6.1 Corporate Governance

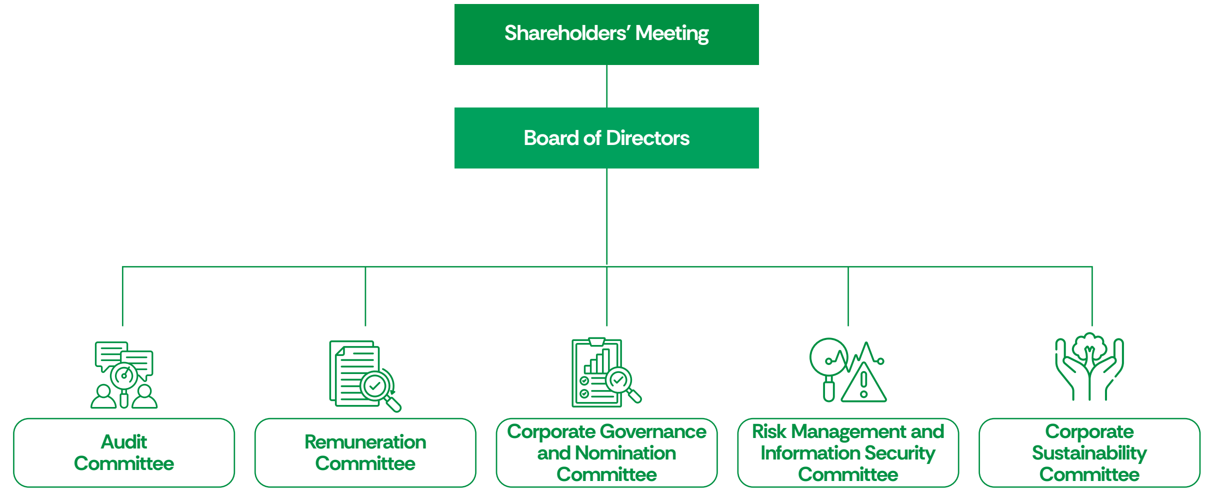
GRI : 2-9、2-10、2-11、2-15、2-17、2-18、2-19、2-20、2-21

Cathay FHC is committed to fostering a corporate culture of integrity and transparency. To this end, we work closely with external professional institutions to continuously improve our corporate governance system. In today's rapidly changing business environment, we strive to adhere to international best practices in corporate governance, which we continue to implement to enhance its effectiveness. Cathay FHC is a constituent stock of the TWSE Corporate Governance 100 Index as a Corporate Governance Benchmark. For more information on Cathay FHC' corporate governance, please see the Cathay FHC Annual Report.

6.1.1 Board of Directors - Structure and Operation

The Board of Directors of Cathay Financial Holdings Co., Ltd. serves as the highest decision-making body. The Chair of the Board does not hold any executive management position and is responsible for overseeing the Group's overall operations and management. In 2025, the Group's Board of Directors convened nine meetings, with an actual attendance rate of 100%, meeting the requirement set forth in the Company's Corporate Governance Best Practice Principles that directors must attend at least 80% of board meetings annually. The average tenure of directors was 8.9 years, while the average tenure of independent directors was 3.5 years. The Board has established five functional committees: the Audit Committee, the Remuneration Committee, the Corporate Governance and Nomination Committee, the Risk Management and Information Security Committee, and the Corporate Sustainability Committee.

In 2025, the Group elevated the Corporate Sustainability Committee to the level of a Board Functional Committee and established the position of Chief Sustainability Officer to oversee and plan the Group's sustainability strategy and objectives, build the governance framework, and supervise the implementation of sustainability initiatives. Information security was incorporated into the responsibilities of the Risk Management Committee, which was renamed the Risk Management and Information Security Committee, with all members serving as independent directors. The Company completed its third external board performance evaluation and enhanced the internal performance evaluation mechanisms for the Board and its Functional Committees. The grading methods for the "indicator scoring criteria" and "evaluation results" were refined from the current two-level and three-level systems, respectively, to a five-level scale, thereby enabling more effective identification of areas for improvement and strengthening the operational effectiveness of the Board and its Functional Committees.



