6.3 Ethical Corporate Management

GRI：2-23、2-24、2-27、2-28、416-2、418-1；SASB：FN-CB-510a.1、FN-CB-510a.2、FN-AC-510a.1、FN-AC-510a.2

6.3.1 Ethical Corporate Management

To strengthen a corporate culture of integrity, Cathay FHC has established the Policy and Code of Operation Integrity, Procedures and Guidelines of Integrity Management Operation, and the Code of Conduct for Employee. These policies require employees to comply with internal regulations, prohibit dishonest behavior, and mandate lawful participation in public affairs. Cathay has long been actively involved in industry associations. Lee Chang-Keng, President of Cathay FHC, currently serves as an executive director of The Bankers Association of the Republic of China and a director of the Bankers Association of Taipei. Lin Chao-Ting, President of Cathay Life Insurance, currently serves as vice chairman of the Life Insurance Association of the Republic of China. They actively promote cooperation between the industry and government and contribute to the development of related policies. For details on Cathay FHC and its subsidiaries' participation in public and industry associations, please refer to Appendix 7.3, Table 32.

Cathay FHC has adopted the Policy and Code of Operation Integrity and has incorporated compliance actions into the Code of Conduct for Employees. Cathay adheres to the following management mechanisms to review the implementation status of ethical corporate governance:

<table>
<tr><th>Management Mechanism</th><th colspan="4">Execution Effectiveness</th></tr>
<tr><td rowspan="2">Ethical Corporate Management Framework and Structure</td><td>Related Policies</td><td colspan="3">• In accordance with Cathay FHC's "Policy and Code of Operation Integrity," specific practices for integrity management and a program to prevent dishonest conduct have been established. The program to prevent dishonest conduct—which includes operational procedures, behavioral guidelines, and training—is implemented based on Cathay's "Procedures and Guidelines of Integrity Management Operation."
• Directors, managers, employees, and actual controllers of the company must not directly or indirectly offer, promise, request, or accept any improper benefits or engage in any unethical, illegal, or disloyal conduct during business activities to gain or maintain benefits.
• For reported cases of violations of business integrity, once verified, the audit unit shall coordinate with the Admin Department to handle the matter in accordance with the Group's relevant disciplinary regulations.
• The Group complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, regulations related to listed and OTC securities, and other laws relevant to commercial conduct.</td></tr>
<tr><td>Responsible Unit</td><td colspan="3">• The Sustainable Governance Task Force under Cathay's ESG Strategy Committee promotes corporate governance matters such as group-wide ethical corporate management, anti-corruption, anti-bribery, and compliance efforts. It reports its implementation status to the board of directors at least once a year.
• The board fulfills its fiduciary duty by overseeing the company's efforts to prevent unethical conduct and ensure enforcement of the Policy and Code of Operation Integrity.
• The Audit Unit includes compliance with integrity practices in its audit scope and regularly reports on improvement measures for deficiencies to the board.</td></tr>
<tr><td rowspan="4">Whistleblower Mechanism & Reporting Channels</td><td colspan="4">• In accordance with Cathay FHC's Procedure for handling cases of reporting unethical or dishonest conduct and the Group's Whistleblowing System, reporting channels have been established, with clearly defined handling procedures to ensure the legal rights and interests of whistleblowers and related parties.
• Whistleblowers and individuals participating in investigations shall be kept confidential and protected to prevent unfair treatment or retaliation.</td></tr>
<tr><td colspan="4">Reporting Channels for Various Types of Cases</td></tr>
<tr><td colspan="2">Cases involving crime, fraud, or violations of law</td><td>Cases involving sexual harassment and other violations of gender equality principles</td><td>Other cases</td></tr>
<tr><td colspan="2">• Reports can be submitted via mail, email, or telephone. For details, please refer to the "Whistleblowing System - Channels and Methods" on Cathay FHC's official website.</td><td>• An email address and a Sexual Harassment Complaint Investigation Committee have been established to handle investigations of sexual harassment cases.</td><td>• Employees may report concerns through the Human Resources Department.</td></tr>
<tr><td>Compliance Indicators Integrated with Performance Review</td><td colspan="4">• The internal control implementation results and compliance implementation results is incorporated into the performance reviews of managers and all employees, and is linked to variable compensation.</td></tr>
<tr><td>Disciplinary Actions for Violations of Regulations</td><td colspan="4">• The Group encourages both internal and external parties to report dishonest or improper conduct. The related reporting channels and handling procedures are managed in accordance with the Group's "Procedure for Handling Cases of Reporting Unethical or Dishonest Conduct."
• If the violation is confirmed, it will be used as a reference for employee salary, position adjustments, and bonus issuance in accordance with relevant regulations.</td></tr>
<tr><td>Conduct Regular Self-Evaluations and Review for Unethical Risk Behavior</td><td colspan="4">• Conduct an annual ethical management risk assessment; items evaluated include offering or accepting improper benefits (corruption and bribery), illegal political contributions, unethical charitable contributions, violation of recusals, violation of stakeholder interests, violation of intellectual property rights and information confidentiality, etc.
• In the first quarter of 2026, the Group conducted the 2025 risk assessment for dishonest conduct.</td></tr>
<tr><td>Training</td><td colspan="4">• Employee ethics and code of conduct training is a required annual course. The training lasts one hour. The training completion rate for 2025 was 100%.</td></tr>
</table>

