



國泰金控

Cathay Financial Holdings

Cathay FHC ESG Overview

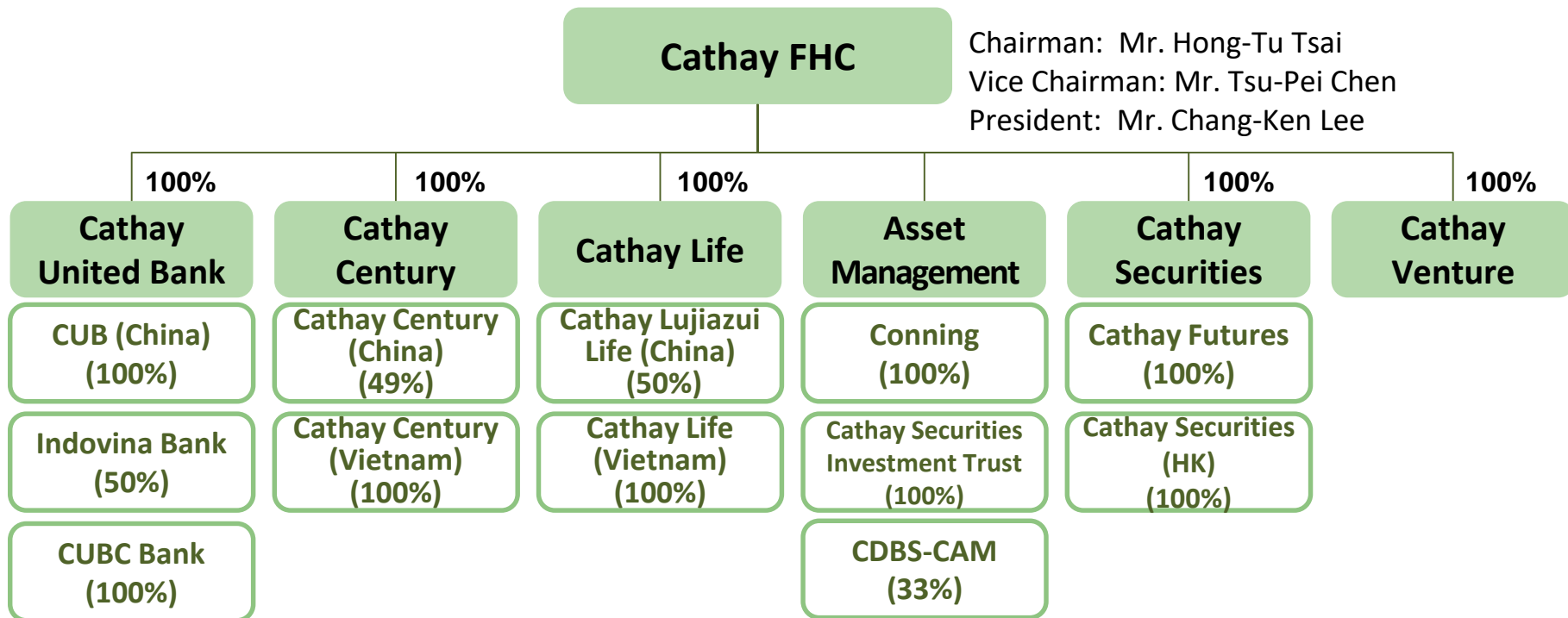
October 2021



Agenda

- ❑ **Leading position in ESG performance**
- ❑ **Strategic focus on ESG**
- ❑ **Responsible Investment**
 - ✓ **ESG engagement**
 - ✓ **Climate actions**

Cathay FHC: largest FHC, comprehensive products



- One of the largest private banks in terms of total assets
- No. 2 credit card issuer
- The largest brokerage settlement bank

- 2nd biggest non-life insurer
- Market share in total premium income: 11.8% (1H21).

- No. 1 life insurer in terms of total assets and total premium
- Market share in total premium: 21.6% (1H21).

- Building global asset management platform
- Largest AUM among asset managers in Taiwan

- Investment banking, brokerage, and prop trading businesses
- Strong underwriting and capital raising platform
- Diversified products and services

Renowned corporate sustainability performance

Recognized by local regulatory authorities

Top-20% Corporate Governance

Over 1,000 listed companies

TWSE Corporate Governance Evaluation



FTSE4Good
TIP Taiwan ESG Index

Included in
FTSE4Good TIP Taiwan ESG Index
since 2017

Note: The FTSE4Good TIP Taiwan ESG Index is maintained by FTSE Russell and Taiwan Index Plus Corp. (TIP), a wholly owned subsidiary of Taiwan Stock Exchange.

Recognized by ESG ratings agencies

Member of
Dow Jones Sustainability Indices

Powered by the S&P Global CSA

Included in
DJSI World & DJSI EM

MSCI
ESG Research
IVA RATING
AA



FTSE4Good

Recognized by Media



Top-10 World Corporate Citizen
for **8** consecutive years,
Top-4 in 2020



Global Views

First Prize in Annual Survey
for **3** consecutive year
(Finance & Insurance)



2020 Taiwan Corporate
Sustainability Awards

Cathay FHC's continuous effort in ESG integration



2011

- Established CSR Committee

2014

- Renamed CSR Committee to Corporate Sustainability Committee, supervised by the Board
- Formed Responsible Investment Team

- Included in DJSI Emerging Market Index
- Cathay United Bank signed Equator Principles, a first in Taiwan

2015

Member of
Dow Jones Sustainability Indices

Powered by the S&P Global CSA

- Included in DJSI World Index
- Among the first to sign on TCFD initiative
- Cathay United Bank self-compliance with PRB

- The only Taiwan FIG joined **CDP Non-Disclosure Campaign & Climate Action 100+ Initiatives**
- Cathay Century P&C Insurance self-compliance with PSI

- Joined **Asia Investor Group on Climate Change (AIGCC)**
- Cathay Life self-compliance with PSI



2018



2017



2016

2019

- First Taiwan FIG to disclose carbon footprints in investment portfolio
- Active in engagement with government on climate governance

2020

- Joined **Ceres Valuing Water Finance Task Force**
- Launched the Taiwan Sustainable Investment Survey
- Cathay Securities published ESG rating reports on individual listed companies