	Audit Committee	Remuneration Committee	Corporate Governance and Nomination Committee	Risk Management and Information Security Committee	Corporate Sustainability Committee
Committee Composition and Responsibilities	· **Comprised of five independent directors** Establishes or reviews the internal control system and assesses its effectiveness; determines the fair presentation of Cathay's financial statements; oversees the procedures for major financial and business transactions; reviews transactions involving directors' conflicts of interest and stakeholders' transactions; and appoints/dismisses the CPAs	· **Comprised of three independent directors** Establishes and maintains policies and systems governing the performance evaluation and remuneration of directors and senior management; and determines the remuneration of directors and senior management.	· **Comprised of three independent directors** Nominates director candidates and reviews their qualifications; reviews the rules governing Board operations and the Corporate Governance Best Practice Principles; and establishes the organizational structure of the Board's Functional Committees.	· **Comprised of three independent directors** Responsible for reviewing risk management and information security policies and guidelines, risk appetite, the implementation of other risk management activities, and the overall information security performance of the previous year	· **Comprised of one director and two independent directors** Responsible for reviewing sustainability-related policies and strategic directions, Sustainability Reports, and other major sustainability-related resolutions
2025 Operations Overview	· The committee met **seven** times. The attendance rate was **100%**	· The committee met **six** times. The attendance rate was **100%**	· The committee met **four** times. The attendance rate was **100%**	· The committee met **four** times. The attendance rate was **92%**	· The committee met **four** times. The attendance rate was **100%**

Board of Directors Recusals

In accordance with the Group's "Regulations on Board Meeting Procedures," any director who has a personal interest, or represents a legal entity with an interest, in a matter under discussion at a board meeting shall explain the material aspects of such interest at that meeting. If the matter may be detrimental to the interests of the Group, the director shall not participate in the discussion or voting, must recuse himself or herself during the discussion and voting, and may not act as a proxy for another director in exercising voting rights. If a director's spouse, a relative within the second degree of kinship, or a company with which the director has a controlling or subordinate relationship has an interest in a matter under discussion, the director shall be deemed to have a personal interest in that matter. Furthermore, to ensure effective management of directors' concurrent positions, the Group's "Corporate Governance Best Practice Principles" and the "Code of Conduct for Responsible Person Assuming Part-Time Roles" require that when directors hold concurrent positions, they must ensure the effective performance of both their primary and concurrent duties, avoid conflicts of interest, and comply with the internal control and supervisory mechanisms of the financial holding company and its invested enterprises and subsidiaries, thereby safeguarding shareholders' rights and interests. For details on directors' recusals from matters in which they have an interest, their concurrent positions on other boards, and their shareholdings, please refer to Cathay FHC's 2025 Annual Report, pages 51-52 and pages 8-12.

6.1.2 Board of Directors - Professionalism, Independence and Diversity

To continuously improve corporate governance practices, Cathay FHC prioritizes the professionalism, independence, and diversity of its board of directors. To this end, we have established the Corporate Governance and Nomination Committee to oversee the nomination and eligibility review of directors. The nominations are subject to approval by the Board before being submitted to the shareholders' meeting for election. To implement shareholder activism, the company has explicitly incorporated the "Candidate Nomination System" into its Articles of Incorporation. Under this system, shareholders holding 1% or more of the company's total issued shares may submit nominations for director candidates in writing. Except under the following circumstances, the company is obligated to include the nominee in the list of director candidates: 1. the nomination is submitted outside the publicly announced nomination period; 2. the shareholder does not meet the 1% ownership threshold during the share transfer suspension period; 3. the number of nominees exceeds the number of seats available for election; 4. the nomination lacks required details such as the nominee's name, educational background, or professional experience. The company shall disclose the list of nominated director candidates and their qualifications at least 40 days prior to the annual general meeting or 25 days prior to a special shareholders' meeting. If shareholders holding 1% or more of the Company's total issued shares do not submit a list of director candidates, all director candidates shall be nominated by the Corporate Governance and Nomination Committee. The nominated candidates possess the professional expertise required for executive duties in areas such as finance, business, and management, and demonstrate diversity in terms of basic composition, industry experience, and professional knowledge and competence. The Board as a whole also possesses the capabilities required for the Company's operations, including sound business judgment, management capability, crisis management, and an international perspective. The Company completed the election of the ninth-term directors on June 13, 2025. Newly appointed Independent Director Mr. Denny Cheng-Hung Kuo has professional experience and knowledge in business, finance, accounting, and information technology. Mr. James Wei Wang has professional experience and knowledge in business, finance, information technology, and overseas markets. Newly appointed Director Mr. Tzung-Han Tsai has experience and knowledge in finance, business, economics, law, overseas markets, and mergers and acquisitions. Mr. Chung-Yan Tsai has experience and knowledge in business, finance, construction, and health management. The Board as a whole possesses professional expertise and skills in business, accounting/economics, law, finance, mathematics/actuarial science, digital finance, financial technology, information and communications, health management, overseas markets/mergers and acquisitions, risk management, and sustainability (including climate change). This composition meets the diversity requirements set forth in the Company's Corporate Governance Best Practice Principles and supports the Group's strategic development in internationalization, digitalization, and financial innovation and application. For details on the implementation of the Board diversity policy, please refer to Cathay FHC's 2025 Annual Report pages 24-25.

