

Cathay Financial Holdings

Responsible Investment and Lending Policy

Published on December 14, 2015

With the changes occurring in the world today, the sources of risks that impact the economy, society and the environment have steadily increased and become more complex. Cathay Financial Holdings (“Cathay FHC”) believes that consideration of Environmental, Social and Governance issues can increase the long-term value of the investment/lending of our businesses, reduce the associated risks and ultimately increase shareholder value. As a result, Cathay FHC has referenced the Principles for Responsible Investment (“PRI”), the Equator Principles (“EP”) and other international sustainable finance principles, and developed a Responsible Investment & Lending Policy (the “Policy”).

Applicability:

This Policy will be applicable to Cathay FHC and its subsidiaries, including Cathay Life Insurance, Cathay United Bank, Cathay Century Insurance, Cathay Securities Investment Trust, and Conning Inc., (hereinafter referred to as the "Individual Companies").

Principles and Statement of Purpose:

Based on the characteristics of its industry sector, the Individual Companies should continue to monitor the latest trends and best practices of responsible investment and lending. The Individual Companies should integrate ESG issues when considering investment/lending to reduce risks and improve the long-term value of investment/lending. The ultimate goal is to increase shareholder equity and achieve sustainable development.

In principle, the Policy applies to borrowers that meet the scope defined by the EP for project finance and to long-term investments (i.e. non-financial investments).

Our commitments:

Cathay FHC commits to gradually integrate material ESG issues into the investment/lending value processes of the Individual Companies.

I. Upstream: Urge the investment community to accept and adopt the relevant principles of PRI and EP.

Individual Companies should:

- (1) Review and participate in the promotion of initiatives of corporations and stakeholders and thereby get to know the best practices of responsible investments/lending and work together to resolve new issues that arise.

- (2) Work with non-profit organizations and academia on researching topics of relevance.
- (3) Participate in the development of regulations and policies and contribute industry experience to promote responsible investment/lending in Taiwan.

II. Investment/lending processes: Incorporate significant ESG topics into the investment analysis, decision-making and large-scale project financing review process in order to create long-term value and reduce emerging risks.

Individual Companies should:

- (1) Identify and understand key ESG factors that may affect investment/lending and gradually incorporate these factors into management processes.
- (2) Identify and support ESG tools, benchmarks for assessment and analytical methodologies and incorporate those that are feasible into the organization in order to create long-term value and reduce emerging risks.
- (3) Provide ESG training for investment/lending managers to ensure the establishment of effective internal capabilities.
- (4) Encourage investment service providers, external investment managers and due diligence investigators in large-scale project financings to develop integrated ESG capabilities.

III. Downstream: Elevate the conduct of proactive owners and integrate ESG topics into the Individual Companies' own policies and practices.

Individual Companies should:

- (1) Monitor their assets and project finance transactions in their portfolios, and exercise the rights of a shareholder/creditor through voting rights and due diligence to improve the ESG performance of the investment target or lending counterparty.
- (2) Encourage key investment/lending targets and counterparties to disclose appropriate ESG information.

IV. Disclosure: Publicly disclose the progress of Individual Companies' responsible investment/lending.

Cathay FHC will disclose its actions and progress in its corporate sustainability reports, AGM annual reports, and company website in order to keep its stakeholders informed.

President
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