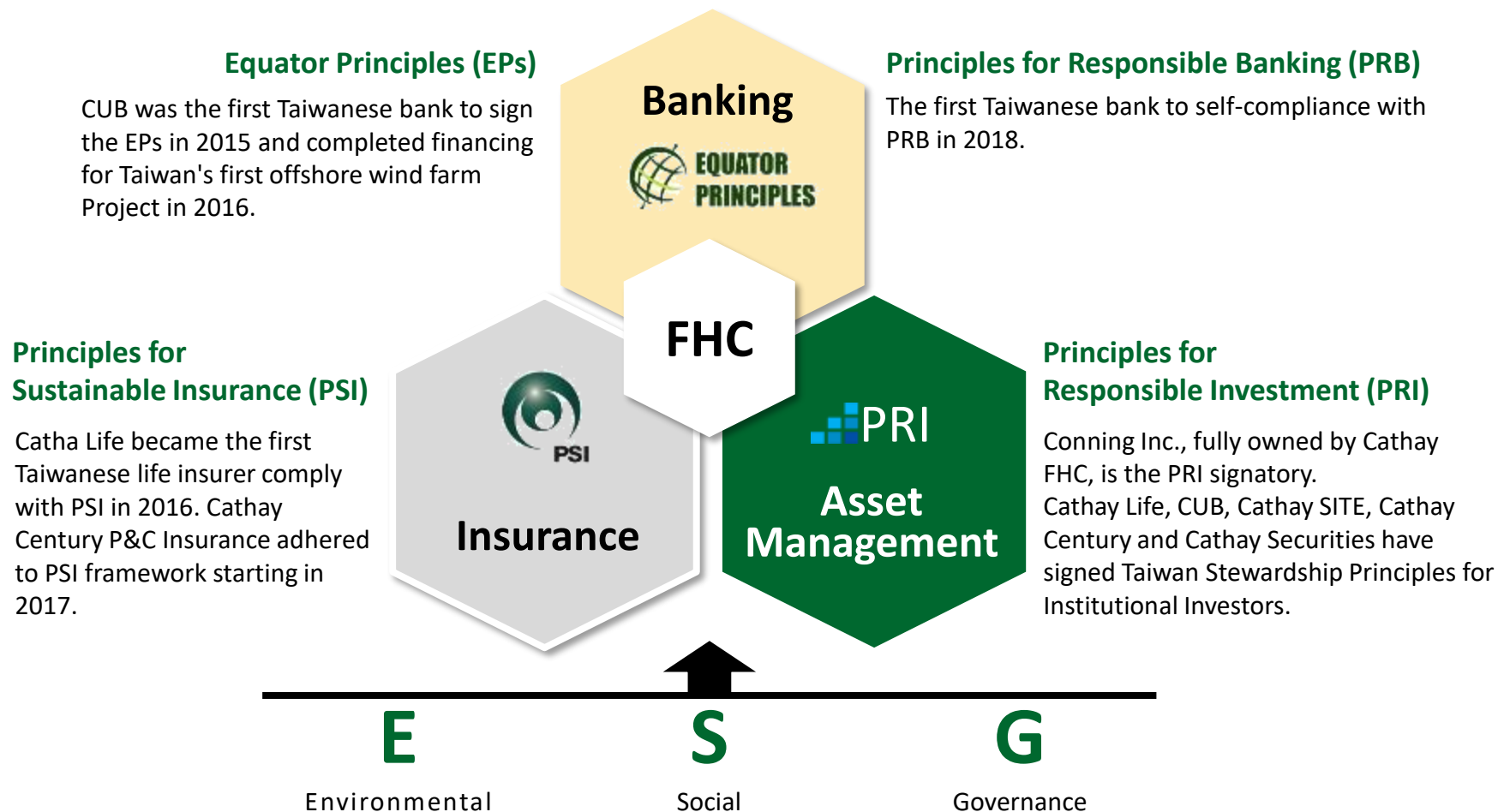
2021

- Issued ESG integration report certified by third party
- Committed 100% renewable energy by 2030
- Participated **Asian Utilities Engagement Program**



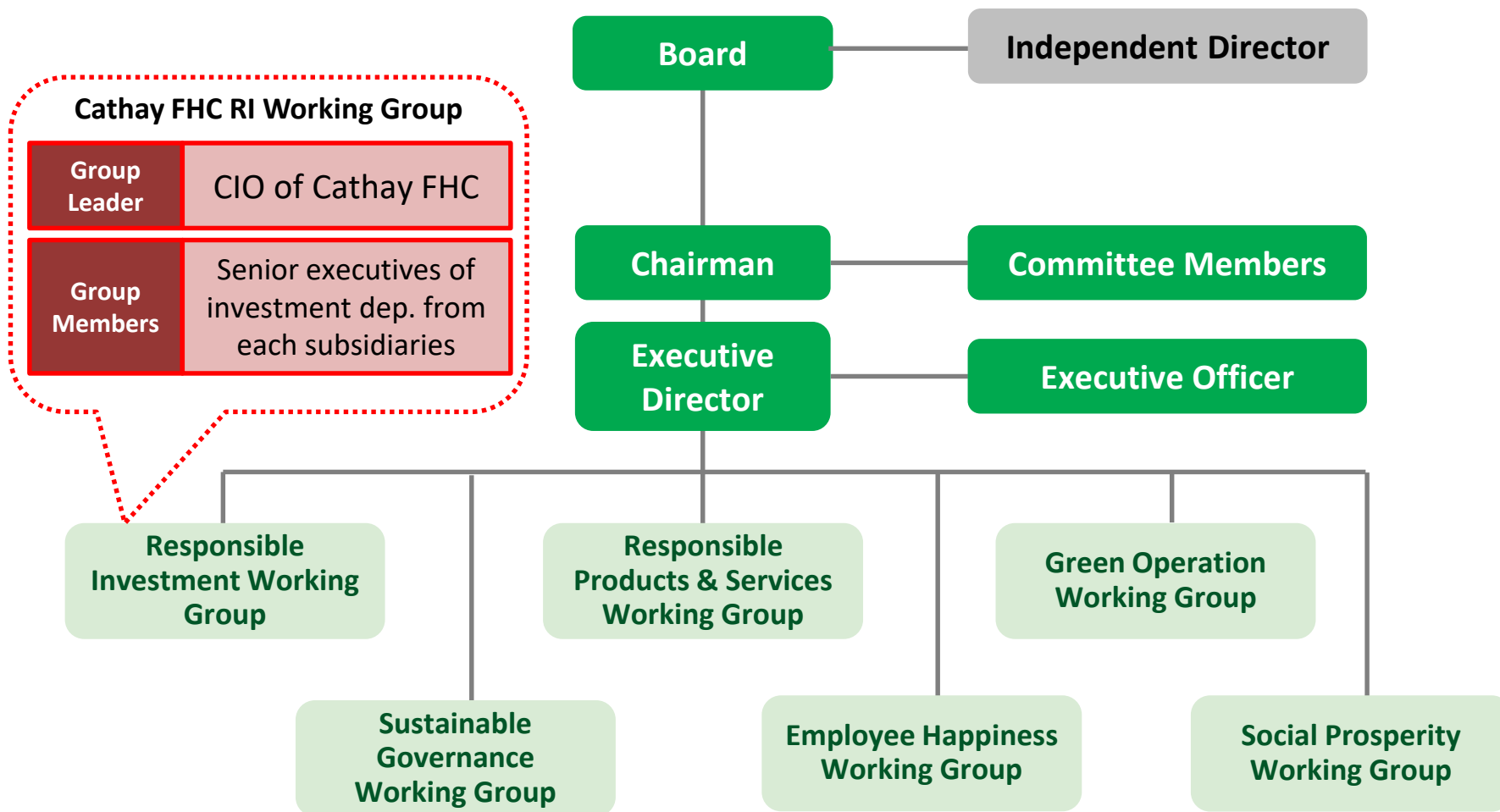
Self-compliance with international principles