Note: The Company completed the election of its ninth-term Board of Directors on June 13, 2025. For information on the members of the ninth-term Board of Directors, please refer to the Cathay FHC website.

Professionalism

Cathay FHC's "Corporate Governance Best Practice Principles" clearly outlines the knowledge, skills and qualities that the board members must possess to fulfill their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities: ability to make operational judgments, ability to perform accounting and financial analysis, ability to conduct management administration (including ability to conduct management subsidiaries), ability to handle crisis management, knowledge of the industry, an international market perspective, leadership, ability to make policy decisions, and risk management knowledge and skills.

Furthermore, directors actively participate in continuing education courses on IFRS 17, risk management, corporate governance, corporate sustainability, climate change, Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT), information security, and artificial intelligence. In 2025, the directors completed an average of **16.5** hours of continuing education.

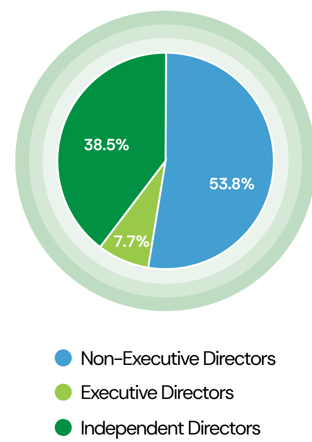
Independence

- Cathay FHC has established "Guidelines for the Scope of Duties of Independent directors" that stipulates the following: "If an independent director has any objection or reservation, it should be recorded in the minutes of the board meeting." "Cathay cannot hinder, refuse or prevent an independent director from performing his/her duties" and "In performing his/her duties, if an independent director deems it necessary, he/she may request the board to assign relevant personnel or directly engage experts to assist; Cathay will be responsible for all costs incurred." The above measures are in place to ensure that independent directors perform their duties while effectively enhancing the board's operation and the company's business performance.
- Of the **13** directors at Cathay FHC, **5** are independent directors, representing more than one-third of the board seats.

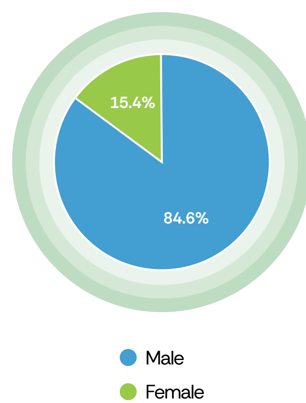
Diversity

The Board of Directors of Cathay FHC comprises members with diverse backgrounds, including a range of ages, industry experience, educational qualifications, professional expertise, and competencies. To strengthen corporate governance and facilitate sound board development, the "board member diversification" policy in the "Corporate Governance Best Practice Principles" states that the board composition should be determined by considering the operational structure, business development direction, future trends, and other needs. It is advisable to assess aspects of diversity, including but not limited to basic compositions (e.g., gender, age, nationality, and race), professional experience (e.g., financial holding, banking, insurance, securities, industry and technology), and professional knowledge and skills (e.g., business, finance, accounting, law, marketing, and digital technology).

