt will be incorporated into financed emissions calculations in the future, subject to data availability.
2. Project investments and loan are mainly renewable energy loans, and financed emissions are calculated based on actual activity. Since the carbon emission factor of renewable energy is 0, the corresponding Scope 1 and Scope 2 emissions are both 0 and avoided carbon emissions was 34,125 tons.

Figure 1: Percentage of financed emissions by asset class

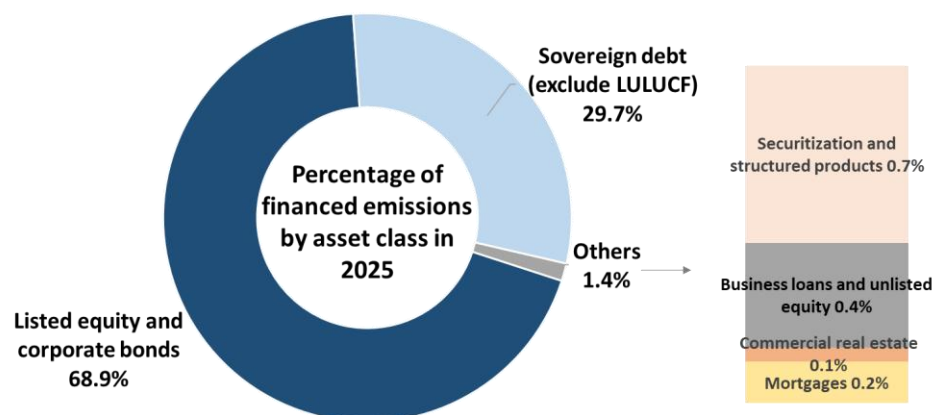


Figure 2: Distribution of financed emissions by asset

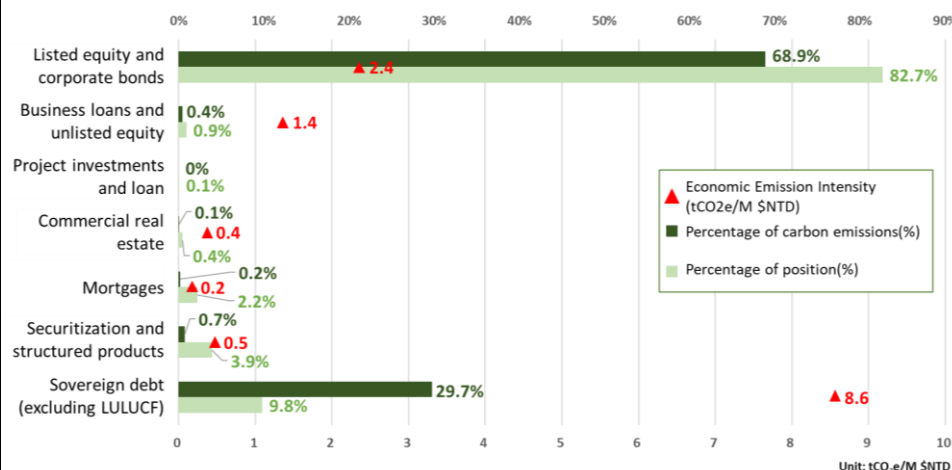


Figure 3: Distribution of financed emissions by industry

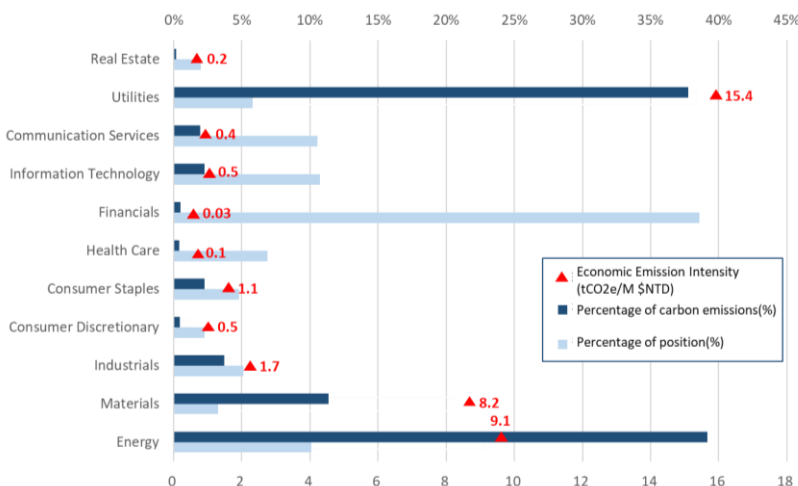
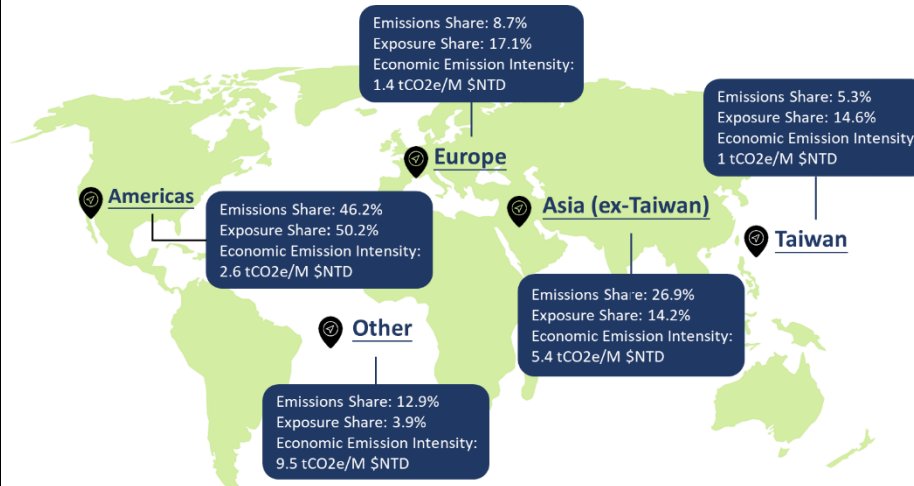


Figure 4: Distribution of financed emissions by country



Note:

1. Land use, land-use change and forestry (LULUCF): Human activities cause changes in carbon cycle between the terrestrial biosphere through LULUCF, leading to the alteration of carbon dioxide in the atmosphere.

2. Sovereign bonds (including LULUCF) accounted for 31.3% of financed emissions, represented 9.8% of the portfolio, and had an economic emission intensity of 9 tCO₂e per million NTD.
3. The industry-level analysis covers financed emissions from listed equity and corporate bonds, business loans and unlisted equity, project finance, and commercial real estate.
4. The country-level analysis covers financed emissions from listed equity and corporate bonds, business loans and unlisted equity, project finance, commercial real estate, mortgages, securitized and structured products, and sovereign bonds (excluding LULUCF).

③ Financed Emissions of listed equity and corporate bonds-own operations(Scopes 1 and 2) and value chain(Scope 3)

Since 2020, Cathay Life Insurance has calculated financed emissions associated with the Scope 1 and Scope 2 emissions of its listed equity and corporate bond portfolio. In 2025, financed emissions amounted to 10,671,599 tCO₂e, with an economic emission intensity of 2.4 t CO₂e/M \$NTD and a data quality score of 2.4. Compared with 2024, financed emissions decreased by 1.5%, while economic emission intensity increased by 0.3% and the data quality score declined by 1.9%^{Note1}. The increase in economic emission intensity was mainly attributable to higher financed emissions from corporate bonds, primarily because, in accordance with the latest PCAF guidance, sustainability-linked bonds were incorporated into the corporate bond financed emissions inventory for the first time in 2025^{Note2}, resulting in an increase in overall financed emissions.

In order to more comprehensively monitor the carbon emissions of its investment portfolio, Cathay Life Insurance expanded the scope of financed emissions inventory for listed equity and corporate bonds beginning in 2022 to include Scope 3 emissions of investee companies. With reference to the PCAF guidelines, the Company also prioritized the calculation of financed emissions associated with the operations (Scopes 1 and 2) and value chain (Scope 3) of investee companies in the Oil & Gas, Metals & Mining, Transportation, and Construction Materials sectors. In response to the PCAF requirement that disclosures issued after 2025 must cover Scope 3 emissions across all industries, Cathay Life Insurance further expanded the Scope 3 inventory beginning in 2025 to include all industries within its listed equity and corporate bond investment and financing portfolio, thereby enhancing the overall carbon inventory framework.