Integrating sustainability into 3 core business

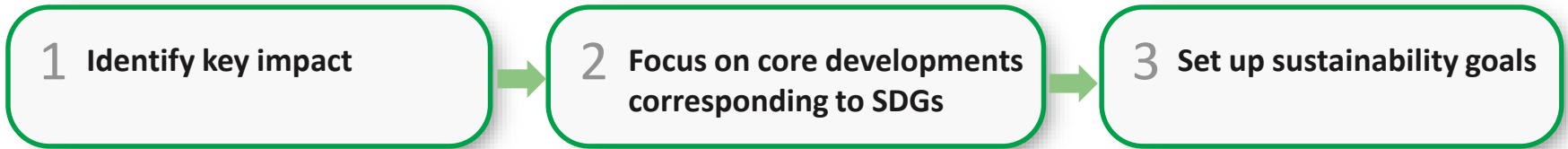


Corporate Sustainability Committee reports to the Board

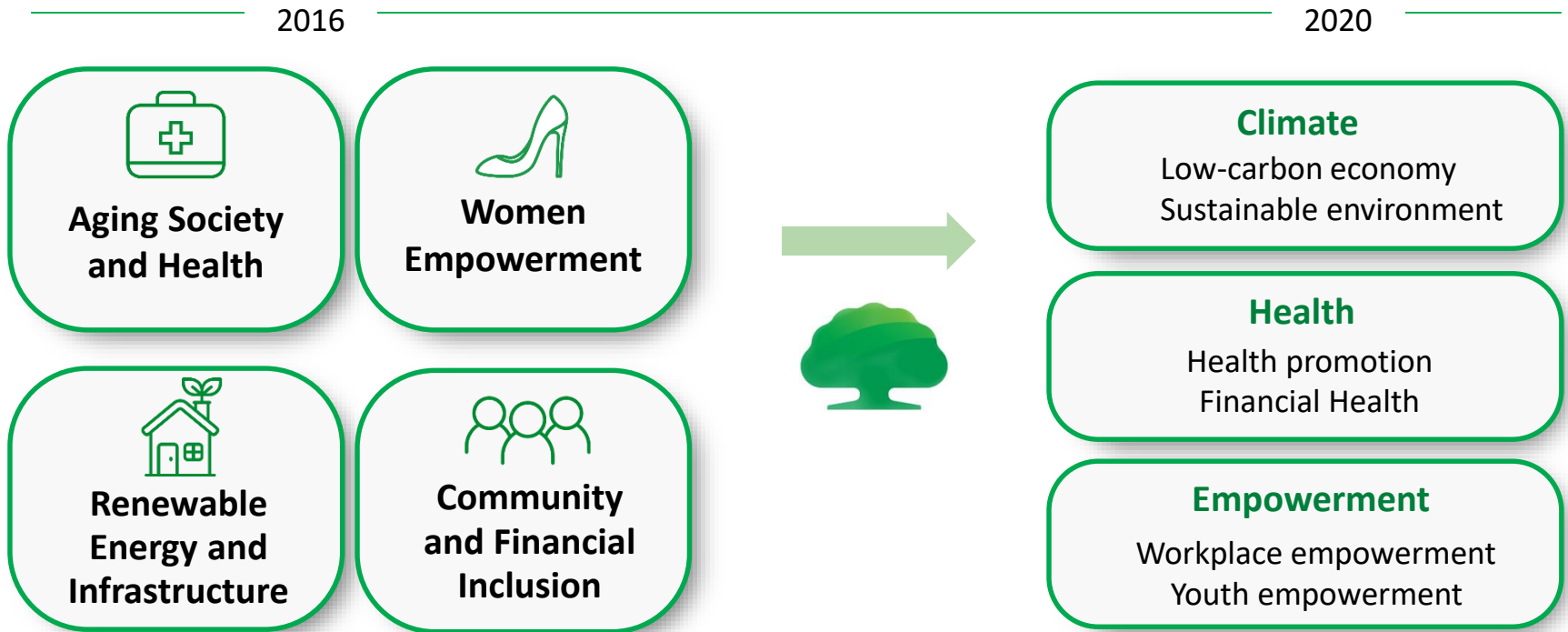
- ❑ Cathay FHC Corporate Sustainability (CS) Committee comprises six Working Groups.
- ❑ The Independent Director supervises CS Committee.



ESG focus : Climate, Health and Empowerment



ESG focus



Strategic focus on ESG

Responding to COVID-19

Uninterrupted operations & services

- **COVID-19 task force** : Group-wide emergency response team to implement the Business Contingency Plan (BCP), placing the safety of employees as the top priority and ensuring uninterrupted operations and services
- **Work from home**

Utilizing core competencies to assist customers

- **CUB relief programs** : established automated process for consumer loans, ranking top 2 in “Self-provided relief loans through electronic”
- **Cathay Life relief insurance policy loan project** : over 75,000 applications with a total value exceeding NT\$5bn, highest in the industry

Local COVID-19 outbreak accelerated digital transformation



- The first in Taiwan to launch **insurance remote application platform** during COVID-19 outbreak
- Over 62,500 remote applications (2021/5-2021/9), highest in the industry

Improve physical health and financial health

Health Promotion

- Improve physical and mental health of general public
- Provide risk prevention and management to reduce losses

Financial Health

- Create a financial independence and safety net for the elderly
- Financial inclusion

Healthy

Sub-healthy

Unhealthy

Wealth creation

Wealth accumulation

Wealth preservation

Disease prevention

Early intervention

Care & Treatment

Financial education

Financial planning

Financial inclusion

Cathay Walker

Weight loss contest

Long-term care insurance with in-kind benefits

Savings plan

Savings plan

Micro insurance

Campus anti-drug campaign

Cathay can help

Elder care trust

Elder care trust

Accident-free rider & bicycles

Planning toolkit

Investment-linked & savings type policies

Small amount whole life insurance

Fraud defense Force board game

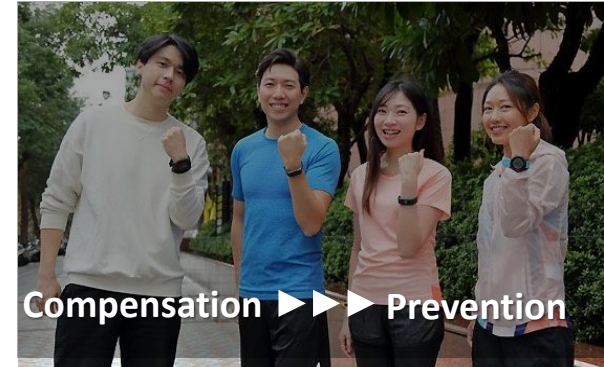
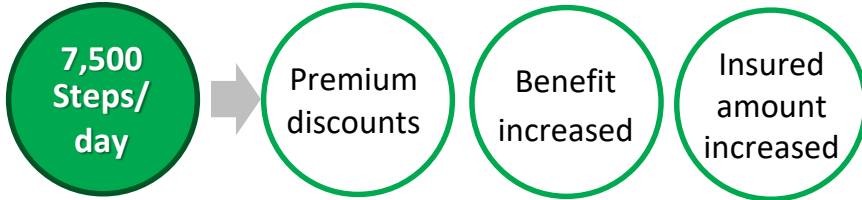
Financial Station

Health Promotion - building healthy habits with policyholders

Cathay Walker : Spillover-effect products



**Cathay Walker:
Spillover-effect
products**

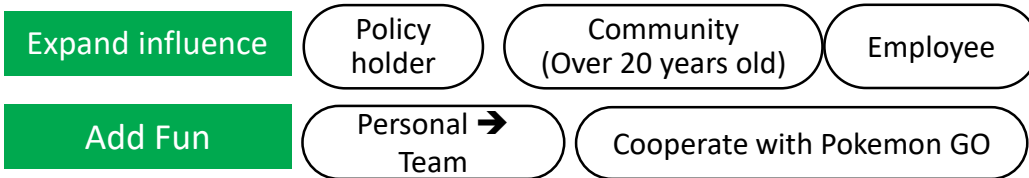


280,000 participants ▶ Approximately **389.39 billion steps**, enough to walk to the moon and back 317 times.

