

# **Cathay Financial Holdings — Declaration of Sustainability**

## **Values**

Cathay Financial Holdings (“Cathay” or the “Company”) in this declaration includes all directly or indirectly controlled subsidiaries of Cathay Financial Holdings. As a company, we uphold integrity, accountability, and innovation as our core corporate values. We also make reference to international specifications such as the Organization for Economic Co-operation and Development (OECD) and the UN's Global Compact, as well as Taiwan's Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies. According to the Company’s overall operating activities, Cathay not only engages in responsible investment practices, the extension of credit, and other international principles, but also establishes related codes of conduct, Human Rights Policy, environmental policy, and Corporate Citizenship and Philanthropy Policy. These policies have been incorporated into this declaration of our values and they shed light on our adherence to work ethics, principles and legal compliance in the course of engaging in corporate activities. At the same time, we also do our best to reduce environmental, social, and corporate governance risks in order to promote economic, social, and environmental benefits.

Cathay invites partners in our value chain, such as suppliers, joint venture partners, and other business partners to follow this declaration, and jointly work toward corporate sustainability.

## **Cathay Financial Holdings — Code of Conduct (abstract)**

The Company strictly prohibits any behavior or events that violate professional ethics. If there is a violation of the laws of a country or of the Company’s Code of Ethics, such breaches will be subject to impartial treatment without tolerance. If there are any major violations, the violation will be publicly disclosed in the corporate sustainability report.

The Company has established Code of Operation Integrity, Code of Ethics, and the Employee Code of Conduct, which all employees (including directors, supervisors, managers, workers, and substantial controllers) should abide by in their daily work activities. The objective of complying with the following work practices is to realize integrity and corporate sustainability:

- 1 Compliance with the law: The Company and its employees shall comply with the laws and regulations established by the competent authorities when carrying out

their duties. Employees shall learn, understand, and realistically comply with the relevant regulations.

- 2 Avoid conflicts of interest: When any behavior, business, activity, or relationship can cause a conflict of interest, the Company shall take active and necessary measures to terminate such behavior. The objective is to avoid intervention of individual interests or conflicts that can affect the Company or its clients.
- 3 Prohibition of dishonest behavior: When conducting business, the Company and all its employees may not directly or indirectly accept or provide any improper interest, nor behave dishonestly or illegally, violate their fiduciary duty, or engage in other dishonest behavior to obtain or maintain personal interest.
- 4 Prohibition of corruption, bribery and kickbacks: The Company and all its employees may not directly or indirectly provide, promise, or accept any improper interests during the implementation of their duties, including kickbacks, commissions, and facilitation payments, nor accept or give improper interests to or through clients, agents, subcontractors, suppliers, civil servants, or other stakeholders. However, this is not limited to actions that comply with local regulations.
- 5 Prohibition of insider trading: The Company's employees shall comply with the regulations of the Securities and Exchange Act, and shall not use their knowledge of undisclosed information for insider trading. Employees shall not disclose unauthorized information to others in order to prevent others from using undisclosed information for insider trading.
- 6 Promote fair transactions (Antitrust/anti-competitive practices): When implementing their duties and transactions, the Company's employees shall maintain information transparency and a fair attitude toward clients, suppliers, and competitors. Employees may not accept illegal lobbying, nor manipulate, conceal, or abuse information obtained during the implementation of their duties to conduct dishonest or unfair transactions or to obtain improper interests. In addition, employees should uphold antitrust principles and must not be involved in price fixing, collusive bidding, or market allocation.  
In order to promote a spirit of antitrust and fair competition, employees shall avoid the following acts:
  - I. Deliberately spreading news against competitors in front of clients.
  - II. Making promises to clients on business that has not been approved by the competent authority, or carrying out improper marketing practices.
- 7 Participation in public affairs: When participating in any legal lobbying of bills,

political contributions, political campaigning, or any government-related political duties, employees of the Company must ensure that these items comply with the relevant regulations and company rules. Employees must ensure that they do not damage the rights of the Company or put the Company at risk of violations.