Listed equity	Unit	Scope 1&2		Scope 3	
		2025	YOY	2024	2025
Financed emissions	t CO ₂ e	442,819	-30.6%	638,092	6,963,669
Economic Emission Intensity	t CO ₂ e/M \$NTD	0.7	-25.0%	1	11.5
Coverage ratio	%	100%	-	100%	100%
Data quality score	Points	2.5	13.5%	2.2	2.9
Coporate bond					
Financed emissions	t CO ₂ e	10,228,779	0.4%	10,190,598	53,891,780
Economic Emission Intensity	t CO ₂ e/M \$NTD	2.6	1.1%	2.6	13.8
Coverage ratio	%	100%	-	100%	100%
Data quality score	Points	2.4	0.2%	2.4	2.5
Total					
Financed emissions	t CO ₂ e	10,671,599 ^{Note1}	-1.5%	10,828,690	60,855,449
Economic Emission Intensity	t CO ₂ e/M \$NTD	2.4	0.3%	2.4	13.5
Coverage ratio	%	100%	-	100%	100%
Data quality score	Points	2.4	1.9% ^{Note2}	2.3	2.6

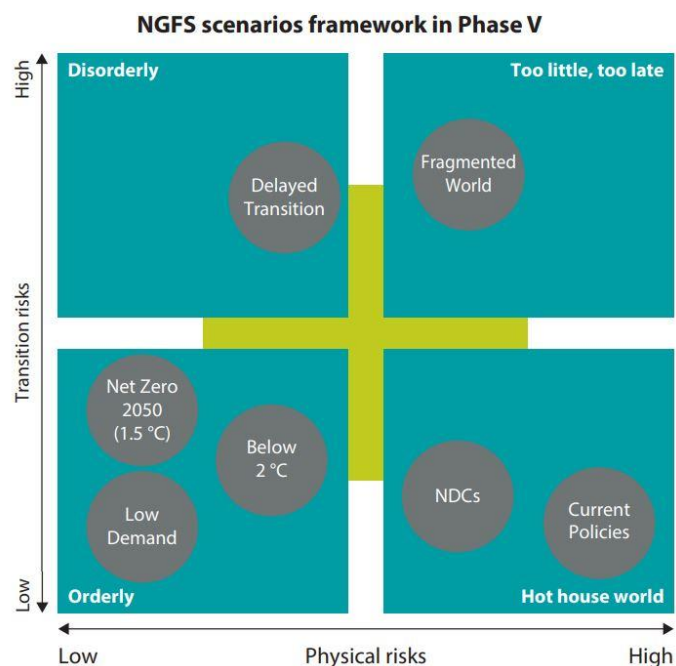
Note:

1. Due to the rounding of financed emissions data, the combined total of Scope 1 and Scope 2 emissions is calculated using the original underlying data. Accordingly, minor differences may exist between the combined total and the sum of the figures presented in the table.
2. A PCAF data quality score of 1 represents the highest level of data quality, indicating that all emissions data have been verified by an independent third party. A score of 5 represents the lowest level of data quality. Therefore, a lower data quality score indicates improved data accuracy and completeness.
3. Under the Practical Handbook for Scope 3 Financed Emissions Accounting for Taiwan's Insurance Industry, financed emissions calculations were previously allowed to exclude all sustainability-related bonds, including green bonds, social bonds, sustainability bonds, and sustainability-linked bonds.
4. Economic emission intensity and the PCAF data quality score are presented as rounded figures, whereas the reported changes are calculated using the original underlying data. Accordingly, the percentage change may differ slightly even when the rounded figures appear to show the same change.

(2) Forward looking scenario analysis: Assess the CVaR(Climate Value at Risk)^{Note1} of portfolio

i. NGFS scenarios description:

Cathay Life selected the Net Zero 2050 scenario, which meet both the global consensus of net-zero emissions and its own carbon reduction goals. In addition, with reference to the spirit that the stress testing of central banks in the U.K. and France are designed with scenarios such as orderly and disorderly transition, and no additional actions. We selected the delayed transition scenario with disorderly transition, and the Nationally Determined Contributions (NDCs) scenario which keep the existing policies unchanged, exploring the financial impact of three different types of transition and temperature scenarios on the Company.



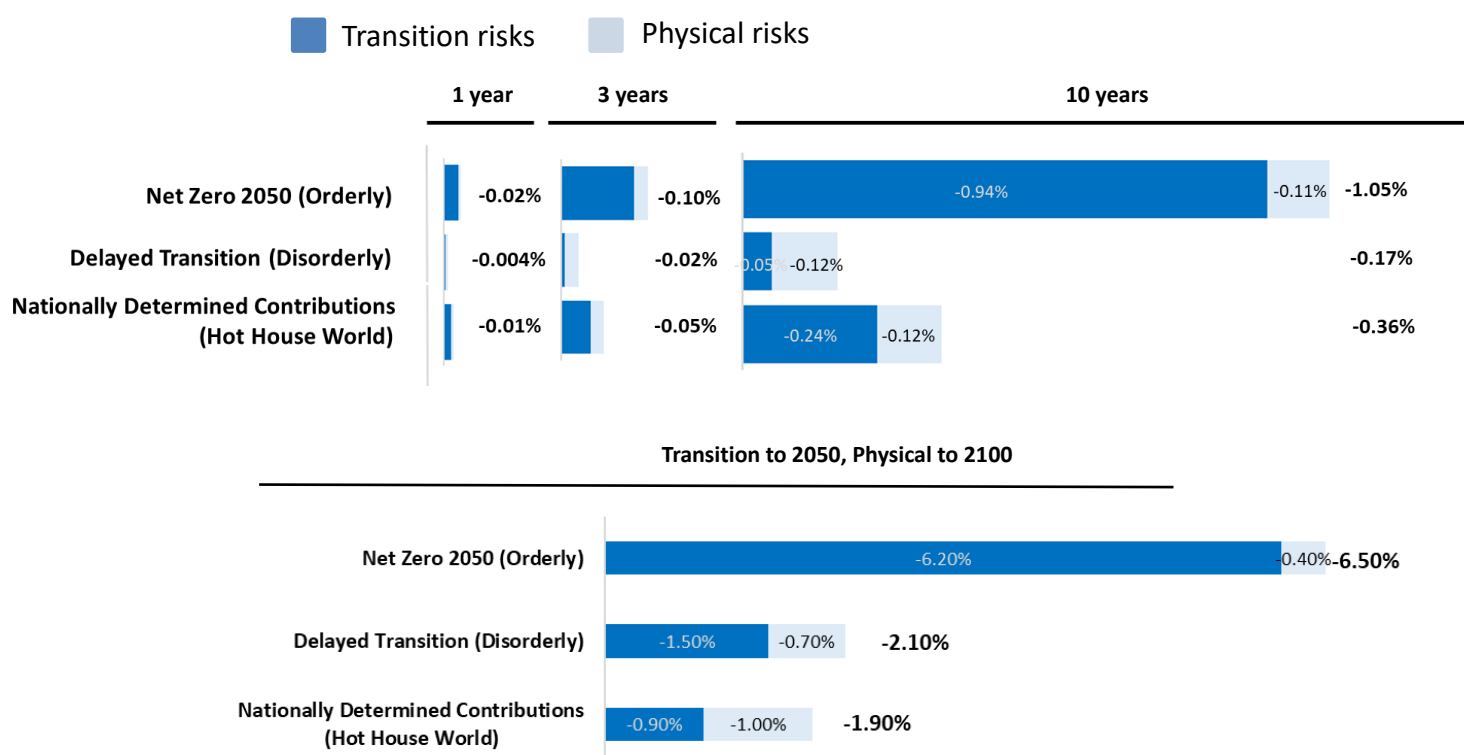
Source : NGFS Climate Scenarios for central banks and supervisors, November 2024

NGFS Scenarios	Net Zero 2050 (Orderly)	Delayed Transition (Disorderly)	Nationally Determined Contributions (Hot House World)
Degrees of warming by the end of century	1.5°C	2°C	3°C
Scenarios and assumption	Immediately promote ambitious climate policies. We expect to achieve net zero emissions and limit temperature increase to 1.5°C by 2050.	Assuming that the status quo will remain until 2030, strong emission reduction policies will be promoted to limit global warming to below 2°C.	Only the existing policies of Taiwan are included, there are no new carbon reduction actions.
Description of transition risks	Timely and orderly implementation of climate policies	Delayed and disorderly implementation of climate policies	Implement the existing commitment to the NDCs, without new actions on carbon reduction
Description of physical risks ^{Note2}	Extreme climate change scenario linked to NGFS 1.5°C	Extreme climate change scenario linked to NGFS 2°C	Extreme climate change scenario linked to NGFS 3°C

ii. Analysis results of MSCI CVaR Scenario for listed equities and corporate bonds^{5,6}:

The Company used MSCI's model database under the NGFS scenario as well as the CVaR results in specific years in 2025 (the next 1 year, 3 years, 10 years, and until 2050)^{Note 3} to analyze the downside risks of climate change that may happen to company stock and bond values. According to the scenario analysis results, in the "Transition to 2050 and Physical to 2100" scenario, the potential loss in each scenario is -1.90% to -6.50% of the investment portfolio^{Note 4}. In particular, in the Net Zero 2050 orderly transition scenario, the Company's CVaR is -6.50%, which is the largest possible loss in the three scenarios and is due to the Company's investment in industries with higher transition risks. 1 year, 3 years, and 10 years are relatively short periods and only result in minor losses, so the overall risk of loss is controllable.

