

Cathay Financial Holdings Corporate Sustainability Principles

Stipulated on April 24, 2012

Amended on June 27, 2013

Amended on March 19, 2015

Amended on May 14, 2020

Amended on March 11, 2022

Amended on March 9, 2023

Responsible Unit: Corporate Sustainability Office

Article 1 Purpose of Stipulation and Applicable Scope

The “corporate sustainability” vision of Cathay Financial Holdings and its subsidiaries (hereinafter collectively referred to as "Each Company") focuses on exhibiting Each Company’s sustainability competitiveness, mitigating risks and impact of environment, society, and corporate governance (hereinafter referred to as “ESG”), and seizing potential opportunities to ultimately achieve the three dimensions of the triple bottom line: economic, social, and environmental.

Corporate sustainability is one of the crucial goals for Each Company. To this end, the Cathay Financial Holdings Corporate Sustainability Principles (hereinafter referred to as “the Principles”) is stipulated with reference to international regulations, such as the “Guidelines for Multinational Enterprises” by the Organisation for Economic Co-operation and Development (OECD) and the “United Nations Global Compact” (UNCG), and the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”. Cathay Financial Holdings (hereinafter referred to as the "Company") has also incorporated international principles of responsible investment and responsible credit into the Principles by taking into account the business nature and overall operations of Each Company.

Each Company shall continue to observe the latest trend of corporate sustainability and any related topics and keep a close eye on the development of domestic and international corporate sustainability systems and changes in the corporate environment, thereby building a better corporate sustainability system based on the findings from the aforementioned observations and facilitating the implementation of corporate sustainability practices.

Article 2 Principles of Corporate Sustainability Practices

Each Company shall uphold the core values of integrity, accountability, and innovation, provide financial products and services in a swift but prudent manner, and treat all stakeholders with a fair and responsible attitude. To facilitate the implementation of corporate sustainability, Each Company shall practice corporate sustainability according to the following principles, and establish an effective reward and penalty system as needed:

1. Mitigate ESG risks.
2. Seize ESG opportunities.
3. Implement corporate governance.
4. Develop a sustainable environment.
5. Pursue mutual prosperity in society.
6. Strengthen ESG disclosure.
7. Extend the influence of value chains.

Article 3 Stakeholder Engagement

Each Company shall demonstrate the core value of accountability by protecting the rights and interests of stakeholders (including but not limited to customers, shareholders, employees, suppliers, vendors, media, and competent authorities). Each Company is encouraged to identify and understand the reasonable needs and expectations of stakeholders through proper communication, and adjust its internal mechanisms as appropriate. While pursuing sustainable development and profits, Each Company shall evaluate ESG risks associated with its operations based on the materiality principle, and stipulate relevant management policies or strategies.

Article 4 Corporate Sustainability Committee

To ensure a sound and centralized management of corporate sustainability, the Company has established a “Corporate Sustainability Committee” (hereinafter referred to as “the Committee”), which is subordinate to the Board of Directors. The Committee is responsible for proposing missions or visions

of corporate sustainability and establishing relevant systems or management guidelines in this regard. The Committee is made up of an independent director, who will oversee the Committee affairs, and senior management of Each Company as the committee members, who will stipulate corporate sustainability policies for Each Company and supervise the implementation of such policies in Each Company. The operating procedures and relevant responsible person shall be clearly defined and a dedicated task force may be established when necessary. The charters of the Committee shall be implemented and amended upon the approval from the Board of Directors.

The Corporate Sustainability Office of the Company shall act as the head secretariat office of the Committee, which is responsible for general affairs of the Committee and shall report material matters pertaining to the Committee to the Board of Directors every six months. The directors of the Company shall adhere to the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” to oversee the corporate sustainability practices, the implementation of corporate sustainability policies, and the disclosure of corporate sustainability information of Each Company.

Article 5 Responsible Investment and Sustainable Development

Each Company shall aim at creating long-term values while pursuing its own interests and growth, mitigating ESG risks, and supporting related industries to facilitate social transformation.