- 8 Political contributions: When the Company and any of its employees provide direct or indirect contributions to political parties or political activities (including organizations and individuals), it must comply with the Political Donations Act and company rules. Neither the Company nor its employees may use such actions to gain business interests or transaction advantages.
- 9 Charitable contributions and sponsorship: The Company and all its employees shall comply with the relevant regulations when engaging in charity donations or sponsorships, and shall not use such actions as a form of bribery.
- 10 Money laundering prevention and combating the financing of terrorism:
  - 10.1 The Company's employees shall comply with money laundering prevention regulations, and be alert to illegal financial transactions that involve money laundering and the funding of terrorism.
  - 10.2 The Company's employees have a duty to block money laundering channels, and may not provide money laundering advice or planning for the illegal income of others. If abnormal transactions exceeding legal limits are discovered, and if money laundering or aid to terrorist organizations is suspected, employees must report to the relevant units immediately. The Company shall notify audit units or the competent authorities according to the regulations and cooperate with follow-up investigations.
  - 10.3 If the Company's employees have any doubts on whether they have engaged in money laundering activities or aided the financing of terrorism over the course of carrying out their duties, they shall immediately seek the assistance of authorized supervisors or legal/regulatory compliance units. Employees may not continue their duties before the aforementioned doubts are resolved.
- 11 Confidentiality of information and intellectual property rights protection policy:
  - 11.1 Information security and maintenance: The Company's employees have an obligation to keep the Company's information and customer data confidential, and shall not publicize the aforementioned information without authorization according to company rules and legal regulations.

Employees shall not disclose information to others, nor seek business

secrets or customer data not related to their work. This applies to employees who have left the company, too. The aforementioned confidential information includes, but is not limited to, actual or potential asset interests or economically valuable data, all information that can be used by a competitor, and unpublicized information that can cause harm to the Company or its clients if such confidential information is disclosed.

11.2 Protecting intellectual property rights:

11.2.1 All employees shall use the Company's name, corporate identification, trademarks, works, or patents in accordance with the relevant laws and regulations.

11.2.2 All writings, inventions, creations, and work results completed by employees during the fulfillment of their duties, including but not limited to ownership rights, copyrights, patents, and other related rights, are owned by the Company, which has the right to use, change, develop, or publish in the Company's name.

11.2.3 Employees may not publish any data/information to customers, suppliers, or agents under the Company's or their personal names without the approval of authorized supervisors or where there is no business need. Nor shall any employee publish any words and speeches, or print any business cards, corporate identification logos, trademarks, works related to the Company or their job without authorization.

11.2.4 When implementing their duties, all employees shall respect and legally use the intellectual property rights of others, including but not limited to the unauthorized use of software or the reproduction/citation of the works of others.

12 Protecting company assets: All employees should ensure that all company assets can be properly utilized. All of the Company's tangible and intangible assets can only be used within its legal operational scope by authorized employees or designated persons.

13 Information disclosure: The Company shall establish an internal key information processing and disclosure mechanism to prevent information from inappropriately being disclosed, and to ensure consistency and accuracy when

disclosing to the public.

- 14 Environment, health and safety: The Company pledges to provide all employees with a safe and healthy work environment. Employees must also fulfill their responsibilities of maintaining a sound work environment.
  - I. Contraband or hazardous substances are banned from all office areas.
  - II. It is strictly prohibited to use, sell, produce, supply, or possess controlled drugs or any other illegal substance at the workplace or while on duty.
  - III. Employees may not store personal property in the storeroom, nor smoke (including electronic cigarettes) or store flammable goods at the workplace.
  
- 15 Prohibition of discrimination and harassment: The Company shall not discriminate, harass, or treat differently any employee or customer because of their gender, ethnicity, social status, age, marital status, family status, language, religion, party affiliation, nationality, appearance, facial feature, and mental or physical handicap. All employees should work together to create a fair employment and discrimination/harassment-free work environment.
  