Statistics of Violations of Ethical Management

Incident Type	2025
Corruption or Bribery	0
Discrimination or Harassment (Note 1)	7
Customer Privacy Data (Note 2)	20
Conflict of Interest (Note 3)	1
Money Laundering or Insider Trading	0
Total Number of Cases in the Year	28

Note 1: For detailed information on the handling procedures and improvement plans related to incidents of discrimination or harassment, please refer to Section 4.1 Workplace Empowerment.

Note 2: For detailed information on the procedures for handling violations of customer privacy and related improvement plans, please refer to Section 6.4.5 Personal Information Protection.

Note 3: In 2025, a former fund manager of Cathay SITE, a subsidiary of the Group, was found to have disclosed material non-public information obtained through their position to others. During the period of individual stock trading in the fund accounts, the individual also used other persons' accounts to conduct the same stock transactions and failed to report these trades to the company as required. This matter was officially penalized by the competent authority on January 14, 2025, under the Financial Supervisory Commission's Securities and Futures Bureau penalty case Jin-Guan-Zheng-Tou-Fa-Tzu Circular No.1130360256. Cathay Securities Investment Trust has actively strengthened internal controls by implementing multiple improvement measures, enhancing personnel and operational process management, and reinforcing compliance awareness.

Note 4: In 2025, Cathay FHC reported zero convictions of corruption or bribery. No penalties were imposed, and no fines were incurred.

Complaint Filing Mechanism and Reporting Channels

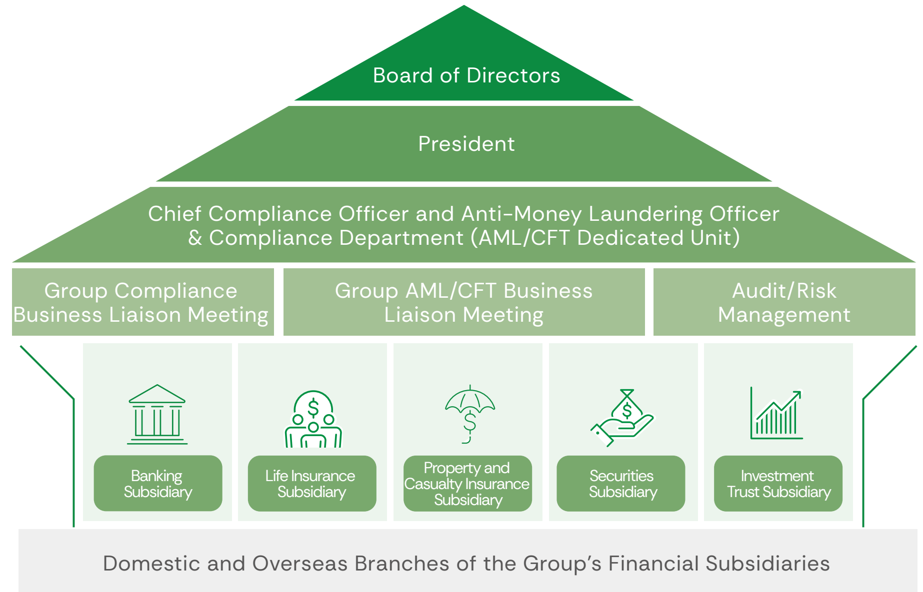
To foster an ethical and transparent corporate culture and facilitate a sound management framework, Cathay has established clear complaint and reporting channels. This is to ensure that we fully implement Cathay's Code of Ethics and adhere to our guidelines for ethical corporate management. We also want to ensure the legal rights of whistleblowers and any relevant persons.