2025 equity and bond investment portfolio (excluding sovereign bonds) analysis results using MSCI CVaR scenarios:

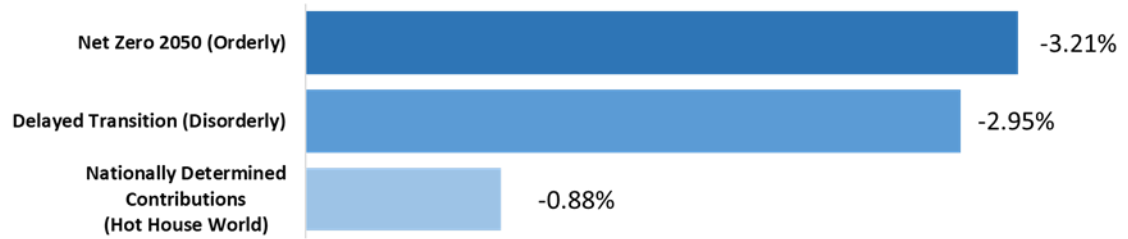


Analysis results of MSCI CVaR Scenario for sovereign bond:

As MSCI added a new method to measure the CVaR of sovereign bonds in 2022, Cathay Life has expanded the scope of assessment of securities investment targets to include sovereign bond targets. Using the MSCI CVaR methodology for sovereign bonds, we measured the magnitude of losses caused by rising bond yields on the overall sovereign bond investment portfolio in different NGFS transition scenarios.

The results showed that the CVaR in the Net Zero 2050 scenario was higher than in the Delayed Transition scenario, mainly due to the need to achieve net zero to significantly reduce emissions immediately, and the impact of short-term yield rates was higher. Furthermore, the Company allocated more short-term sovereign bonds in the United States, which further increased losses. Overall, the potential losses to investment portfolios due to sovereign bond scenarios ranges from -0.88% to -3.21%. The losses from transition risk are controllable.

2025 sovereign bond investment portfolio analysis results using MSCI Sovereign CVaR scenarios:



Note:

1. Climate Value-at-Risk (CVaR) refers to the discounted cost of climate risk accumulatively borne by investment portfolios in the future, with transition risks up to the year 2050; physical risks up to year 2100. Please refer to the [MSCI website](#) for details.
2. Updated physical risk scenarios and optimized the MSCI system. Physical risks have been linked to NGFS temperature scenarios and used extreme climate change estimates.
3. To comply with the IFRS S2 “Climate-related Disclosures”: The estimated financial impact of climate-related risks of individuals in the short, medium and long term is calculated by using the MSCI underlying data.
4. All CVaR values are rounded to the first decimal place, and no adjustments are made for the rounding difference when calculating the sum.
5. The MSCI Sovereign CVaR methodology computed the discounted profit/loss all the way to 2050 to be borne by the sovereign bond portfolio due to changes in the yield rates of government bonds of various countries. See the [MSCI website](#) for details.
6. Description of MSCI Sovereign Climate VaR Data Source: (1) The latest data is dated December 31, 2025 (2) MSCI data covers 57% of the overall sovereign bond investment portfolio.

2. Climate change response strategies and relevant actions for investment portfolios

(1) Response strategies

i 、 Green Capital - Focusing on Climate Resilience of the Overall Investment Portfolios

■ Expand the support for green finance(Green Finance)

- The latest low-carbon investment goal is to achieve “85%, 110%, and 115% growth in 2026, 2030, and 2035 with 2020 as the baseline year.”
- We will continue to pay attention to leaders in the field of climate innovation and carefully evaluate opportunities to invest in climate solutions. At the same time, we will leverage our core competencies in investment to support green industries.

■ Allocation to enterprises undergoing low-carbon Tnsition Finance ([P.15-P.17](#)):

- Expand divestment commitments for coal and unconventional oil and gas industries, and provide financial support for coal enterprises that have actively committed to low-carbon transformation plans, so as to avoid the risk of holding controversial assets or stranded assets.
- We will adjust its management mechanism for coal-related industries and unconventional oil and gas industries on a rolling basis. In addition to screening companies based on revenue for the exclusion list according to the annual divestment plan, if the company’s revenue falls between the divestment threshold in the current year and the next phase, it will be put on the watchlist. If a company is included in the exclusion list, new investments shall not be made in the company. For companies on the watchlist, the investment team must issue an ESG assessment report, and the Responsible Investment Working Group may take appropriate stewardship actions as needed.

ii 、 Green Engagement - Focusing on Sustainability and Leveraging the Power of Dialog

- Participating in international initiatives to keep track of international climate change trends ahead of time. ([P.35-P.43](#))

- Asia Investor Group on Climate Change(AIGCC)

- Ceres Valuing Water Finance Task Force

- Ceres Water & High-Tech Working Group

- Climate Action 100+

- Actively engaging with investee companies, to join hands for mutual growth. ([P.52-P.62](#))

- Collective Engagement through forums, work jointly with companies to strive for sustainability and climate change. ([P.65-P.68](#))

iii 、 Green Business - Focusing on Taiwan's wind power/solar photovoltaic deployment opportunities

(2) Stewardship measures

Through ESG risk review procedures to mitigate investment risks.

i 、 Integrate climate change risk factors into the investment process. ([P.11-P.17](#))

- Sensitive industries are strictly regulated, while general industries pay close attention to environmental issues.

ii 、 Sensitive industry scope adjusted based on sustainability risks

Management mechanism for coal-related and unconventional oil and gas:

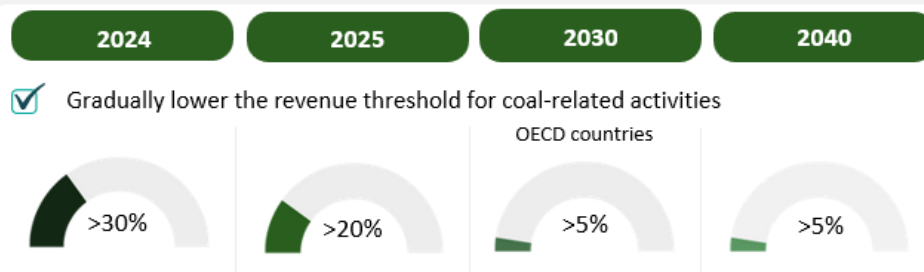


Coal-related industries

Scope

- ✓ Coal-related industries: Coal power industry, coal mining industry, coal freight industry, and coal services industry.
- ✓ Coal-related enterprises "with coal expansion plans or coal revenues exceeding a certain threshold" and that are not actively transitioning.

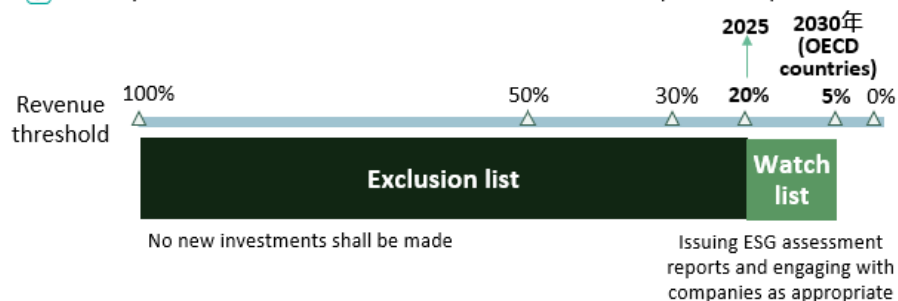
Phase-out plan



Management Measures

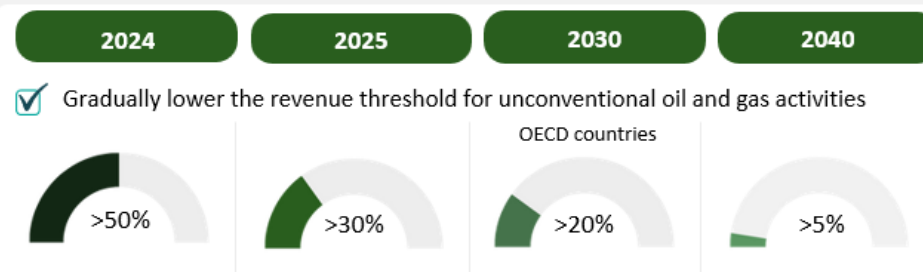


- ✓ Identify exclusion list and watchlist in accordance with the phase-out plan

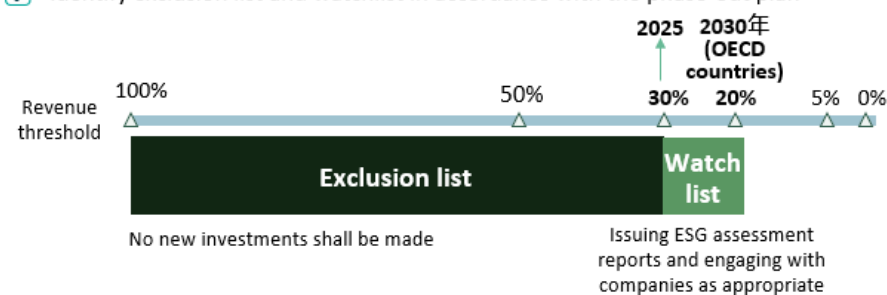


Unconventional oil and gas industry

- ✓ Definition of unconventional oil and gas: involving oil sands, shale oil and gas, and Arctic oil and gas.
- ✓ Companies with unconventional oil and natural gas revenue exceeding a certain threshold and that are not actively transitioning



- ✓ Identify exclusion list and watchlist in accordance with the phase-out plan



(VI) TNFD

The TNFD Global Core Disclosure Guidelines recommend that companies (including the Financial industry) disclose relevant indicators to measure their dependency and impact on nature as well as the nature-related risks and opportunities they face. Furthermore, the guidance for the Financial industry recommends disclosing the asset portfolio exposure to industries with high nature-related dependencies and impacts, as well as those located in sensitive areas.