- 16 Reporting/ Whistleblowing mechanism: When employees suspect or discover actions that violate rules or regulations, it must be reported to the company's board of directors, review committee, audit unit, legal compliance unit, or other appropriate units. However, malicious framing is not allowed, and the employee making the report shall provide sufficient information for verification. The Company shall protect and keep confidential the identification of employees who report or participate in an investigation to prevent unfair treatment or retribution.

Reporting categories and channels:

- I. Report situations that may involve crimes, fraud, or violations of laws via Cathay's whistleblower email at: [group@cathayholdings.com.tw](mailto:group@cathayholdings.com.tw).
- II. The Cathay FHC channel for complaints regarding sexual harassment and gender equality violation incidents is: [81755@cathayholdings.com.tw](mailto:81755@cathayholdings.com.tw)
- III. For matters not mentioned above, please report them to Cathay's HR departments.

If a claim is proven to be true, the company will take appropriate action in accordance with its internal discipline rules. The defendant will be given an opportunity to make a statement or appeal before a disciplinary decision is made.

If the unit in charge of handling reports fails to perform its duties and is unable to provide valid reasons for the failure, or if the supervisor of the reported employee becomes aware of such a violation and takes no action, both will be regarded as violating this Code and will be subject to relevant disciplinary

actions.

Any employees' violations of this Code shall be taken into account in accordance with relevant regulations when adjusting their salaries and positions and distributing their bonuses.

## **Cathay Financial Holdings — Human Rights Policy**

To implement corporate social responsibility and ensure the basic human rights of all its employees, customers, and stakeholders, Cathay complies with the UN's Universal Declaration of Human Rights, Guiding Principles on Business and Human Rights, Global Compact, and adheres to the principles of the International Labour Organization and other international human rights conventions. Cathay respects internationally recognized basic human rights, including freedom of association, caring for disadvantaged groups, prohibition of the use of child labor, elimination of various human trafficking, forced labor, elimination of employee and career discrimination, and complies with local labor regulations.

Based on the nature of the financial industry and development strategy requirements, the Company conducts regular risk assessments on human rights issues that include external expectations and stakeholder communications. This is to identify important human rights issues and high-risk groups, establish risk due diligence, promote mitigation measures, and achieve management objectives. The aforementioned risk evaluation results will be regularly disclosed to the public. The related risk topics are described below:

### 1. Diversity inclusion and equal opportunity:

- No biased treatment, language, attitude, or behavior may be used due to a person's gender, sexual orientation, race, social status, age, marital status, family status, language, religion, party affiliation, nationality, appearance, facial features, or mental/physical handicap.
- To ensure non-discriminatory employment policies and fairness in employment, salaries benefits, training, evaluations, and promotion opportunities, the Company provides an effective and appropriate complaint mechanism that complies with employee human rights. Cathay works hard to create equal employment and to eliminate discrimination and harassment in the workplace.
- The implementation of diversity inclusion and equal opportunities is monitored

on a regular basis.

2. Reasonable work hours: To ensure that employees do not work excessively long hours, Cathay has set clear work hours and specifications for overtime. The Company also regularly checks and manages employee attendance.

3. Healthy and safe workplace: To avoid potential health and safety risks in the financial sector caused by the type of work, Cathay regularly checks employee health and safety risks, and conducts improvements according to the results.

4. Freedom of association: The Cathay Financial Holdings Employee Code of Conduct clearly states that the Company's employees have the right of association. The company has established diverse communities and actively encourages participation by its employees.

5. Labor-capital negotiation: Smooth communication channels are in place and regularly employer/employee meetings are convened to ensure the rights of both parties.

6. Privacy protection: In order to fully protect the privacy of all customers and interested parties, Cathay has established a comprehensive information security management system, and complies with strict control practices and protective measures.

The Policy is applicable to all of Cathay FHC's suppliers, Cathay FHC also calls for all business partners, including joint venture partners, to raise awareness of human rights and place emphasis on relevant risk management together.

## **Cathay Financial Holdings — Environmental Policy**

Cathay Financial Holdings upholds the core values of integrity, accountability, and innovation. In addition to providing customers with diverse financial products and services and becoming the most trustworthy financial groups for customers, we followed the ethos of cooperate sustainability and established an Environmental Policy. Through appropriately utilization of natural resources and focus on climate change, control management, and investment risks we aim to fulfilling corporate and environmental sustainable development.