- Step 1: In accordance with Cathay FHC Group's complaint mechanism and whistleblowing channels, once the complainant submits written information, the complaint/reporting procedure is initiated.
- Step 2: Cathay FHC confirms receipt of the written complaint/reporting information.
- Step 3: Accept and investigate the complaint/reporting case.
- Step 4: The accepted complaint/reporting is formally closed after being handled according to company regulations.
- Step 5: If the complaint/reporting case is verified as substantiated, disciplinary action will be taken in accordance with the Company's internal regulations.
- Step 6: Records of the accepted complaint/reporting case, investigation process, and investigation results are retained and filed in written or electronic form.

6.3.2 Compliance

Strengthening Corporate Compliance Culture

Cathay FHC has long been attentive to domestic and international financial regulations and legal changes, continuously strengthening compliance management and deepening the Group's compliance culture to strictly ensure that all business operations meet legal requirements. The Group adopts an overall management approach focused on compliance and anti-money laundering/anti-terrorism financing, implemented through a hierarchical and regional structure. The Board of Directors appoints the Chief Compliance Officer of the head office, who also serves as the Chief AML Officer, to oversee the Group's overall operations. In 2025, reports on business execution were presented twice to the Board of Directors and the Audit Committee, respectively.



Systematic Management of Compliance Risks

Compliance is one of Cathay FHC's key internal control priorities. Centered on "risk," the Group adopts a dynamic management approach that emphasizes ex-ante prevention. Cathay actively promotes the internationalization of compliance across the Group and, based on the risk characteristics of each business, supervises major subsidiaries in implementing compliance risk management. The Group continuously strengthens internal control management through a digital compliance management platform and new technologies.

Strategic Priorities	Implementation Outline
Enhancement of the Group's Legal Compliance Management Mechanism and Effectiveness	• The Group regularly conducts unit compliance evaluations and self-evaluations and self-inspections, incorporating the results into manager performance reviews. To strengthen internal control management and intercompany communication, Cathay convenes a biannual compliance officers' liaison meeting for the Group's headquarters. The Group has established a reporting and management system for significant external compliance incidents, including major legal violations and risk warning indicators such as downgrades by financial regulators, to enable the Board of Directors and senior management to monitor relevant risk alerts, assess the situation, and implement corrective actions. • Mechanisms for reviewing penalties imposed on our competitors and the Group have been established, with review standards set at both the Group and subsidiary levels to promptly monitor regulatory developments. A summary of major subsidiary penalties and corrective actions in 2025 is provided in the table below.
The Group's Medium- to Long-Term Compliance Development Priorities	• According to the risk characteristics of each industry, the Group supervises subsidiaries in implementing compliance risk management, actively promotes the internationalization of the Group's compliance, continuously studies international regulatory trends, and strengthens compliance management of the Group's overseas operations. • Promoted the Group's digital transformation compliance and digital scenario and management compliance strategies; completed the review of the Group's regulatory management standards; continuously improved the management processes for key risks; and conducted a comprehensive review of important regulations along with a project to optimize internal control system management.
Group Whistleblowing System	• To enhance the internal control management cycle, the Group has established a whistleblowing system. The whistleblowing methods, requirements and channels, handling procedures, confidentiality of cases, record retention, whistleblower protection principles, whistleblowing system training, and personnel rewards and penalties are all disclosed on the official website. • In 2025, the Group received a total of 11 whistleblowing cases. Cathay FHC handled 3 cases, all of which were investigated and found to be unsubstantiated, resulting in case closure. Domestic subsidiaries handled 8 cases, of which 1 was verified as true, disciplinary action was taken, and the whistleblower was informed. The remaining 7 cases were investigated and found to be unsubstantiated, leading to case closure.