1. Exposure to industries vulnerable to nature-related risks

We conducted nature-related dependency and impact assessments based on the "Network for Greening the Financial System (NGFS) Nature-related Risk Guidelines" and the "ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) assessment results of the World Wide Fund for Nature (WWF)," and classified the Group's sensitive industries into industries vulnerable to nature-related physical risks and nature-related transition risks as the basis for identifying and managing nature-related risks. Exposure to nature-related risks in specific industries accounted for 11.2% of the portfolio.

Group Sensitive Industries	Percentage of Exposure	Vulnerable to Nature-related Transition Risks	Vulnerable to Nature-related Physical Risks	Exposure to Nature-related Risks in Specific Industries
Oil and natural gas	6.9%	●	●	●
Food and beverage manufacturing	2.9%		●	●
Real estate development and management	0.3%			
Mining	1.1%	●	●	●
Chemical raw materials related industries	0.7%			
Automotive and parts	0.3%			

manufacturing				
Construction Materials (including cement)	0.2%	•		•
Transportation	0.004%			
Fossil fuel-based electricity generation and coal-related industries	0.1%		•	•
Agriculture/Forestry/Fishery/Animal husbandry	0.02%		•	•
Total	12.5%	8.2%	11.0%	11.2%

Note 1: Percentage of exposure refers to the percentage of the investment and financing balance of each sensitive industry to the total investment and financing balance.

Note 2: Exposure to nature-related risks in specific industries is defined as linked exposure to nature-related transition risks and nature-related physical risks.

After identifying the overall industry's exposure to nature-related factors, subsequent efforts will focus on "water resources" and "biodiversity" issues, assess the risks and management measures of investment portfolios regarding specific nature-related factors, thereby responding to the indicators of "resource use/replenishment," "state of nature," and "risk" in the guidelines related to dependencies and impacts. Furthermore, the amount of investment in nature-related industries will be disclosed to respond to the "opportunity" indicator.

2. Water resources

Water resources are a key aspect of corporate operations, and whether water resources can be stably obtained can create physical risks for corporate operations. Therefore, when assessing the nature-related risks of investment portfolios, Cathay Life Insurance focuses on the use of water resources by investee companies, and applies quantitative indicators to determine their dependency on water resources. Resource use / replenishment - Total water withdrawal / water withdrawal intensity and physical risks - High water availability risks

i. Indicator Description

Total water withdrawal and water withdrawal intensity are used as indicators

of resource use/replenishment to quantify the potential dependence on nature through the use of water by companies within our listed equity and corporate bond portfolio. We also conducted cross-analysis with risk indicators for water availability (i.e., areas with scarce water resources) to identify the exposure of our investment portfolio to water-related issues.

Note: Total water withdrawal refers to the total volume of water withdrawn from various sources for use in the company's operations, regardless of whether it is ultimately returned to the source from which it was withdrawn. It covers both freshwater and non-conventional water sources. The water withdrawal intensity is calculated as total water withdrawal normalized by revenue (per million USD).

ii. Measurement results and management

After summarizing the data, the total water withdrawal of all investee companies in was approximately 2 trillion m³, overall water withdrawal intensity was 19,492 m³/USD million sales.

Water withdrawal intensity is divided into four risk areas and the proportion of investment positions is calculated. Overall, more than 90% of our investment positions are in the medium to low water withdrawal intensity range. If an investee company's water withdrawal intensity is extremely high and is located in an area with a higher water availability risks, it may face physical risks such as operational disruptions or rising costs. Consequently, Cathay Life Insurance examines investee companies whose water withdrawal intensities are in extremely high areas and have water availability risks. The results show that such investments only account for 1.4% of the portfolio, and the overall risk is still controllable.

Note1: For data integrity reasons, the analysis is based on the total water withdrawal data of the investee companies in 2023.

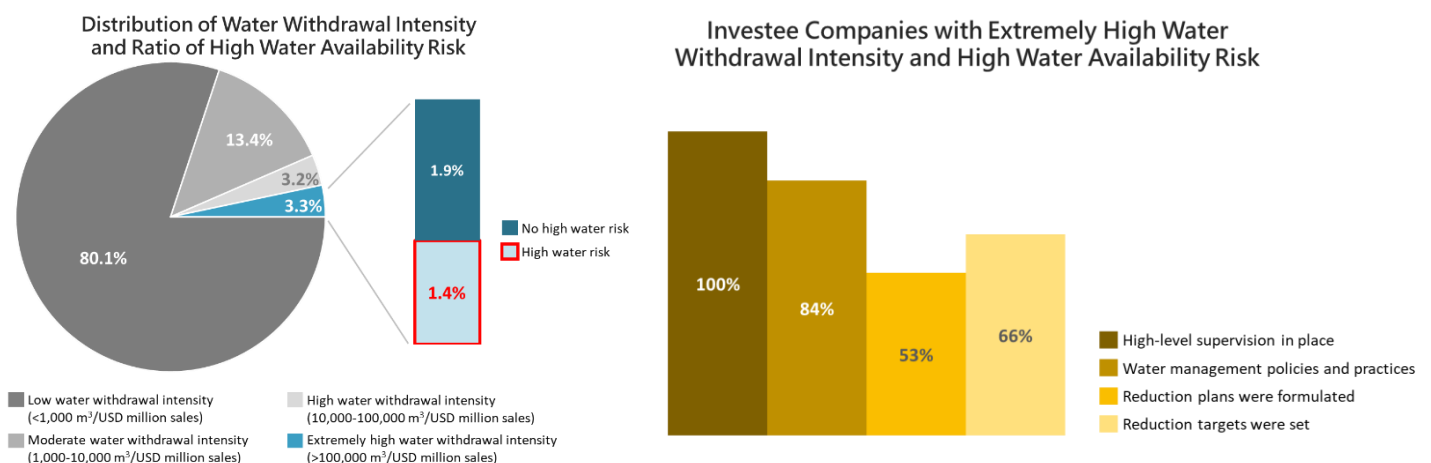
Note2: It covers 69.2% of positions of listed equity and corporate bonds in the investment portfolio.

In addition to reviewing the use of water resources by investee companies, Cathay Life Insurance also evaluates the maturity of its management in response to water resources issues based on the two aspects of governance and strategy. In terms of governance, the evaluation indicators used are "Whether the company has a high level executive body responsible for supervising water resource management strategies and performance" and "Whether the company has water

resource management policies and practices." In terms of strategy, the analysis can be carried out based on two indicators: "Whether the company formulated a water reduction plan for operations" and "Whether the company set specific targets for water consumption or water withdrawal reduction."

For investee companies with extremely high water withdrawal intensity and more assets with high water availability risk, the analysis results showed that 100% of them have established a senior executive body responsible for supervising water resource management strategies and performance. Furthermore, 84% have established water management policies and practices with high-level commitments, or cover water reduction plans, target setting, water footprint management, and supply chain management. In addition, 53% have implemented water reduction plans in operations, and 66% have set specific and quantified water consumption or water withdrawal reduction targets.

Overall, most investee companies have established a governance framework for water resource management and demonstrated a certain degree of high-level commitment. Related policies have gradually been incorporated into supply chain management measures. However, in terms of strategy execution, while certain companies have set clear and quantified long-term reduction targets, there is still room for improvement in the implementation of water-saving actions. In the future, Cathay Life Insurance will continue to pay attention to water-related issues and incorporate them into engagement topics, thereby helping investee companies strengthen the resilience of their water resource management under high water risk scenarios.



3. Biodiversity

Forests play an important role in the maintenance of biodiversity. As a result, Cathay Life Insurance prioritizes analyses of the proportion of positions in "the deforestation front" and "global forest canopy loss high-risk areas" when conducting biodiversity impact assessments, and further uses "Potentially Disappeared Fraction of Species" (PDF) as a quantitative indicator to assess the extent of biodiversity loss.

(1) Exposure in sensitive areas indicator - Investing on the frontier of deforestation

i. Indicator Description

Due to the expansion of agriculture (such as for planting Soybeans and Palm Oil), logging, and population growth factors, tropical and subtropical areas have become the main hotspots for global deforestation. Highly concentrated deforestation activities not only cause the disappearance of large portions of forests, but also threatens the remaining forests.

Accordingly, Cathay Life Insurance follows the recommendations for the indicators in the TNFD Core Metrics for Financial Institutions and prioritizes the analysis of investment in deforestation fronts.