Social Return On Investments (SROI) = 6.3

Cathay Walker health promotion program

7,500 steps per day, help improve health & relieve stress



Financial Health - Financial Inclusion



Small amount regular savings plan

- The first in Taiwan to provide small amount securities investment
- Allow the youth with limited funds to invest in stock markets (50% customers aged 35 and under)
- **Market share over 30%**



Small amount whole life insurance

- **Provide basic protection to relatively elders** who have difficulty obtaining required insurance
- As of the end of 2020, Cathay Life provides basic economic security for approximately **210,000 policyholders, the highest in the industry**



Microfinance

- Financed Cambodia's micro finance institutions (MFIs)
- As of the end of 2020, CUB has provided **US\$83 million loans to MFIs**



Micro insurance

- **Provided basic protection of NT\$97.2 billion for over 297,000 economically disadvantaged**
- Provide economic assistance to support 867 families to get through tragedies or disasters
- Ranked first in the domestic micro insurance market

Provide risk prevention education to all ages

Campus anti-drug campaign

- Help children to recognize drugs → Say “No” to drugs
- Reached 22 counties and cities with approximately 365,000 participants since launched in 2017



Accident-Free Riders & Bicycles

- Enhance youths' awareness of traffic safety
- 138 Accident-Free Riders and Accident-Free Bicycles events were organized on campuses and over 6,000 people participated in 2020



Fraud defense force board game

- Raising anti-fraud awareness among the elderly
- Over 70 events held in 2020, and over 375 Cathay volunteers and 1,500 elderly people participated



Cultivate talents for future



Knowledge : On-the-job training mechanism

- **Hahaw for Business** : provide employees with a diverse range of online courses through the digital platform
- **Cloud library** : allow employees to read books/magazines on digital devices at any time



Skills : Strengthen talents' competitiveness

- **Learning ability**
- **Agility ability**
- **Digital ability**



Cross-disciplinary capability

Create innovative work models : incorporated the "war room" project structure to cultivate cross-disciplinary talent

Cultivate youth talent for climate issues



Most concerned SDGs by Youths :
Renewable energy 、 Climate Change

Youth empowerment program

Understanding youths' pain points by in-depth interview and surveys
Holding climate change seminars with representatives from government, enterprises and youths

Proposal

Climate Change Innovation Competition

Practicing

Cathay Youth Excellence Scholarship

Climate Advocate

Taiwan Youth Climate Coalition

Internship

Cathay Sustainable lab

Academic Research

NTU International Degree Program in Climate Change and Sustainable Development



Climate actions : Signature low-carbon products



國泰人壽
Cathay Life Insurance

Insurance service carbon footprint

2016 : 3.92kg

↓ 14%

2018 : 3.37kg



- 100% e-policies in 2019
- The first insurance company in Taiwan to obtain carbon footprint certification and carbon reduction label



國泰世華銀行
Cathay United Bank

Carbon emission of Unsecured personal loan

2018 : 12.3kg

↓ 27%

2019 : 8.9kg



- The first bank in Taiwan to obtain carbon footprint certification and carbon reduction label for unsecured personal loan business



國泰產險
Cathay Century Insurance

Carbon emission of property insurance service was 1.83 kg CO₂e in 2018, lowest in the industry



- The first P&C insurance in Taiwan to obtain carbon footprint certification and carbon reduction label
- Led the industry in establishing PCR for "property insurance services"

Hastening positive environmental change with green products

Pioneers in renewable energy financing



Total capacity of financed solar power stations and wind turbines as of the end of 2020

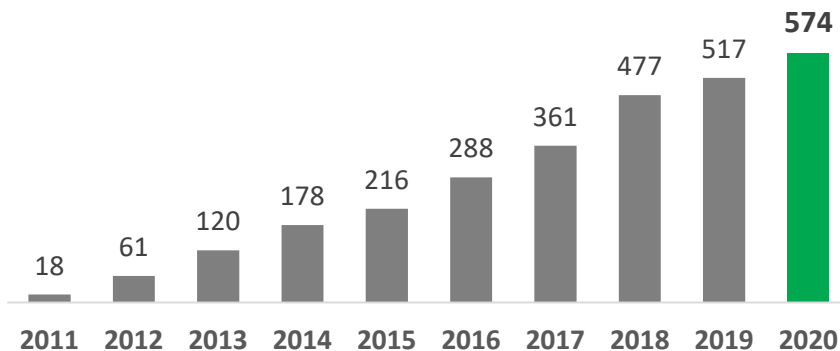
1,342 MW



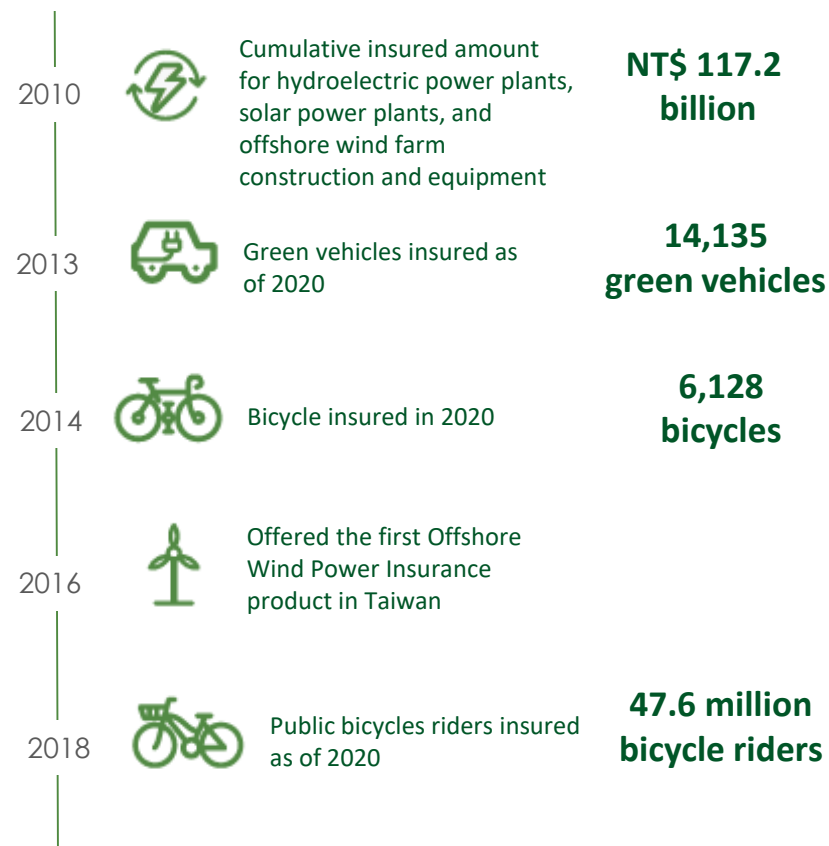
Expected CO2 emissions reduction per years