Major Penalties and Remedial Measures in 2025

Subject Matter		Improvement Measures
Cathay SITE	• Fines: NT$1.2 million • Major Deficiencies: During his tenure, former fund manager Mr. Lee leaked information obtained through his position to others, engaged in trading the same individual stocks through other accounts while the fund account was trading those stocks, and failed to report such transactions to the company.	Improvements have been completed, including strengthening the design and implementation of internal control systems, continuously leveraging technology for monitoring and management, enhancing personnel appointment and care procedures as well as supervisory responsibilities, and reinforcing regulatory communication, education training, and related audits.
CUB	• Fines: NT$12 million • Major Deficiencies: Failure to fully establish control mechanisms for changes to credit card customer information and for loss reporting and reissuance applications; failure to fully establish control mechanisms for adjustments to credit card payment amounts; failure to fully establish control mechanisms for the credit card image retrieval system.	Improvements have been completed, including adjusting the authority of customer service personnel to change information, strengthening the process for sending change notifications, revising the monthly report for abnormal monitoring of mobile phone number changes, adding control measures for lost card reissuance with address changes, implementing an abnormal monitoring report for credit card reissuance applications, adjusting the minimum payment amount, and enhancing controls over the credit card image retrieval system.

Note: As of April 2026, the Group had no significant penalty cases in 2026.

	2023	2024	2025
Number of Major Penalties (cases)	1	2	2
Amount of Fines Imposed (NT$)	NT$12 million	NT$9.2 million	NT$13.20 million

Note: Major penalty cases refer to those handled in accordance with Article 2 of the Regulations Governing Public Disclosure by the Financial Supervisory Commission of Material Enforcement Actions for Violations of Financial Legislation.

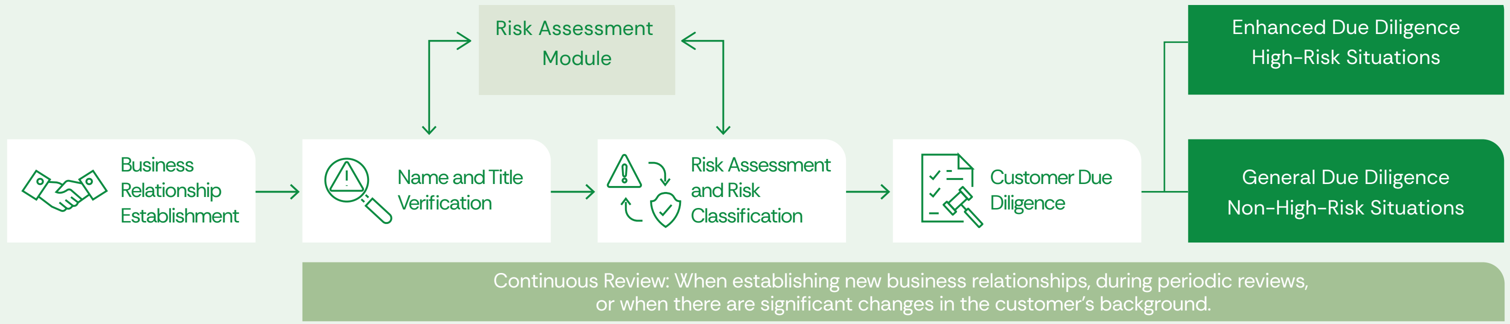
The following table summarizes the cases in which Cathay FHC and its subsidiaries were fined by regulatory authorities for violations:

	2024		2025	
	Number of Fine Cases (Cases)	Total Amount of Fines (equivalent in NT$)	Number of Fine Cases (Cases)	Total Amount of Fines (equivalent in NT$)
Cathay FHC	0	-	0	-
Domestic subsidiaries	16	11,525,200	15	14,379,500
Overseas subsidiaries	0	-	2	1,305,287
Total	16	11,525,200	17	15,684,787

Note 1: Includes domestic and overseas subsidiaries under Cathay FHC.
Note 2: The penalty amounts of overseas subsidiaries are converted into approximate New Taiwan Dollar (NTD) amounts based on the average exchange rate for the respective year.

Enhancement of Anti-Money Laundering, Counter-Financing of Terrorism, and Counter-Proliferation Financing (AML/CFT/PF) Systems

Anti-money laundering (AML), counter-terrorism financing (CTF), and anti-proliferation (PF) efforts have long been key priorities both domestically and internationally. Cathay FHC adopts a risk-based approach to establish a Group-level AML / CTF management framework. Centered on the financial holding company, Cathay has developed a Group-wide information-sharing mechanism. In addition to complying with financial regulatory requirements and practical implementation in a steady and progressive manner, Cathay promotes the refinement and development of risk assessment methodologies. The Group also leverages new technologies and data analytics tools to continuously enhance the effectiveness of its AML / CTF management.