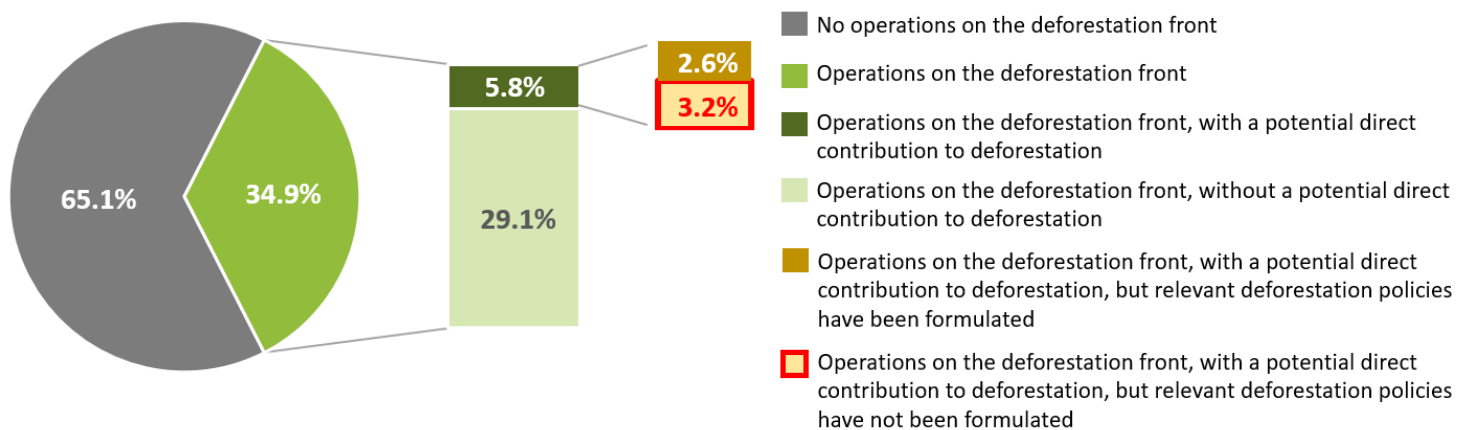
ii. Measurement results and management

Based on the MSCI methodology, Cathay Life Insurance identified whether investee companies are engaged in deforestation front operations. In 2025, 34.9% of our listed equity and corporate bond investment positions were engaged in deforestation front operations. However, the location of operations alone has been determined to be insufficient to equate the impact of deforestation directly; further analysis showed that only 5.8% of investment positions have a potential direct contribution to deforestation, and the overall risk is still controllable.

After determining the impact of investment positions on deforestation, Cathay Life Insurance also assessed the management maturity of investee companies with high-risk positions in response to deforestation risks from the policy management level. Among the high-risk positions, accounting for 5.8% of the portfolio, 2.6% have already formulated related deforestation policies,

while the remaining 3.2% do not yet have appropriate management measures. As described in the preceding paragraph, since agricultural expansion is a direct cause of deforestation, a lack of proper management and monitoring will further exacerbate related risks. Therefore, in addition to paying attention to whether a company has a deforestation policy, the Company also attaches great importance to the investment and management of the agricultural and forestry food industry, thus reducing the possible impact of deforestation on biodiversity (for management methods, please refer to Responsible Investment Measures-(I) Implementing integration of ESG factors on [P.11](#)).

Note: It covers 83.5% of positions of listed equity and corporate bonds in the investment portfolio.



(2) Transition risk indicator - Percentage of risks impacted by forest canopy loss

i. Indicator Description

In terms of biodiversity, since deforestation is one of the main drivers of biodiversity loss, the Company prioritizes the analysis of investment positions in "deforestation fronts" that are highly deforested due to human economic development when conducting biodiversity impact assessments.

In addition, investment positions in "high risk of global forest canopy^{Note} loss areas" were also included for evaluation. Although there are currently no significant deforestation activities in these areas and the forest is relatively undamaged, it is critical to the maintenance of biodiversity and ecological functions. We also prioritize the prevention of potential forest canopy loss due to business operations in the future, which may lead to regulatory, legal, or corporate reputation damage.

Note: The forest canopy refers to the area where the top layer of the forest is interwoven by tree branches and leaves, and encompasses leaves, twigs, and epiphytes. In addition to being an important zone for gas exchange in the forest, it is also the habitat of many animals and plants, which is critical to the maintenance of the biodiversity and ecological functions of the forest.

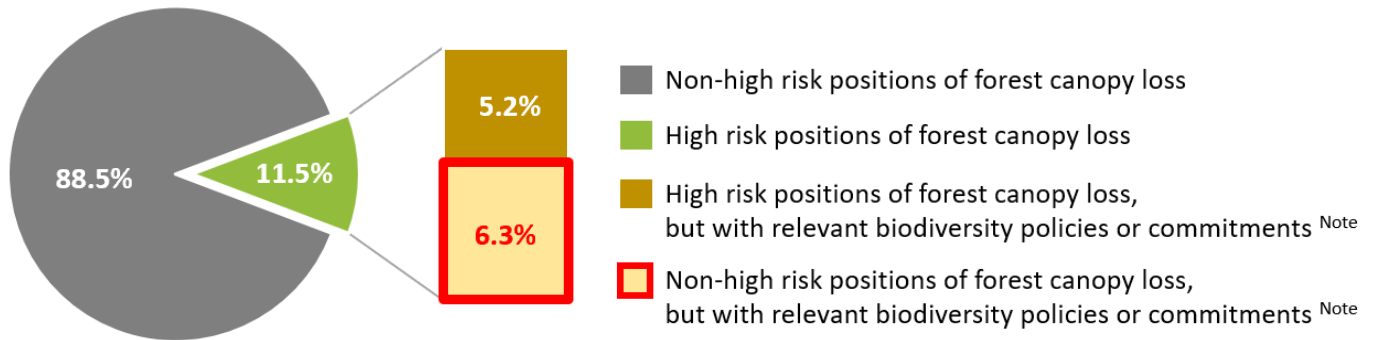
ii. Measurement results and management

Based on the MSCI methodology, Cathay Life Insurance identified the proportion of assets affected by the loss of investee companies in forest canopy loss. In 2025, 11.5% of listed equity and corporate bonds were exposed to the risk of forest canopy loss.

After determining the transition risks of our investment positions regarding biodiversity, the Company also evaluated the preparedness of investee companies in high-risk positions from the perspectives of policy management and corporate commitment. The results showed that among the 11.5% of positions at high risk for forest canopy loss, 5.2% have implemented relevant biodiversity policies or commitments. This shows that some companies have integrated biodiversity into their operational regulations and are willing to preemptively assess potential impacts on the

natural environment as their corporate scale expands. In the future, the Company will continue to monitor whether high-risk positions possess appropriate management policies to mitigate the risks that may arise from biodiversity changes.

Note: It covers 84.5% of positions of listed equity and corporate bonds in the investment portfolio.



(3) State of nature indicator - Potentially disappeared fraction of species

i. Indicator Description

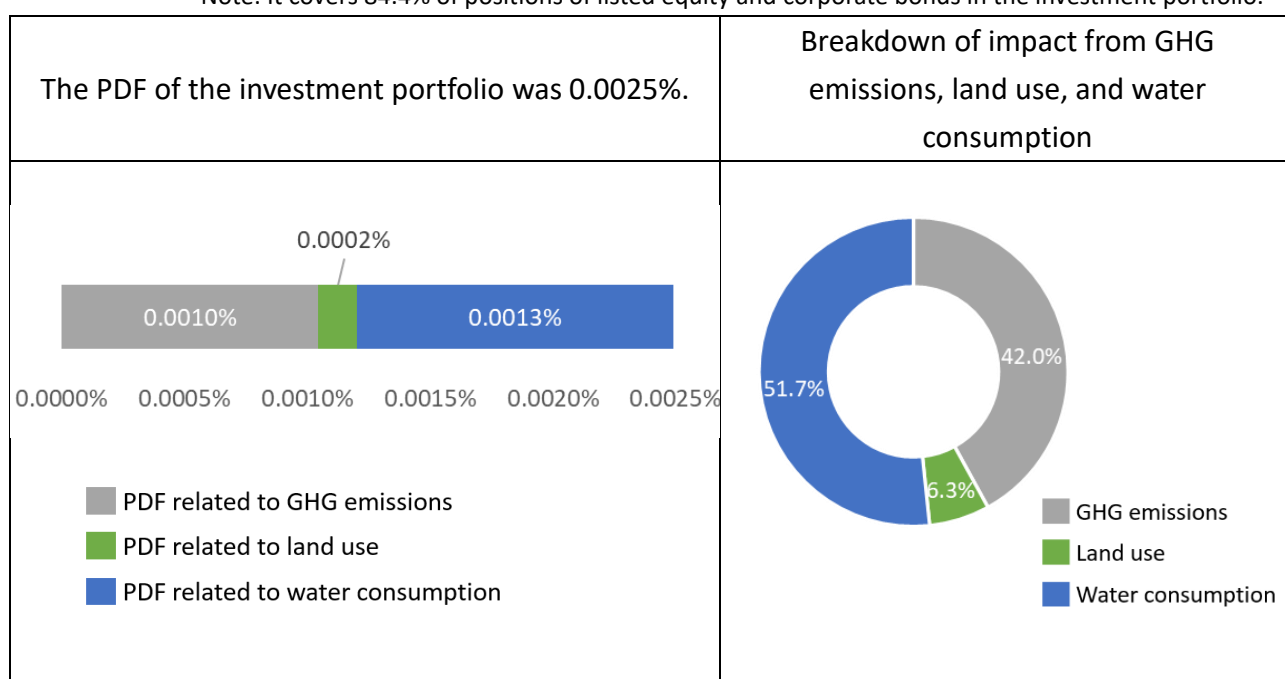
After analyzing the potential impact of corporate operating activities in "high-density deforestation front areas" and "global forest canopy loss high-risk areas", Cathay Life Insurance further identified the impact of the Company's existing operating conditions on the future extinction of species and determined the negative effect on biodiversity. In accordance with the indicators in the TNFD Global Core Disclosure Metrics, changes in the state of nature can cover multiple aspects, so TNFD currently does not specify a single disclosure indicator, instead it encourages companies to disclose the overall status of the ecosystem and the extinction of species. For this reason, the Company uses the MSCI's "potentially disappeared fraction of species" (PDF) indicator as a measurement tool.

