

Cathay Financial Holdings

Policy and Code of Operation Integrity

Adopted on March 16, 2012
Amended on November 13, 2019

Responsible Department: Administration Division

Article 1 (Formulation Purpose and Application Scope)

The Company established the Policy and Code of Operation Integrity (hereinafter referred to as the "Principles") after referencing the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies," in order to establish a corporate culture and achieve sound development of ethical corporate management.

The scope of this Code shall apply to the Company and its subsidiaries as well as the businesses or corporations directly or indirectly controlled by the Company (hereafter collectively referred to as "entities substantively controlled by the Company").

Article 2 (Establishment of the Procedures and Guidelines of Integrity Management Operation)

The Company shall establish an integrity-based policy passed by the Board of Directors based on the business philosophy of integrity, transparency, and responsibility, and shall establish good corporate governance and risk control mechanisms to create a business environment for sustainable development.

The Company's Procedures and Guidelines of Integrity Management Operation shall specify methods for achieving ethical corporate management and set forth plans to prevent unethical conduct. Unethical conduct prevention plans shall include operating procedures, codes of conduct, and education and training. The Company shall separately establish and implement the Procedures and Guidelines of Integrity Management Operation.

Article 3 (Compliance)

The Company shall comply 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, acts related to listed or over-the-counter companies, or other business practices related acts in order to practically implement the basic premises of operational integrity.

Article 4 (Prohibition of Unethical Conduct)

The Company's Directors, managers, employees, or entities substantively controlled by the Company shall not directly or indirectly offer, promise, request, or accept any improper benefits or conduct any other acts of bad faith that are regarded as a breach of trust, illegal, or breach of fiduciary duty in order to obtain or maintain benefits (hereafter "acts of bad faith").

The behaviors mentioned in the preceding paragraph shall apply to subjects such as public officials, political candidates, political parties or party crew members, and any public or private enterprises or institutions as well as their Directors (council members), supervisors (auditors), managers, employees, entities substantively controlled by them, or other interested parties.

Article 5 (State of Benefits)

Benefits mentioned in this Code shall mean any things of value, including money, gifts, commissions, jobs, services, preferential treatment, and rebates in any form or name. However, things considered as normal social customs that occur sporadically and pose no threat of affecting specific rights and obligations shall be exempt.

Article 6 (Commitment and Execution)

The Company shall require directors and senior managers to issue a statement of compliance with the ethical corporate management policy, and require employees to comply with the Procedures and Guidelines of Integrity Management Operation as part of the terms of employment. The Company shall clearly state its Procedures and Guidelines of Integrity Management Operation in its regulations and on the company website. The Board of Directors and managers shall actively implement the Procedures and Guidelines of Integrity Management Operation and implement the policy in internal management and external business activities.

Article 7 (Operational Integrity Business Events)

The Company shall conduct its business events in a fair and sincere manner.

The Company shall consider the legality and reputation of a company before conducting any business dealings with that company in order to avoid any transactions with a company that has records for acts of bad faith, and shall include the appropriate integrity provisions in all of the contracts signed with the other parties.

Article 8 (Prohibition of Offering and Accepting Bribes)

The Company and the Company's Directors, managers, employees, and entities substantively controlled by the Company shall not directly or indirectly provide, promise, request, or accept illegitimate benefits in any

form during business operations; which shall include rebates, commissions, facilitation payments, or provide or accept any illegitimate benefits from clients, agents, contractors, suppliers, public officials, or other interested persons through other channels. However, those in compliance with the law of the operating location shall be exempt.

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.

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.

Article 11 (Prohibition of Unreasonable Gifts, Hospitality, or other Improper Benefits)

The Company and the Company's Directors, managers, employees, and entities substantively controlled by the Company shall not directly or indirectly provide or accept any unreasonable gifts, hospitalities, or other improper benefits for the purpose of establishing a business relationship or influencing business transactions.

Article 12 (Recusal of Directors or Managers)

The Directors of the Company shall uphold a high level of self-discipline. If any Director is an interested party with respect to any Board's agenda item, the Director shall state the critical contents related to such personal interests at the Board of Directors' meeting, and shall provide opinions as well as questions and answers for matters that may cause harm to the Company's interests, and further, the Director shall be recused from the discussion or vote and shall not represent other Directors to exercise the right to vote. The Directors shall be self-disciplined and shall not offer improper mutual support.

The Company's Directors or managers shall not use their positions to obtain improper benefits for themselves or their spouses, parents, children, or any other parties.

Article 13 (Prohibition of Trade Secret Disclosure)

Personnel at the Company shall comply with the various confidentiality provisions provided by the Company, shall not divulge trade secrets to other parties, and shall not inquire or collect trade secrets unrelated to their job.

Article 14 (Prohibition of Insider Trading)

The Company should comply with the provisions provided by the Securities Exchange Act and shall not use undisclosed information to engage in insider trading or disclose such information to other parties in order to prevent these parties from using the undisclosed information to engage in insider trading.

Article 15 (Organization and Responsibility)

The Company's Board of Directors shall perform the duty of care as good administrators to supervise the Company and to prevent acts of bad faith in order to ensure the execution of the operational integrity policies.

To improve the integrity of the Company's operations, the audit unit of the Company shall incorporate provisions provided by this Code into its scope of audit and regularly report the results of implementation of remedies for any deficiency to the Board of Directors.

Article 16 (Prosecution and Punishment)

Should a Director, manager, or employee of the Company discover violations of operational integrity, said person shall immediately report the discovery to the Board of Directors, Audit Committee or the audit unit. The Company shall keep the identity of the whistle-blower and the content of the report confidential.

The audit unit shall thoroughly verify and understand the case report mentioned in the preceding paragraph. If the case is proven to be true, the audit unit shall notify the Administration Management Department to handle the matter pursuant to the relevant disciplinary measure provided by the Company and shall immediately disclose information such as the violator's job title, name, date of violation, content of violation, and the handling progress at the Company's internal website.

Article 17 (Information Disclosure)

The Company shall disclose its operational integrity implementation conditions in its annual report in accordance with the "Financial Holding Company Annual Reports Documentation Guidelines," and shall post the annual report in the Company's website.

Article 18 (Review and Revision of the Policy and Code of Operation Integrity)

The Company shall encourage its employees to propose suggestions that can facilitate the Company's operational integrity practices, and use these suggestions as a basis for the Company to review and improve the efficiency of its operational integrity practices.

Article 19 (Formulate, amend, or repeal)

The adoption, amendment or cancellation of this Code shall be approved by the Board of Directors.

This Code shall be effective and enforceable from the date of the adoption of this Code. The same shall apply to the amendment or cancellation of this Code.