1.6 million metric tons

Total capacity of loan-financed solar power stations installed in Taiwan and overseas (MW)

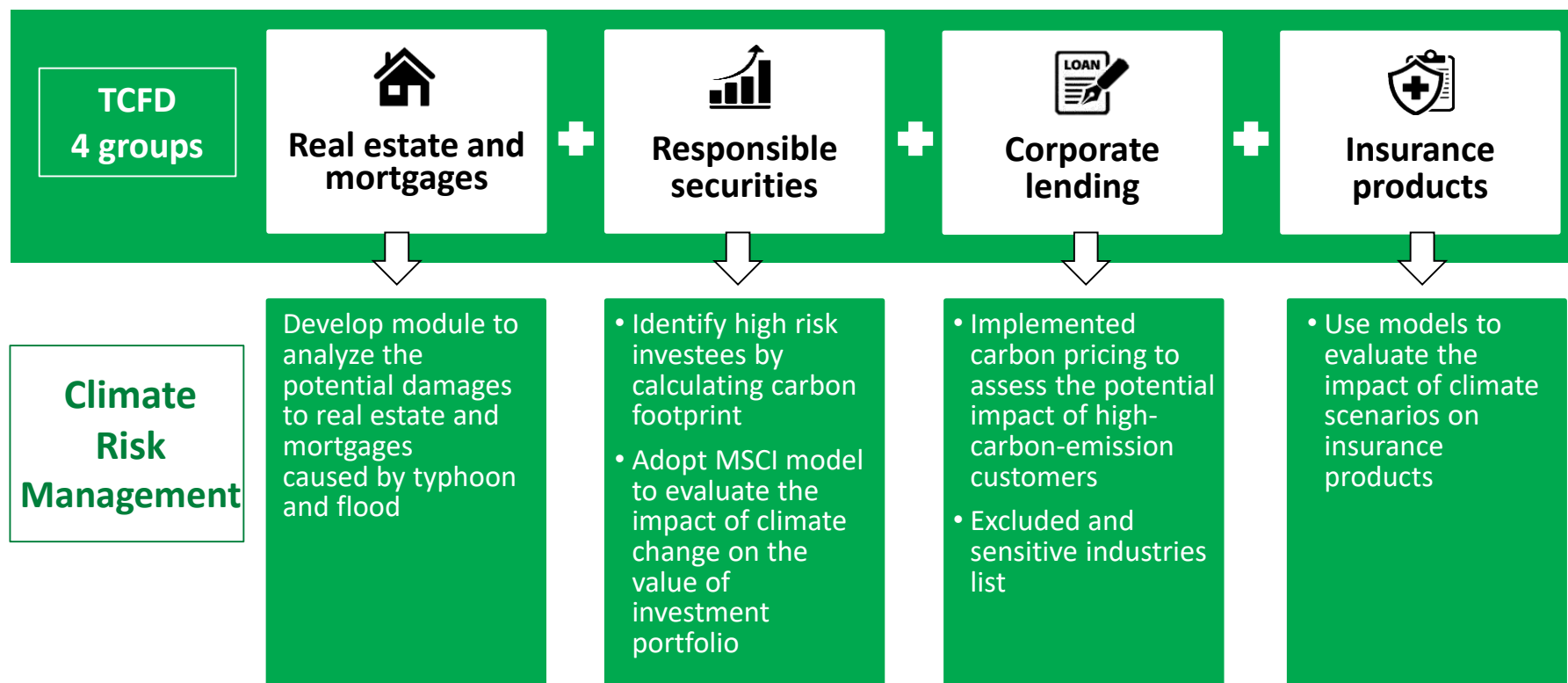


First in the industry – Green Insurance



Integrating climate risks/opportunities into businesses

- Divide TCFD task force into 4 groups monitoring Group's major asset and liability.
- Analyze potential risks and opportunities from climate risks, research the impact on business, and formulate response measures and strategies.
- Report the risk assessment and supervision progress to CRO each month and to the Board periodically.



Cathay Life Insurance and Cathay United Bank has exited coal

- ❑ Cathay Life Insurance has excluded the investment from the power generation companies which with over 50% revenue come from coal-fired power generation without active transition to renewable energy.
- ❑ Cathay United Bank has ceased funding new loans for coal-fired power generation projects in 2019, and will no extended loans for current projects.

Cathay Life

Sensitive industries

- Controversial weapons
- Pornography
- Coal-fired power generation
- Coal mining
- Palm oil
- Gambling
- Logging

CUB

Exclusion list

- Controversial weapons
- Human rights violations
- Pornography
- Mining
- Coal-fired/nuclear power generation
- Coal-related industries
- Upstream mining of oil and natural gas
- Tobacco
- Gambling
- Logging in tropical rain forests
- Gillnet production and gillnetting

Cathay FHC committed 100% renewable energy by 2030

- ❑ 100% renewable energy by 2025: headquarters of FHC, life, bank and P&C insurance
- ❑ 100% renewable energy by 2030: all office buildings in Taiwan
- ❑ Integrating carbon emission performance into CEO's KPI