<table>
<tr><th colspan="2">Strategic Priorities</th><th>Implementation Outline</th></tr>
<tr><td rowspan="6">Group Management Mechanisms and Performance Enhancement</td><td>Standards and Indicator Development</td><td>• The Group has established the "AML / CFT Management Guidelines," a Group-level risk methodology, risk factors, and has set up risk warning mechanisms and monitoring indicators.</td></tr>
<tr><td>Conduct periodic reviews</td><td>• Customers with established business relationships undergo regular review procedures in accordance with regulations, and their transactions are continuously monitored. For high-risk cases, enhanced verification of customer identity and transaction purpose is conducted.
• The relevant standard operating procedures have been incorporated into the self-assessment and internal audit items. The subsidiary customer due diligence framework is as follows:

</td></tr>
<tr><td>Regularly Convene Meetings</td><td>• The Group holds AML / CFT meetings at least twice a year and assigns dedicated personnel and projects to assist key subsidiaries in effective implementation.</td></tr>
<tr><td>Virtual Asset Service Providers (VASP) Response</td><td>• In response to the previous national anti-money laundering, counter-terrorism financing, and proliferation risk assessment report, the Group, with the assistance of external consultants, has completed adjustments to its policies to address emerging risks arising from virtual asset service providers (VASPs).
• Subsidiaries should prudently review their related risks based on a risk-based approach and appropriately assess corresponding mitigation measures.</td></tr>
<tr><td>Group Anti-Money Laundering and Counter-Terrorism Financing Information Sharing</td><td>• With reference to the recommendations of the Financial Action Task Force (FATF) and the practical approaches of the Bankers Association, the Group has established group-level information sharing regulations and platform.
• Diverse sharing types emphasize cross-industry risk management among subsidiaries, including the Group's watchlist, categorization of suspicious transaction types, suspicious customer / transaction information, and the exchange of risk-related data between subsidiaries, with the aim of deploying a unified defense network across the Group.</td></tr>
<tr><td>The Group's Medium- to Long-Term Development Priorities</td><td>AML / CFT Risk Joint Prevention Project</td><td>1. Effectively leveraging digital technology on a risk-based approach to optimize monitoring efficiency and resource allocation is one of the Group's key priorities in its comprehensive anti-money laundering and counter-terrorism financing program.
2. In 2022, the Group initiated a multidisciplinary project involving anti-money laundering compliance, data analysis, model computation, risk forecasting, and visual experience design to establish an AML / CFT Risk Joint Defense Center.
3. Over the past two years, under this mechanism, Cathay has optimized suspicious transaction patterns for specific subsidiaries and implemented a visual dashboard. The Group has also initiated the development of an AML / CFT business management platform. Relevant application scenarios include Group customer KYC, customer relationship networks, the Group's digital security gatekeeper, and cross-industry pattern association mapping, all aimed at strengthening the Group's joint defense against AML / CFT risks.
4. Going forward, the Group will continuously adjust the model data drivers in response to changes in external regulatory environments and the evolution of emerging technologies. This will be optimized through Cathay's integrated risk prevention mechanism to achieve effective supervision and management, thereby maximizing the Group's overall synergy.</td></tr>
</table>

Promoting Diverse Compliance Education Programs and Cultivating Talent in Technology Compliance and Anti-Money Laundering

Cathay FHC, to strengthen employees' compliance awareness, provides diversified compliance and anti-money laundering training that aligns with technological development trends. The Group continuously advances the cultivation of compliance and anti-money laundering technology talents by implementing project-based applications that integrate digital technology with practical experience, thereby enhancing the reserve of interdisciplinary talents in "Digital ✕ Compliance / Anti-Money Laundering."

2025 Cathay FHC Compliance Education Program

Course Topics

Fundamentals of Legal Compliance, Practical Analysis of Fraud Prevention, Anti-Money Laundering and Fraud Crime Practices, AI Financial Technology Policies and Industry Trends, Practical Cases of Insurance Fraud (Forensic Technology and Claims), and Common Practices in Fair Trade.

Course Hours

- **322** General Compliance Training Sessions — ✓Totaling 863,127.58 hours
- **145** Compliance Courses for New Recruits — ✓Totaling 13,262 hours
- **180** AML / CTF Training Sessions — ✓Totaling 73,886.9 hours
- **8** Group Compliance Sharing Club Courses — ✓Totaling 1,128 hours
- **80** Senior Executive Compliance Courses — ✓Totaling 956.78 hours
- **117** Compliance Training Sessions for Directors and Supervisors — ✓Totaling 614.51 hours