The MSCI's PDF indicator uses global species diversity as the baseline to assess the potential impact of GHG emissions, land use, and water consumption by companies, activities, or assets on global species extinction over 100 years.

ii. Measurement results and management

Among the listed equity and corporate bonds positions in 2025, companies may cause the extinction of 0.0025% of species each year due to the pressure of their business operations on the natural environment over 100 years, in which water consumption is the main source of environmental stress, followed by GHG emissions.

Note: It covers 84.4% of positions of listed equity and corporate bonds in the investment portfolio.



4. Comparison Table of TNFD Indicators

In addition to the Group's sensitive industry risk assessments and analyses of dependencies and impacts related to water resources and biodiversity, Cathay Life also follows the TNFD Global Core Disclosure Metrics by disclosing the amount of investments associated with nature-related opportunities.

Among the 17 core SDGs of the United Nations, the amount among the Company's investment portfolio of operations or products that aligns with SDG6 "Clean Water and Sanitation" amounted to NT\$611.7 billion, indicating that the Company's operating activities or products help maintain clean water sources and promote the construction of basic sanitation infrastructure, which benefits people's everyday lives. In addition, the amount that aligns with SDG14 "Life Below Water" reached NT\$100 million, demonstrating the Company's operating activities' or products' contributions to promoting marine ecological protection and sustainable fishery management. (please refer to (IV) Sustainable Investment on [P.95](#))

	Corresponding TNFD Indicator		Disclosure Status of Cathay Life Insurance	Corresponding Page
Core Financial Indicators	FI.CO.0 Exposure to sectors		The Group's assessment of climate and nature-related risks in sensitive industries	P.124-P.125
	FI.CO.1 Exposure to sensitive locations		Investing on the frontier of deforestation	P.128-P.129
Global Core Indicators	Dependencies & Impacts - Natural change drivers	C3 Resource use/replenishment	Total water withdrawal/water withdrawal intensity	P.125-P.127
		C5 State of nature	Potentially disappeared fraction of species	P.132
	Risks and opportunities	C7.0 Transition Risk	Percentage of risks caused by forest canopy loss	P.130-P.131
		C7.1 Physical Risk	Percentage of high water resource access risk	P.125-P.127
		C7.3 Opportunity	Investment amount in line with SDG 6 "Clean Water and Sanitation" and SDG 14 "Life Below Water"	P.133

Evaluation of the effectiveness of responsible investment

Insurance is a “people-oriented” industry, and responsible investment is the mission Cathay Life takes upon itself as the leader of the industry.

As insurance is a “people-oriented” industry, every time we sale a life insurance policy , it represents Cathay Life's promise to protect policyholders their entire life. On the basis of such promise, we not only pursue targets of stable and long-term income in terms of our use of capital, but also seek solid and sustainable organizational operations.

Having operated for 60 years, Cathay Life has assets worth over NT\$ 9.08 trillion, which account for one quarter of the total capital of Taiwan’s insurance industry. As the leader of the industry and one of the largest institutional investors in Taiwan, we not only fulfill our promises to policyholders and expectations from shareholders, but are also fully committed to making a more meaningful use of our capital. Therefore, despite the risky investment environment in the past few years, characterized by low interest rates for a long time, high volatility in the international market, and losses from differences of interest rates, we constantly give our best to fulfill the obligations as an asset owner and implement responsible investment, and the results of responsible investment implementation are reported to the board of directors annually. The evaluation of implementation effectiveness is summarized as follows:

(I) Comprehensive RI frameworks across all asset classes, and 100% responsible investment assets under the frameworks amounting to NT\$ 7.26 trillion

We began participating in the Group's Responsible Investment Working Group in 2014 and adopting the Principles for Responsible Investment (PRI) in 2015. Since then, we have set relevant expectations and goals for ourselves every year. We also have dedicated responsible investment personnel to refine and implement our responsible investment policies, covering various types of assets (equities, bonds, funds, real estate, etc.) in order to become the leader of responsible investment in the Asia-Pacific region.

To enhance the investment team’s understanding of responsible investment, the responsible investment course is listed as a compulsory course for newcomer training in the investment system (including basic introduction to responsible investment, interpretation of

ESG rating reports, explanation of internal responsible investment mechanisms, etc.), and held regularly every year 2 sessions of responsible investment training course(including international trends, climate change, case studies, etc.), and grouped workshops to allow investment team colleagues to discuss and share. Besides, in order to enable the investment team to learn more, we also encouraged investment team to participate in responsible investment seminars or education training organized by external international benchmark companies and sustainable organizations. The Group periodically organizes training courses, participates in external conferences, and publishes CLIMATE PLUS, a monthly e-newsletter on responsible investment, so as to improve our understanding of responsible investment, climate change, and international trends. Therefore, in 2025, a total of 269 Cathay employees participated in our training courses and external conferences; the average training hours stood at 428 minutes per person per year.

(II) We have worked with various stakeholders to exert our influence in sustainability.

During our investment decision-making process, we consider the ESG measures of potential investee companies to select companies with a prospect of sustainable development to invest in. By doing so, we can avoid the impact of ESG risks on Cathay's income from investments and ensure the rights and interests of our policyholders and shareholders. However, this approach is unable to make companies with poor ESG performance improve their performance. For this reason, Cathay Life adopted a more active approach to exert its influence on sustainability, hoping that by doing so we can become a stable force for society and bring a positive impact to the world.

1. We required mandate institutions to implement responsible investment, thereby ensuring the security of the capital of our policyholders and shareholders:

We take signing the Principles for Responsible Investment (PRI) into consideration for mandate partner evaluation to ensure that Cathay Life Insurance's mandate partners fulfill their duties as asset managers. We also stipulate when signing agreements that responsible investment must be included in decision-making considerations, and that the investment targets' fulfillment of obligations in

accordance with relevant ESG regulations be assessed. We will also ask our mandate partners to present review reports detailing their ESG measures on an annual basis. Of the mandated assetsNote 1 entrusted by Cathay Life Insurance for discretionary investment in 2025, 100% of assets were entrusted to asset managers that are signatories to the PRI or local stewardship principles. Among the mandated institutions subject to the annual PRI assessment, 73% received four stars (66-90 points) for Policy Governance and Strategy (PG&S)Note 2, and 27% received five stars (91-100 points), as opposed to the median score of all signatories to the PRI of only 66 points, showing the excellent performance of mandated institutions selected by the Company.

2. We proactively cooperated with international investors to exert a bigger influence:

We have participated in 10 international initiatives, 3 climate engagements, 2 nature engagements, and 2 policy engagements, thereby continuing to promote the global sustainable development with international organizations.

3. We engaged with investee companies to improve sustainable actions, thus creating a positive cycle

In 2025, through one-on-one engagements, Cathay Life communicated with 137 enterprises on 13 material ESG issues for a total of 382 times. The main engagement targets were companies in the "Information Technology" and "Public Utilities" industries; The main issues for communications were "adaptation to climate change," "carbon emissions," "water stress," and "corporate governance." The exercise could help us understand the company's actions in adapting to climate change, as well as discussing the company's carbon reduction plan, and response measures for low-carbon transition. This allows us to learn about the limitations and difficulties in the company's adaption to climate change or during the carbon reduction process, and provide suggestions.

(III) We directly invested in sustainable categories to support corporate sustainable transformation.

Cathay Life has set concrete low-carbon investment targets, and proactively invest in the low-carbon green energy related projects. To supports Taiwan's 2050 net-zero emissions pathway and strategy, Cathay Life prioritizes investments in areas such as Sustainable bonds, the 12 key strategic industries, and Enabling activities to meet enterprises' financing needs for low-carbon transition, thereby promoting an orderly transition toward a green economy. In addition, Cathay Life has also invested in other sustainability-related themes, including infrastructure, water resources, aging society and health, as well as community and financial inclusion. As of 2025, our total investment reached NT\$1.52 trillion, up 7.9% compared to 2024.

Cathay Life would carefully evaluate whether the investee company can solve specific social or environmental issues and adhere to the 17 SDGs. As of the end of 2025, domestic and foreign listed equity and corporate bonds investment portfolios were most connected to the following SDGs, in order: SDG 5- Gender Equality, SDG 7- Affordable and Clean Energy, SDG 13- Climate Action, SDG 10- Reduced Inequalities, and SDG 8- Decent Work and Economic Growth.

(IV) Align with international impact investing assessment frameworks to quantify the positive impact and benefits of sustainable investments.