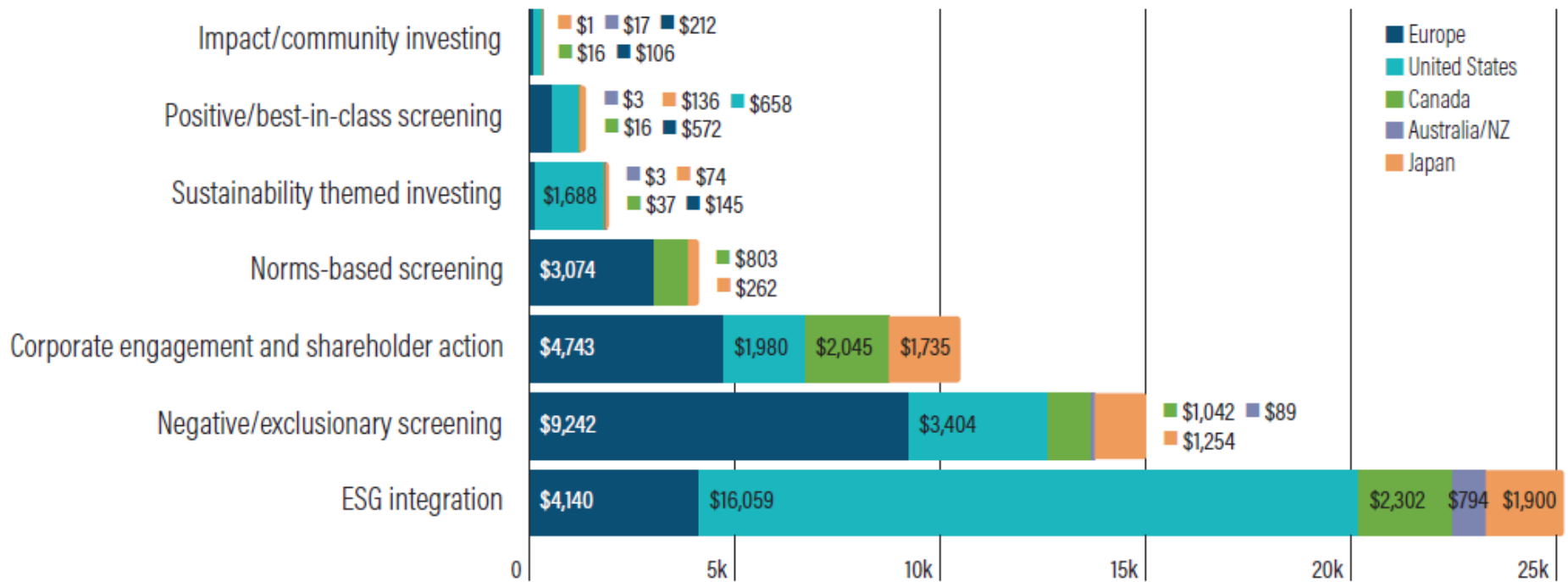


Responsible Investment

ESG integration has become the most common responsible investment strategy

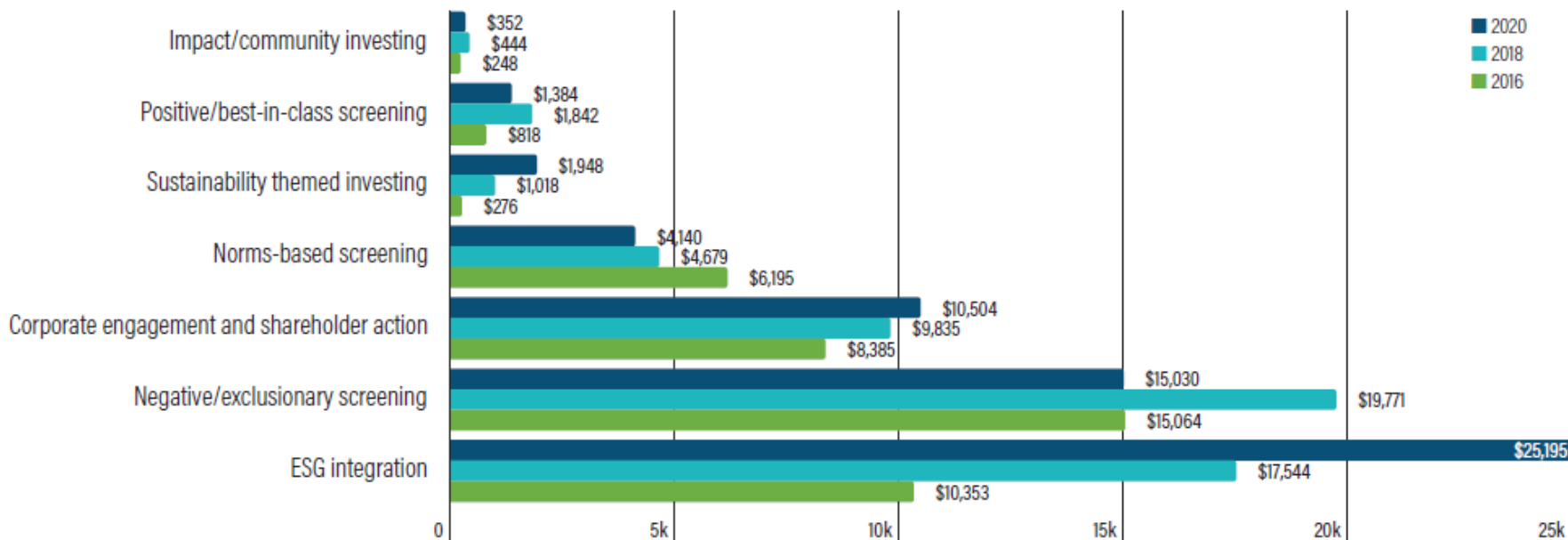
- At the start of 2020, global sustainable investment reached USD35.3 trillion, of which USD25.2 trillion employing ESG integration strategy.

FIGURE 6 Sustainable investing assets by strategy & region 2020



Source: 2020 Global Sustainable Investment Review, GSIA

Global growth of sustainable investing strategies



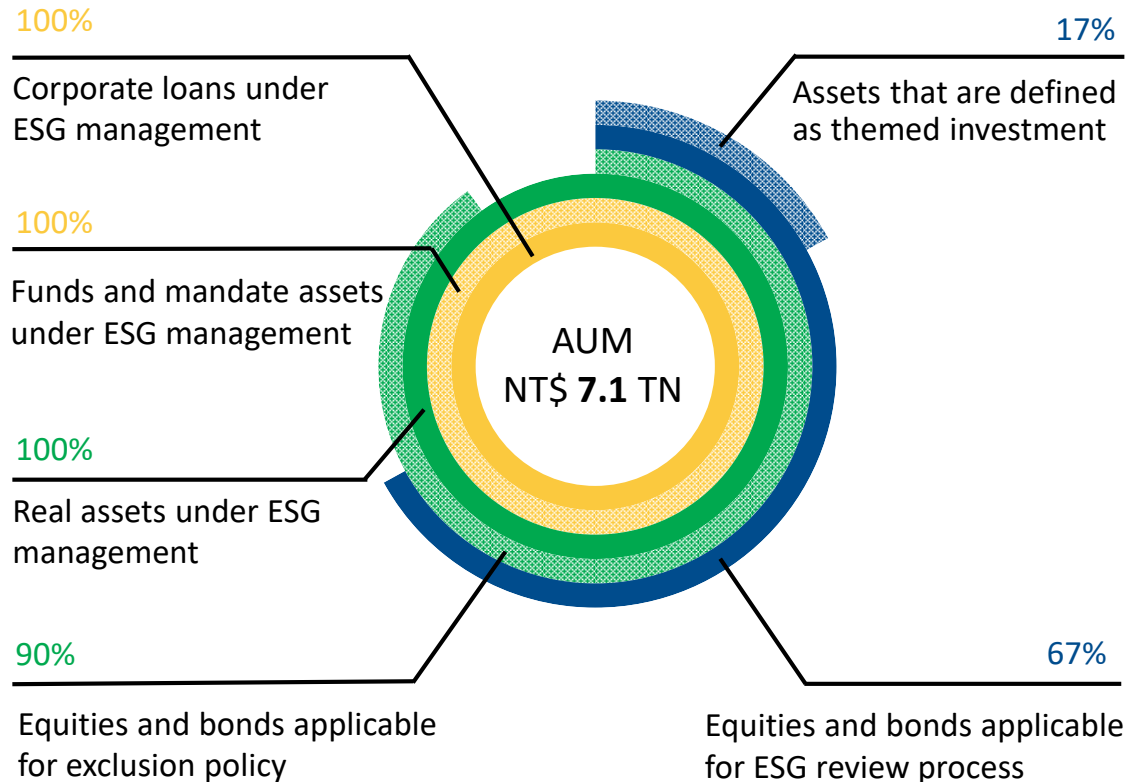
Source: 2020 Global Sustainable Investment Review, GSIA

Implementing responsible investment across multiple asset classes

Responsible investment/lending policies

- Responsible Investment and Lending Policy
- Investment and Lending Exclusion Policy
- Stewardship Policy
- Engagement Policy
- Voting Policy
- Rules Governing Project Finance and Equator Principles
- Responsible Property Investment and Management Policy
- Risk Management Policy

