

# **Cathay Financial Holdings and Subsidiaries’**

## **Engagement Policy**

Formulated on May 30, 2018

Revised on May 13, 2022

Revised on May 15, 2024

Responsible Unit: Corporate Sustainability Office

### **Article 1 (Principles of Formulation)**

Cathay Financial Holdings (hereinafter referred to as “CFH”) supports robust corporate governance structures, values shareholders’ rights and information transparency. CFH incorporates “Corporate Engagement and Shareholder Action” in its investment/lending process. This involves thorough research and analysis of the entities involved in investment and lending (hereinafter referred to as the “Entities”), and uses the collected information as a basis for the evaluation of the voting decision-making and ongoing business partnerships. CFH also provides insights on Environmental, Social, and Governance (ESG) issues to the Entities, aiming to encourage their improvements, thereby increasing the Entities’ value or reducing risks for CFH. To fulfill the responsibilities of management after investing/lending and exert our influence on responsible investment/lending, we establish the “Cathay Financial Holdings and Subsidiaries’ Engagement Policy” (hereinafter referred to as the “Policy”) for the purpose of providing a guidance on engagement.

### **Article 2 (Scope of Application)**

This Policy applies to CFH and its subsidiaries, including: Cathay Life Insurance (Cathay Life), Cathay United Bank (CUB), Cathay Century Insurance (Cathay Century), Cathay Securities Corporation (Cathay Securities), Cathay Securities Investment Trust (Cathay SITE), and Cathay Venture Inc. (Cathay Venture). (Collectively referred to as "subsidiaries")

The scope of business covered by this Policy includes investment and lending. Investment covers active investment strategies, passive investment strategies, and externally managed assets, with a primary focus on listed equities and corporate bonds. Lending primarily focuses on corporate loans. Each subsidiary may establish management mechanisms based on its own business considerations.

### **Article 3 (Engagement Actions)**

Cathay and its subsidiaries may initiate engagement actions based on their business nature and relevance, taking into account environmental (E), social (S), governance (G) and overall ESG considerations. Engagement actions should be conducted in accordance with the "Cathay Financial Holdings and Subsidiaries’ Engagement Guidelines."

### **Article 4 (Engagement Model)**

Subsidiaries may use appropriate methods to conduct engagement according to their needs, including:

1. Direct Engagement: Subsidiaries conduct the one-on-one or group engagements with the Entities
2. Collaborative Engagement: Collaborate with financial institutions, initiatives, or other stakeholders to conduct engagements with the Entities.

#### **Article 5 (Engagement Escalation Strategy)**

If the desired outcomes of engagement have not been achieved, the escalation engagement strategy may be undertaken based on management needs.

#### **Article 6 (Termination of Engagement)**

Subsidiaries may terminate the engagement after conducting an engagement action for a period of time if the following conditions are met.

1. The desired outcome of engagement has been achieved.
2. It's unlikely that the Entities' relevant ESG performance will see further improvement.
3. The engagement has been terminated with approval from the Responsible Investment Working Group.

#### **Article 7 (Disclosure)**

CFH shall disclose the outcomes of Corporate Engagement and Shareholder Action.

The objective of Corporate Engagement and Shareholder Action is to generate positive impact, aiming to create maximum benefits for both parties' stakeholders. When disclosing corporate engagement and shareholder actions, subsidiaries should strive to minimize any negative impact on the Entities resulting from such disclosure.

#### **Article 8 (Authorization)**

The Corporate Sustainability Office is authorized to establish relevant operation regulations and the regulations shall be implemented upon approval by the President. The same procedures shall apply to revision or repeal of the operation regulations.

#### **Article 9 (Formulation, Revision, Enforcement, and Repeal)**

The formulation, revision or repeal of the Policy shall be approved by the Board of Directors. The Policy is effective on the date of enforcement. The revision or repeal of the Policy shall take effect on the date of revision or repeal.