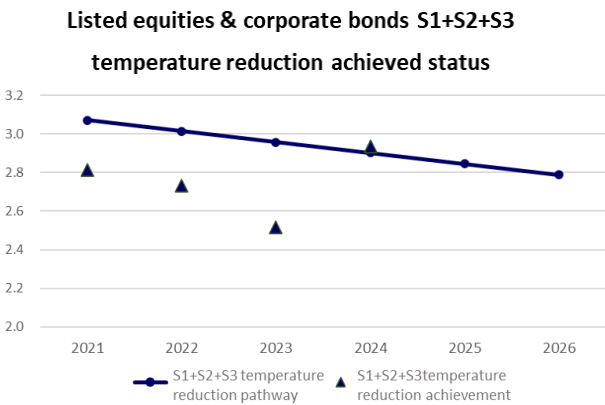
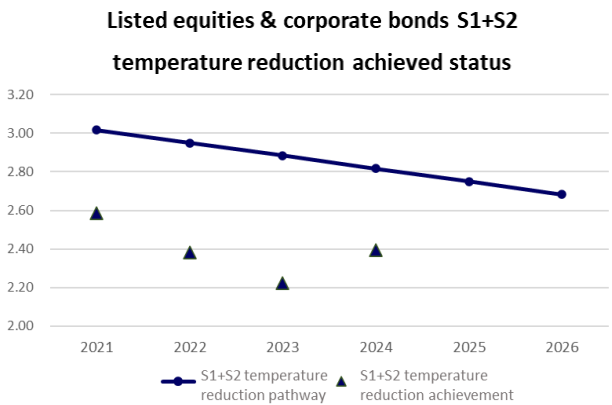
Cathay Life aims to address social inclusion, education, environmental resource needs, healthcare, and quality of life issues more effectively. Therefore, we has invested in companies or targets that can positively solve specific social or environmental issues and can specifically measure their contributions or impacts.

To specifically quantify the positive impact of sustainable investments, Cathay Life uses the "Theory of Change" and the "IRIS+ Thematic Taxonomy" framework published by GIIN. Meanwhile, we also use the 17 SDGs to match with impact projects of the Theory of Change. Over the past four years, the positive impacts generated by the Company's investment portfolio have included the avoidance of approximately 137,697 MtCO₂e of greenhouse gas emissions in the environmental dimension, while enabling around 312,000 households to benefit from the use of renewable energy. In the social dimension, approximately 612,000 people experienced enhanced health protection, and around 109,000 students benefited from lunch subsidy programs.

(V) We implement climate management for investment portfolio to embark on net zero for our financial assets.

We adopt a backward-looking quantitative method for the carbon footprint of investment portfolio, and a forward-looking scenario analysis to stay ahead of climate-related risks and opportunities in investment portfolios. To demonstrate our determination in carbon reduction for investment portfolio, we adopted the Science Based Targets for setting our carbon reduction path of investment portfolio, which was approved by the SBTi in 2022. Through “low-carbon investment allocation” strategy and the three major action plans including green capital, green engagement and green business, aims to gradually achieving the target of SBT temperature reduction pathway.

Our results in 2025 are as follows. Our S1+S2 temperature performance has met the 2025 target. However, the achievement rate for the 2025 SBT Scope 1 and Scope 2(S1+S2) temperature performance was 95%. This was mainly due to adjustments in the CDP-WWF Temperature Scoring Methodology, in which the default temperature for companies lacking valid climate target data was raised to 3.4°C, and adopted a more conservative yet robust approach to estimating Scope 3 (S3) temperatures.



Communication channels of stakeholders and other information

(I) If you need further information regarding the company's responsible investment and stewardship:

1. If you are a policyholder/general public, please contact:

Sustainability and Brand Strategy Department

Email : 9z00000@cathaylife.com.tw

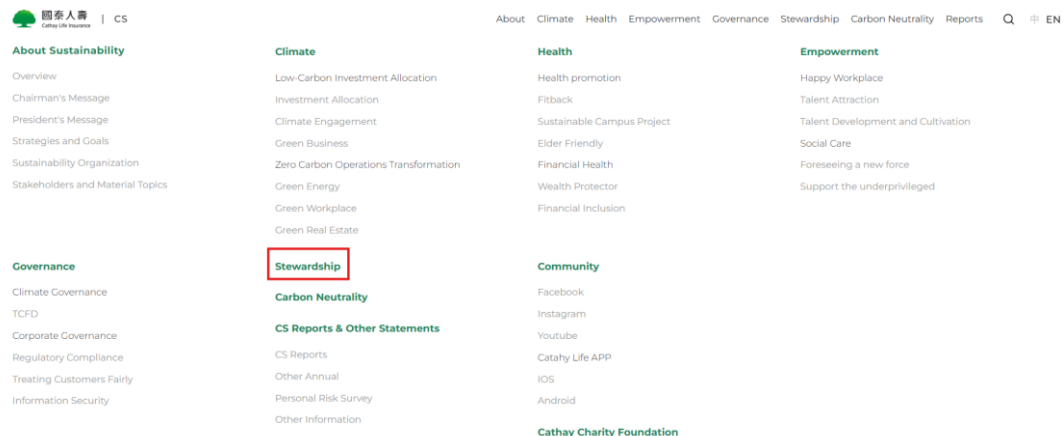
2. If you are from invertors/investee companies/media/government agencies, please contact:

Responsible Investment Working Group, Cathay Life insurance

Email: stewardship@cathaylife.com.tw

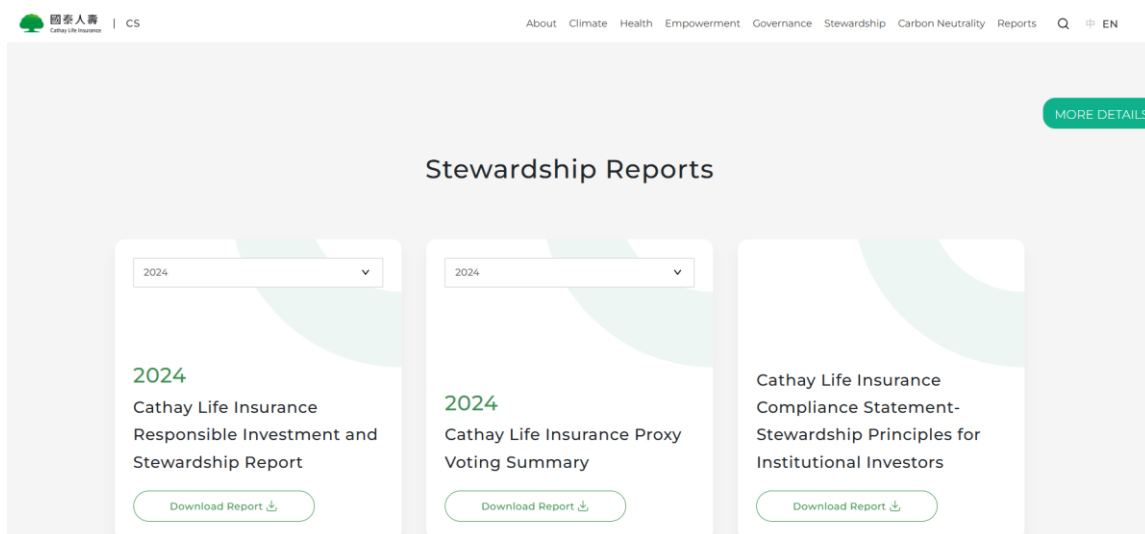
3. Visit our CS website

<https://patronc.cathaylife.com.tw/ODAB/en/>



CS website-Stewardship

<https://patronc.cathaylife.com.tw/ODAB/en/stewardship>



(II) If you need further information regarding the company's sustainable-related actions:

1. If you would like to know the details of our sustainability actions, please contact:

Sustainability and Brand Strategy Department

Email : 9z00000@cathlife.com.tw

2. If you would like to know more about the information of social care, please contact:

Cathay Charity Foundation

Email : 7900000@cathlife.com.tw

3. Visit our CS website

<https://patron.cathaylife.com.tw/ODAB/en/>



Annexed Table : RI policy on different asset classes

Asset class	Own assets managed internally or by third-parties	RI Policy	Description
Listed equity	managed internally	Yes	1. <u>Apply Cathay FHC and Subsidiaries' "Investment and Lending Exclusion Policy"</u>.  2. <u>Apply Cathay Life Insurance "Investment Management Principles for Sensitive Industries"</u>.  3. By leveraging the ESG database, Cathay life insurance established "<u>ESG risk review procedures</u>"  and followed the ESG integration management mechanism with a comply-or-explain and escalation process.  4. In accordance with "<u>Cathay FHC engagement policy</u>", "climate change" and "corporate ESG ratings/information disclosure" are the main focus of engagement, to improve investee's ESG information disclosure. 5. Developed a clear voting policy and conducted proxy voting.
	managed by third-parties	Yes	1. Mandate assets (1) <u>Apply Cathay FHC and Subsidiaries' "Investment and Lending Exclusion Policy"</u>.  (2) <u>Apply Cathay Life Insurance "Investment Management Principles for Sensitive Industries"</u>.  (3) The contract has explicitly included that Cathay Life Insurance have taken PRI into decision-making consideration. (4) Checking whether mandate partners have signed the PRI or governmental stewardship principles. 2. Equity Fund & Equity ETF: Annual checking whether mandate partners have signed the PRI or governmental stewardship principles or review the ESG performances of funds or fund management institutions.
Fixed income	managed internally	Yes	1. <u>Apply Cathay FHC and Subsidiaries' "Investment and Lending Exclusion Policy"</u>.  2. <u>Apply Cathay Life Insurance "Investment Management Principles for Sensitive Industries"</u>.  3. By leveraging the ESG database, Cathay life Insurance established "<u>ESG Risk Review Procedures</u>" and followed the ESG integration management mechanism with a comply-or-explain and escalation process.
	managed by third-parties	Yes	1. Mandate assets (1) <u>Apply Cathay FHC and Subsidiaries' "Investment and Lending Exclusion Policy"</u>.  (2) <u>Apply Cathay Life Insurance "Investment Management Principles for Sensitive Industries"</u>.  (3) The contract has explicitly included that Cathay Life Insurance have taken PRI into decision-making consideration. (4) Checking whether mandate partners have signed the PRI or governmental stewardship principles. 2. Bond Fund& Bond ETF: Annual checking whether transaction counterparties have signed the PRI or governmental stewardship principles or review the ESG performances of funds or fund management institutions.