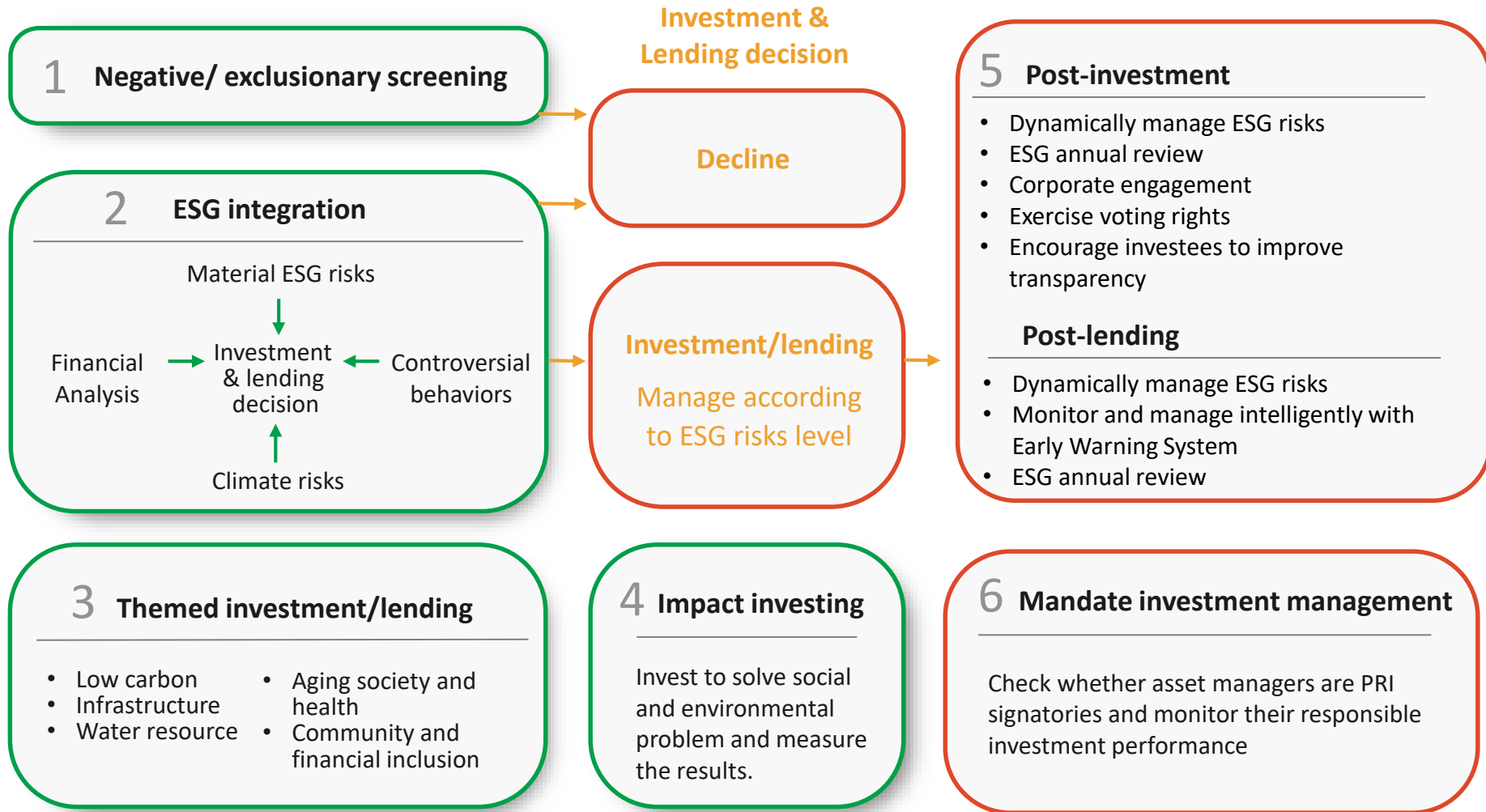
NT\$7.1 TN assets under responsible investment and lending



Integrating ESG into responsible investment and lending

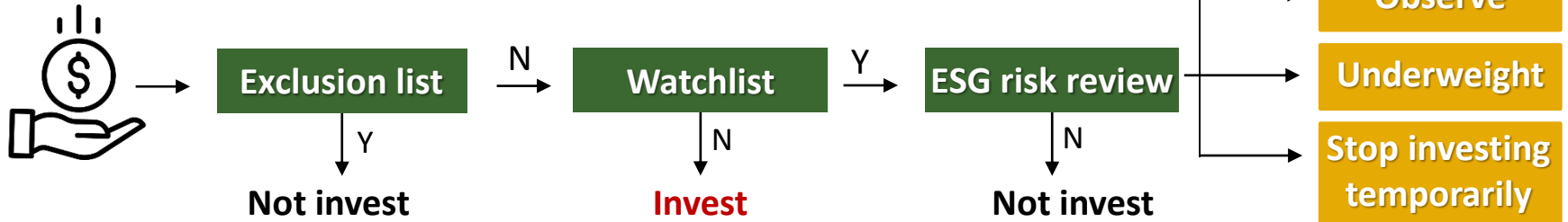
Investment/ Lending Process

Engagements after Investment/ Lending



Integrating ESG into investment process

ESG risk review procedures



ESG integration

Use ESG database and research information system to periodically evaluate ESG performance of investment portfolios and conduct ESG risk reviews.

Risk factors

- 1) **Considerable risks from material ESG factors** : poor ESG performance
- 2) **Controversial incidents** : Involved in a severe ESG controversy with a large impact scale
- 3) **Sensitive industry** : Controversial Weapons/Pornography/Coal (Coal-fired power, coal mining)/Gambling/Palm oil & logging

2020 Results

Reviewed all listed equity and fixed income (non-corporate bonds & corporate bonds)

Publish ESG rating reports for local individual stocks

- Cathay Securities worked with National Taipei University to bridge the gap in ESG analysis of local stock markets.

SEED Social Economic Environment Disclosure

Cathay Securities ESG rating report

國泰期貨 國泰證券子公司
 今年 Asiamoney 最佳券商獎活動已開始，請前往參加的一票投給國泰！[請點此](#) [前往投票](#)

台達電 2308 TT (電子-電子零組件)
 正向的市場共識推升本益比成長

投資與評價

- 研究部看好 2H20 及 2021 年台達電將維持穩定成長，主要成長動能為智慧醫療需求提升、電腦需求回穩及新消費性產品知識產權主義及 5G 智慧電子機推出。
- 我們預期 2020 營收將達 2,768 億元，年增 3%，下修 0.5%，預估 EPS 達 8.11 元，年增 9%，上修 14%，並預估 2021 年營收將達 2,956 億元，年增 7%，EPS 為 9.16 元，年增 13%。
- 長期發展完備，預期公司可持續受惠於醫療資料中心及中國新基礎建設大趨勢，而公司也持續投入研發資源在長期趨勢的業務包括自動化設備、醫療資料中心、電動車及基地台供電系統等相關產品。
- 預期公司維持獲利領先優勢及長期成長趨勢不變，在評價方面正向的市場共識推升本益比成長(ve-rating)，因此研究部建議買入，並將本益比從 21 倍調升至 24 倍。

