

## **Cathay Financial Holdings — Explanations for Public Participation and Policy Influence**

For the purpose of promoting a prosperous and thriving society, Cathay Financial Holdings endeavors to participate in public affairs through legitimate means and to ensure that donations made by the Company are accurately disclosed as per the regulations. Here are the Company's relevant policies and regulations.

- Cathay Financial Holdings Code of Operation Integrity Article 9 (Prohibition of Illegal Campaign Contributions)  
Any direct or indirect contributions made by the Company and the Company's Directors, managers, employees, and entities substantively controlled by the Company to political parties, political organizations, or individuals shall comply with the Political Donations Act and the Company's internal operating procedures. Contributions shall not be used as a guise to reap commercial benefits or trade advantages.
- Cathay Financial Holdings Code of Operation Integrity Article 10 (Prohibition of Improper Charitable Donations or Sponsorships)  
Any charitable donations or sponsorships made by the Company and the Company's Directors, managers, employees, and entities substantively controlled by the Company shall comply with the relevant laws and the relevant provisions provided by the internal operating procedures. They shall not be used as a disguise for bribes.
  - The full version of Cathay Financial Holdings Code of Operation Integrity can be downloaded from [here](#).

According to the Operating Guidelines for Donations by Cathay Financial Holdings and Its Subsidiaries, the Company and its subsidiaries shall publicly disclose donations made "to political parties, stakeholders, and charities" in a given year. These disclosures are to be made on the official websites of each company. Prior to making a donation, the following procedures must be adhered to:

1. Confirm the donee is a legally incorporated juristic person or organization.
2. Confirm the donation is in line with the relevant laws.
3. Assess whether the purpose of donation complies with the Company's reputation and business philosophy.

For details of donations made to political parties, stakeholders, and charities by the Company since 2012, please refer to: [Donation made to political parties, stakeholders, and charities by Cathay Financial Holdings \(Chinese version only\)](#)

### **Industry and Trade Associations**

Following the rapid development of digital finance technologies, financial institutions are facing competition from the technology industry or e-commerce platforms, and must also respond to a plethora of emerging risks, such as population aging and climate change. Cathay FHC engages in the affairs of various guilds and associations primarily in hopes of building a consensus in the industry and contributing to industrial development.

Cathay is a member of trade and industry associations, such as the Life Insurance Association of the Republic of China, the Bankers Association of the Republic of China, and the Non-Life Insurance Association of the R.O.C. These memberships allow Cathay to work collaboratively with other companies to address public policy issues and provide opportunities to advocate for common business interests.

During 2018-2021, Cathay Financial Holdings and its subsidiaries did not make any monetary contributions to political campaigns, political organizations, lobbyists or lobbying organizations, and other tax-exempt groups for political purposes. We only made monetary contributions to trade associations and the total amount is shown in the table 1.

Table 1: Total contributions made during 2018-2021

|  | Currency                | FY 2018    | FY 2019    | FY2020     | FY2021     |
|--|-------------------------|------------|------------|------------|------------|
| Total contributions and other spending | TWD- New Taiwan Dollar  | 21,287,249 | 22,882,332 | 21,121,927 | 21,856,618 |
| Data Coverage (as % of denominator)    | Percentage of: Revenues | 100%       | 100%       | 100%       | 100%       |

Note: We reviewed and added back some indirect expenses to the trade associations. Therefore, we revised the total amount of contributions in the past three years.

In 2021, the top 5 largest monetary contributions to trade associations are shown in the table 2.

Table 2

Currency: TWD

| Trade Associations   | Total Amount paid |
|--|-------------------|
| The Bankers Association of the Republic of China                     | 4,484,355         |
| Securities Investment Trust and Consulting Association of the R.O.C. | 3,101,808         |
| The Life Insurance Association of the Republic of China              | 1,608,000         |
| The Non-Life Insurance Association of the Republic of                | 1,317,600         |

|                                       |           |
|---------------------------------------|-----------|
| China                                 |           |
| Taiwan Academy of Banking and Finance | 1,000,000 |

Cathay Financial Holdings and its subsidiaries actively engaged in trade associations to make contributions to the development of the industry and have significant impacts on our business and the interests of our stockholders.

We've assisted governments to promote sustainable finance and to stipulate financial policy and regulations through various channels, including joining the trade associations and delivering speeches. For example, in response to the global net-zero goal and sustainable financial development, the Taiwanese government announced the goal of net-zero transition in 2050 and launched relevant action plans. Cathay is a domestic leader in sustainable finance and has been promoting green finance for many years. Cathay follows the TCFD framework to manage climate-related risks and opportunities. Cathay United Bank (CUB), a subsidiary company of Cathay FHC, is the first bank in Taiwan to have adopted the Equator Principles and voluntarily abides by the Principles for Responsible Banking. CUB actively participates in the climate risk projects initiated by the government, for example, Association of Banks Climate Change Risk Management Project and Joint Credit Information Center Climate Risk Pressure Test Project. CUB also voluntarily participates in Taiwan Sustainability Classification Standards Project to facilitate management, control and disclosure of financial risks of domestic banking industry caused by climate change.

Besides, Taiwan is becoming an aged society. We have made efforts to promoting financial independence. For example, Chairman Jeff Chang of Cathay SITE, a subsidiary company of Cathay FHC, is the current chairperson of the Securities Investment Trust & Consulting Association of the R.O.C. (SITCA) and actively guided the SITCA in 2021 to formulate policies and to promote collaboration between industry and government for the purpose of industrial development. In response to an aging society, the Association advocates the establishment of mechanisms needed by an aging environment for friendly investment and savings while introducing fresh water to asset managers to revitalize the capital market. These include: 1. The Association continues to promote the policy of opening of optional investment in labor pensions to improve the second pillar of pensions, that is, the occupational pensions, so that people can retire comfortably; 2. The Association promotes the Taiwan Individual Savings Account (TISA), which provides tax incentives to drive Taiwanese people to allocate more money in their pensions; 3. The Association discusses approval of the issuance of REITs by the securities investment trust industry to promote overall economic development and job opportunities.

In addition to the aforementioned three major proposals, the Association also continues to promote participation in the discussion of innovative products and businesses such as fund passports in the Asian region and discretionary robo-financial advisory services, hoping to create diversified business opportunities for the industry and help Taiwan establish a presence on the international stage.