 Asset class	Own assets managed internally or by third-parties	RI Policy	Description
Private equity	managed internally	Yes	Apply Cathay FHC and Subsidiaries' "Investment and Lending Exclusion Policy". 
	managed by third-parties	Due Diligence	1. Mandate assets (1) The contract has explicitly included that Cathay Life Insurance have taken PRI into decision-making consideration. (2) Checking whether transaction counterparties have signed the PRI. 2. Private Equity fund Cathay Life has taken ESG into considerations of new transaction counterparties in our PE fund investment selection process.
Infrastructure	managed internally	Yes	Cathay mainly adopt the sustainability themed investing approach in this asset class.
	managed by third-parties	Yes	
Property	managed internally	Yes	1. Property is covered by "Real Estate Responsible Investment and Management Policy".  2. To demonstrate its commitment to ecological sustainability and environmental protection, since 2016, Cathay Life Insurance has required all architects commissioned for self-developed building projects to adopt green building designs. Since 2023, all newly constructed buildings obtaining construction permits have been required to obtain either U.S. LEED certification or Taiwan Green Building Label(EEWH). In addition, beginning in 2025, building energy efficiency labeling has been incorporated into the design guidelines for newly constructed commercial office buildings, with Intelligent Building Lable expected to be further incorporated starting in 2026.
	managed by third-parties	Due Diligence	1. Mandate assets (1) The contract has explicitly included that Cathay Life Insurance have taken PRI into decision-making consideration. (2) Checking whether transaction counterparties have signed the PRI. 2. REITs Annual checking whether the fund management institutions that are either <u>PRI signatories or who have follow the governmental stewardship code</u> in place.
Derivatives & Alternatives, specify Hedge fund	managed internally	Not Applicable	-
	managed by third-parties	Due Diligence	1. Mandate assets We ask our hedge fund asset managers to take ESG factors into consideration in their regular investment process, review their ESG performances annually, and have formulated clearly ESG-related terms when signing contracts with them since 2017. 2. Hedge fund From 2017 onwards, Cathay Life has taken ESG into considerations of new transaction counterparties in our HF fund investment selection process.

 Refers to rules and regulations

 Refers to internal management measures or operating manual

Appendix I: Principles for Responsible Investment Content Index

Incorporate ESG issues into investment analysis and decision-making processes



PRINCIPLE 1 INCORPORATE

- Complies with Cathay FHC's Responsible Investment Policy and Investment and Lending Exclusion Policy.
- Established the ESG risk review process;
- Stipulated Investment Management Principles for Sensitive Industries.
- Invested in sustainable investment targets.
- Reported the implementation results of responsible investment to the Board of Directors every year.

P.8
P.11-17
P.95-96

Be active owners and incorporate ESG issues into our ownership policies and practices



PRINCIPLE 2 BE ACTIVE

- On July 25, 2016, Cathay Life signed the Taiwan Stewardship Principles for Institutional Investors issued by TWSE Corporate Governance Center, and became the first insurance company in Taiwan to become a signatory.
- Interacts with investee companies through dialog, engagement, and exercise of voting rights to demonstrate the Company's due diligence management as an active owner.

P.22
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P.96

Seek appropriate disclosure on ESG issues by the entities in which we invest



PRINCIPLE 3 SEEK DISCLOSURE

- Participated in international initiatives(CDP NDC, Climate Action 100+ and Nature Action 100) and encouraged investee companies to respond to CDP questionnaires and disclose their carbon emission data, climate change and nature and biodiversity measures.
- Direct engagements with companies to encourage the investee companies to improve ESG and increase carbon governance, carbon targets, and carbon disclosure.

P.35
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P.68

Promote acceptance and implementation of the Principles within the investment industry



PRINCIPLE 4 PROMOTE

- Took signing the Principles for Responsible Investment (PRI) into consideration for mandate partner evaluation, and required mandate partners to comply with Cathay Life's exclusion policy and implement ESG management.
- Participated in various activities, and hope that the peers can jointly implement responsible investment, such as participating the Valuing Water Finance Task Force.

P.22-24
P.35-38

Work together to enhance our effectiveness in implementing the Principles



PRINCIPLE 5 COLLABORATE

- Participate in AIGCC, Ceres Valuing Water Finance Task Force, ACGA improve the learning and understanding of climate change, water resources, corporate governance and social dimension, and strengthen the effectiveness of investor negotiation.
- Continuously hold the Sustainable Finance and Climate Change Summit in 2025, to promote the importance of ESG and climate change, and hold ESG exchange forums and net-zero transition seminars to help companies understand international trends and promote cross-sector collaboration.

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Each report on our activities and progress towards implementing the Principles



PRINCIPLE 6 REPORT

- Published CS related reports on our activities and progress in the implementation of PRI and published a Stewardship Report on a yearly basis.

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Appendix II: Taiwan Stewardship Principles for Institutional Investors Content Index



PRINCIPLE 1 STEWARDSHIP

Establish and disclose stewardship policies

- Complies with Taiwan Stewardship Principles for Institutional Investors and publish our compliance statement.
 - Stipulate Stewardship Policy since 2017.
- Note: For our Stewardship Statement and Stewardship Principles, please refer to the [Stewardship](#) section on our company website.

P.3



PRINCIPLE 2 MANAGEMENT

Establish and disclose policies on managing conflicts of interest

- Ensures that we execute its businesses in the interest of its clients and shareholders, we have established Guidelines for Investment Conflict Prevention and Management.
- No investment-related conflict of interest incidents in 2025.

P.9



PRINCIPLE 3 OBSERVATION

On-going observation of investee companies

- Observes financial and ESG performance of investee companies through ESG data from the MSCI ESG database, their website, conference calls, face-to-face meetings, participation in institutional investors' roadshows or attendance at shareholders' meetings or significant extraordinary general meetings.

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PRINCIPLE 4 INTERACTION

Maintain an appropriate dialogue and interaction with investee

- Interacts with investee companies through various activities such as being a guest speaker or panelist on seminar or participating international initiatives, and holding climate change forums.

P.27
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P.69



PRINCIPLE 5 PROXY VOTING

Establish clear voting policies and disclose voting results

- Stipulates Proxy Voting Policy to establish our threshold for exercising voting rights, exercising manners and publish the voting result annually based.

P.70
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P.94



PRINCIPLE 6 REPORT

Periodically Disclose Fulfillment Status of Stewardship Responsibilities

- Publishes a Stewardship Report every year and Cathay Life was once again selected into the Taiwan Stock Exchange's 2024 "[List of institutional investors with better stewardship disclosure](#)" excellence award.

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- The only insurance company in Taiwan's insurance industry that was consistently selected into the Taiwan Stock Exchange's List of Companies Most Compliant with the Taiwan Stewardship Principles.

Note: List of Companies Most Compliant with the Taiwan Stewardship Principles for Institutional Investors only evaluated in 2019, 2021, 2022, 2023, 2024, 2025.

Appendix III

1. A summary of pre-investment engagement with investee companies arising from equity-method investments in 2025 is presented below:

Type	Number of Engagements
Newly Added Equity-Method Investments	1
Investments Classified as Equity-Method through Subsequent Investment	0

2. Details of the engagement are presented below:

(1) Newly Added Equity-Method Investments

Company Name	Engagement Content
Cathay II Wind Power Holdings Co., Ltd.	■ Topic : Renewable Energy Opportunity ■ Content : 1. The underlying asset of this investment is the Greater Changhua Southwest Offshore Wind Farm, which is part of the government's Phase II offshore wind development. 2. The wind farm has entered into long-term and stable power purchase agreements (PPAs) with Taipower and a designated corporate offtaker. The corporate offtaker has joined RE100 and aims to achieve 100% renewable electricity usage across its global operations by 2040. ■ Assessment: This investment is expected to contribute to the achievement of the government's energy transition targets and aligns with our sustainability strategy. Progress on this engagement topic is considered to be moving in a positive direction.

(2) Investments that became equity-method investments due to additional investment after the initial investment: None for the year 2025.



國泰人壽
Cathay Life Insurance