2H20 仍有轉弱疑慮，獲利維持穩定
 展望 2H20，預期公司繼續受惠於智慧醫療、電腦、資料中心基礎建設、手機零組件等相關產品，且在產品組合持續改善下，毛利率可以維持在高位水平。此外，醫療電子業技術原本處於較穩的情形，公司於去年開始加強製造管理，毛利率已於第一季實現明顯改善，預期未來製造能力逐漸成長，對於公司的獲利結構將有正面幫助。我們預期 2H20 公司營收將恢復正成長，預估營收為 1,505 億元，年增 7%，EPS 則受惠業績轉優，預期將年成長 27%至 5.03 元。

上修 2020 年獲利預估
 由於 2020 年整年來看，研究部預期營收為 2,768 億元，年增 3%，下修 1%，毛利率預估為 29.2%，年增 1.4 個百分點，上修 0.9 個百分點，預估每股 EPS 為 8.11 元，年增 9%，上修 14%，展望 2021 年，預期公司可持續受惠於醫療資料中心及中國新基礎建設兩大趨勢，而公司也持續投入研發資源在長期趨勢的業務包括 5G、自動化設備、醫療資料中心、電動車及基地台供電系統等相關產品，我們預期明年公司營收將維持價位成長趨勢不變，預估營收為 2,956 億元，年增 7%，預估 EPS 將達 9.16 元，年增 13%。

市價(台幣)	476.640
自由流通股比例(Free Float %)	66.67
20 日平均成交量(股/天)	2,056
最新淨資產(2021E)	59.58
最新淨資產(2020E)	30.80
現金股利率(%)	3.09
每股盈餘(2021E)	12.59
含稅股利率(%)	66.87

ESG 評等: 社會 (S) 環境 (E) 治理 (G) 總分 (S) 總分 (E) 總分 (G)

AAA 40/63 44/62 26/38 13/13

數值 ESG 評等分布情形(151 家)

D	CCC	B	BB	BBB	A	AA	AAA
3%	18%	13%	16%	14%	16%	14%	6%

項目	1Q/20	2Q/20(E)	3Q/20(E)	4Q/20(E)	2019	2020(E)	2021(E)
營業收入	55,678	70,695	75,590	74,906	268,131	276,869	295,635
稅前盈餘	2,837	7,690	8,774	7,738	29,154	27,039	30,249
稅後盈餘(母公司應佔)	2,067	5,937	6,943	6,123	23,118	21,070	23,792
營收成長率(%) (YoQ/YoY)	-18.35	26.97	6.92	-0.90	13.13	3.25	6.77
毛利率(%)	26.48	29.60	30.19	29.80	27.78	29.18	29.67
淨利率(%)	3.56	8.87	10.24	9.14	7.24	8.25	8.95
每股盈餘成長率(%) (YoQ/YoY)	-59.35	187.18	16.95	-11.82	27.07	-6.86	12.92
每股盈餘 (EPS)(元)	0.80	2.29	2.67	2.36	8.90	8.11	9.16

ESG 以國際指數 2,597.63 為基準計算

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 109 年會期總序號 005 號

Participation in global and domestic ESG initiatives

Initiatives	Joined company / Time
CDP	<ul style="list-style-type: none"> Cathay FHC (2012)
Low Carbon Investment Registry	<ul style="list-style-type: none"> Cathay FHC (2014)
Taiwan Stewardship Principles	<ul style="list-style-type: none"> Cathay Life & Cathay SITE (2016) Cathay Century Insurance (2017) Cathay United Bank & Cathay Securities (2018)
Asia Investor Group on Climate Change (AIGCC)	<ul style="list-style-type: none"> Cathay FHC (2016)
CDP non-disclosure engagement campaign	<ul style="list-style-type: none"> Cathay FHC (2017)
Climate Action 100+	<ul style="list-style-type: none"> Cathay Life & Cathay SITE (2017)
PRI (signatory / voluntary self-compliance)	<ul style="list-style-type: none"> Conning Inc. (PRI signatory in 2015) Cathay Life (voluntary self-compliance in 2015)
PSI (voluntary self-compliance)	<ul style="list-style-type: none"> Cathay Life (2016) Cathay Century Insurance (2017)
PRB (voluntary self-compliance)	<ul style="list-style-type: none"> Cathay United Bank (2018)
TCFD	<ul style="list-style-type: none"> Cathay FHC (2018)
Valuing Water Finance Task Force	<ul style="list-style-type: none"> Cathay FHC & Cathay Life (2020)
Asian Utilities Engagement Program	<ul style="list-style-type: none"> Cathay FHC (2021)

Actively participating in Global ESG initiatives

Asia Investor Group on Climate Change (AIGCC)

Cathay FHC joined AIGCC in 2016 and **participates in monthly conference calls on global trends in climate change.**

Sophia Cheng, CIO of Cathay FHC, was appointed as the chair of AIGCC in November 2018.



Low Carbon Investment Registry

Cathay FHC is the only Taiwan financial institution to join the Low Carbon Investment Registry, initiated by GIC in 2014.

Total low carbon investment registered in 2020 reached US\$ 7.12 billion.



Climate governance initiatives

Cathay FHC has been a signatory of “Global Investor Statement to Governments on Climate Change” since 2014, urging governments of the G7 and G20 nations to fulfill their commitments to Paris Agreement.

Signed “The Investor Agenda” in 2018 to support low carbon investment, corporate engagement, TCFD climate disclosures, and policy advocacy.

Supported TCFD initiative since 2018, actively managing climate-related risks.



Engaging with investee companies on ESG improvement

Engagement policies and strategies

Cathay defined “**climate change**” and “**ESG**” as the main engagement strategy.

Aimed to strengthen Taiwan corporates’ awareness and capability in response to climate risks and opportunities.

Urged Taiwan corporates to enhance ESG disclosures in line with global standards.

ESG
Improvement

Investee engagement

More than 500 signatories with AUM over USD 47 trillion have joined Climate Action 100+ to engage 167 systemically important emitters and encourage them to curb emissions, improve governance and strengthen climate-related financial disclosures. **Cathay Life and Cathay SITE are only two signatories in Taiwan.**

Cathay has been in constant engagement with Taiwanese companies.



CDP non-disclosure campaign

Cathay is the only financial institution in Taiwan that has **participated in the CDP Non-Discloser Campaign for 4 consecutive years, encouraging Cathay’s investee companies to respond to CDP questionnaires.**

Cathay has successfully engaged 25 companies since 2017 ; 65% of these companies improved their CDP scores in the following year.



Urging corporates awareness on climate change since 2017

Climate Change Forum



2017

2018

2019

- Over 20 top managements from leading industries and institutions had interactive discussion with Mr. Al Gore.
 - All delegates shared their opinions on climate change and their climate actions.
- Co-hosted with CDP and PwC to educate investee companies on CDP and TCFD details.
 - A total of 86 individuals and 55 enterprises participated.
- Co-hosted with TWSE and AIGCC to share information on international trends and industry benchmarks.
 - Over 150 participants joined.

2020 Sustainable Finance & Climate Change Summit

- Co-hosted with TWSE to incorporate sustainable financial issues and expanded the scale of the Summit.
- Delegates represented 70% of total market capitalization and 40% of GHG emission.



Corporate sustainability leads to a better world



17 SDGs Goals

Internal operations

Operation
Governance
Compliance

External issues

Economy
Social
Environmental



Corporate Sustainability



Best In the world

*Best **For** the world*

Thank you



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