1. Management of Direct Environmental Impacts:

1.1 The Company complies with all applicable environmental regulations.

1.2 The Company establishes environmental management objectives, and monitors,

reduces and reports its energy use, greenhouse gas emissions, water and other resources consumption.

1.3 The Company introduces energy environment management systems or green building certifications, such as ISO14001, ISO50001, and LEED to achieve effective energy utilization.

## 2. Supply Chain Management:

2.1 The Company invites suppliers to comply with this policy, and includes corporate social responsibility clause that they must follow in the Company's procurement contracts.

2.2 The Company commits to working with suppliers to influence their environmental performance, and encourage them to understand their specific impact on the environment and on society so that they can mitigate the associated risks.

2.3 The Company commits to working with environmentally friendly suppliers, and purchasing products that conform to environmentally friendly, energy and water-saving products in order to reduce the negative environmental impact.

## 3. Integrating Core competencies in Response to Climate Change and Other Environmental Risks and Opportunities:

3.1 The Company complies with Cathay Financial Holdings Responsible Investment and Lending Policy which referenced the Principles for Responsible Investment (“PRI”), the Principles for Sustainable Insurance (“PSI”) , the Equator Principles (“EP”) and other international sustainable finance principles and commits to well management of investment/lending regarding climate and environmental risks and opportunity.

3.2 The Company develops and provides products and services that help clients respond to the impact of climate and environmental change. We support investment in low-carbon technologies for the transition to a low-carbon economy.

## 4. Stakeholder Engagement:

4.1 The Company commits to actively promoting environmental education. We encourage employee participation for improving environmental awareness and understanding and implement various energy-saving and environmentally friendly measures.

4.2 The Company commits to participating in various environmental policy public dialogues.

4.3 The Company invites key corporate partners, such as joint ventures and insurance agents, to adhere to this policy and promote environmental sustainability initiatives,

such as green supply-chain management and energy-conservation/environmental protection activities.

4.4 The Company commits to participating in communal, domestic, and international green initiatives, and promotes various environmental improvement and educational activities.

#### 5. Policy Implementation and Report:

5.1 Cathay Financial Holdings Corporate Sustainability Committee (the CS committee) is responsible for supervising the implementation of this policy.

5.2 The CS committee's Green Operation Working Group is responsible for implementing this policy and providing sufficient training, guidance, and resources, as well ensuring compliance of employees.

5.3 The Company's various environmental management objectives and performance is disclosed in the corporate social responsibility report or official website.

## **Cathay Financial Holdings — Policy on Mutual Prosperity in Society**

In order to realize Cathay's corporate core competencies, Cathay FHC referenced the UN's Sustainable Development Goals (SDGs) and formulated this Policy in hopes of creating positive influences on the enterprise, society and environment.

Cathay upholds the brand spirit of "happiness is giving happiness" and integrates the core competencies of all main business entities as well as establishes volunteer participation channels to promote corporate sustainability. At the same time, Cathay upholds the principles of financial transparency, information disclosure and engaging stakeholders to establish commercial and social-environmental influence indicators for projects. All main business entities shall also formulate their own implementation plans and goals for projects in accordance with the Policy and actual needs.

The connection between Cathay's three focus areas of sustainable development and mutual prosperity in society:

- I. **Climate:** Cathay refers to internal climate response practices in cooperating with and advocating to stakeholders to raise their awareness and understanding towards environmental issues as well as promote active measures.
- II. **Health:** Cathay combines its financial products and services to promote physical and mental health management for the general public as well as to promote sports, art, and culture domestically. Cathay promotes education on financial intelligence to improve the financial autonomy of youngsters, women and elderly people.
- III. **Empowerment:** Cathay establishes platforms to provide appropriate training opportunities to empower employees, students, youngsters and social innovative units to support the realization of these opportunities and find solutions to social and environmental issues.