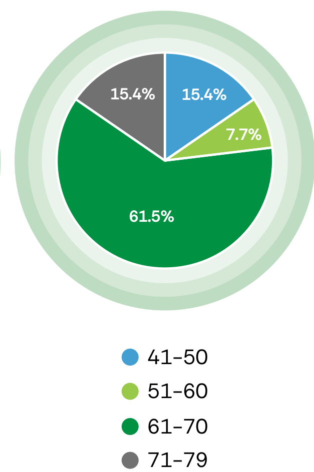
Board Composition Ratio



Gender Composition of the Board of Directors



Age Distribution of the Board of Directors



6.1.3 Board Performance Evaluation

To enhance the effectiveness of board operations, Cathay FHC has established both the "Board of Directors Performance Evaluation Policy" and the "Board of Directors and Functional Committee Performance Evaluation Method." These policies provide a structured framework for evaluating the performance of the board and its functional committees. The evaluation criteria incorporate key sustainability-related indicators, including regulatory compliance, corporate governance, risk control, corporate sustainability, and social responsibility. This ensures that the board and its functional committees effectively fulfill their responsibilities across governance, business operations, and corporate sustainability. Performance evaluations are conducted annually. Members of the board and the functional committees, along with the agenda working group, are evaluated for their performance based on established indicators. The results are consolidated by the agenda working group and submitted to the board for review.

Aspects of Performance Evaluation

Board of Directors	Functional Committees (including the Audit Committee, Remuneration Committee, Corporate Governance and Nomination Committee, Risk Management and Information Security Committee, and Corporate Sustainability Committee)	Individual Board Members
✓Level of Participation in the Group's Operations	✓Level of Participation in the Group's Operations	✓Understanding of the Group's Goals and Mission
✓Enhancing the Quality of Board Decision-Making	✓Understanding of Functional Committee Responsibilities	✓Understanding of Directors' Duties
✓Board Composition and Structure	✓Enhancing the Decision-Making Quality of Functional Committees	✓Level of Participation in the Group's Operations
✓Election and Continuing Education of Directors	✓Composition and Selection of Members of Functional Committees	✓Internal Relationship Management and Communication
✓Internal Control	✓Internal Control	✓Directors' Professional Expertise and Continuing Education
		✓Supervise the Group's Financial and Operational Performance
		✓Supervise the Operation of the Group's Internal Audit, Internal Control, Risk Management, and Regulatory Compliance
		✓Corporate Credit Rating
		✓The Group's Commitment to Corporate Sustainability

Performance Evaluation Results

Internal Evaluation	External Evaluation
• In 2025, the internal performance evaluations of the Board of Directors and all functional committees of Cathay FHC were rated as "Outstanding." • All directors of the Group received a rating of "Pass" in the 2025 performance evaluation.	• Cathay FHC engaged the Taiwan Institute of Ethical Business Practices in 2019, 2022, and 2025 to conduct external evaluations of the Board of Directors' performance for 2018, 2021, and 2024, respectively. Based on the Institute's recommendations for improvement, the Group reviewed and implemented enhancement measures accordingly.

Note: For detailed results of the Board of Directors and functional committee performance evaluations, please see this link.

6.1.4 Remuneration Structure for Directors and Senior Management

Remuneration for Directors

To improve corporate governance and enhance long-term business performance, Cathay has established the "Guidelines for Directors' Remuneration," which sets out remuneration standards such as a director's variable and fixed compensation, as well as the cost of transportation. According to Cathay FHC guidelines, the directors receive variable compensation based on outlined standards. However, independent and external directors only receive fixed compensation without variable compensation. To improve operational risk management, Cathay FHC has established "Board of Directors Performance Evaluation Policy," which includes various indicators for evaluating the performance of the board of directors, such as their level of participation in the company's operations, oversight of financial operations, internal audit and control, risk management, and compliance. Those who do not meet the annual evaluation standards will not receive any variable compensation as directors. Directors' compensation is determined by the Remuneration Committee and the Board of Directors, taking into consideration each director's level of participation in the Group's operations, contribution value, and industry compensation standards. In addition, to ensure the reasonableness of directors' remuneration, the Remuneration Committee and the Board of Directors conduct a regular assessment of the "Guidelines for Directors' Remuneration" every three years.