Each Company shall take into account its business nature and stipulate relevant policies to ensure proper development of corporate sustainability by referencing the financial sustainability principles, such as the Principles for Responsible Investment, the Equator Principles, the Principle for Sustainable Insurance and the Principles for Responsible Banking.

Article 6 Development of Sustainable Products and Services

In an effort to seize potential business opportunities and usher the society towards sustainable governance, carbon reduction, and mutual prosperity in society, Each Company shall identify and raise internal awareness of pivotal topics, help employees understand and prevent various risks that may disrupt

business operations, and mitigate the impact of such risks on consumers and the society. Moreover, Each Company shall develop relevant products and services, and promote and advocate the concept of sustainable consumption to achieve a mutually beneficial future.

Article 7 Fair Competition and Anti-Bribery

To ensure a sound development of corporate governance, the Company shall keep any unfair competition at bay, fulfill tax obligations, establish suitable management systems and reporting mechanisms to combat bribery and corruption, and implement internal procedures for administering donation to external parties, in accordance with the “Corporate Governance Best Practice Principles for TWSE/GTSM-Listed Companies” and the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies”.

Article 8 Green Operations Management

Each Company shall evaluate the potential impact of its business activities on the environment as well as the risks imposed on the business by environmental changes, adhere to environmental laws and international standards/regulations, compile statistics on carbon emissions, water consumption and waste recycling, strengthen environmental management system and preventive measures, develop management strategies, specific programs or action plans for carbon reduction, water conservation and other wastes, and periodically review the implementation and operation of such programs and plans.

In terms of its business operation and activities, Each Company shall perform procurement, operations and service provision according to the following principles:

1. Properly utilize resources (energy, water, and so on) to improve operation efficiency.
2. Maximize the sustainable utilization of renewable resources provided that all customer information is protected according to the law.
3. Adopt products or services with low environmental impact and assist in relevant technological developments.
4. Reduce the emission of pollutants and wastes and ensure proper

treatment of wastes.

Article 9 Climate Change Response Strategy

Each Company shall evaluate the potential risks and opportunities brought by climate change at present and in the future and the impact of business activities on the climate. Without prejudice to the existing operation processes, such as risk management, Each Company shall formulate a climate change response strategy based on its business operations.

Each Company shall adopt universal standards or guidelines when performing its greenhouse gas (GHG) inventories and disclosing its direct and indirect GHG emissions. In addition, Each Company shall also establish carbon reduction management strategies, and consider, if necessary, procuring renewable energy and acquiring Taiwan Renewable Energy Certificates (T-RECs) and carbon rights when devising its carbon reduction strategy, thereby reducing the impact of company operations on the environment and mitigating the impact of climate changes on company operations.

Article 10 Workplace Safety and Health

Each Company shall adhere to relevant labor regulations to safeguard the lawful rights and interests of its employees, provide its employees with information about labor rights endorsed by local laws and regulations, build a safe and healthy workplace, and conduct regular training on occupational safety and health.

Article 11 Labor Rights

Each Company shall honor the internationally recognized conventions for basic labor rights, and adhere to the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” by incorporating human rights protection into human resource policies, including the freedom of association, care for the underprivileged, prohibition on child labor, elimination of all forms of forced labor and elimination of employment discrimination. Each Company shall not be involved in any activities which may harm the basic rights and interests of the workers. In addition, Each Company shall ensure equality in its

employment policy in terms of gender, race, socioeconomic status, age, marital status, and family status and implement equal and fair practices in its job opening, employment conditions, compensations and welfares, training, performance evaluations, and promotion opportunities. Furthermore, a proper and effective grievance mechanism should be in place to avoid and respond to any matters that may compromise the rights and interests of the employees.

Article 12 Career Development

Each Company shall create a positive environment for employee development and establish effective career training and development programs. The performance or outcomes of the company's business operations should be properly reflected in employee compensation policies to ensure that the company's talent recruitment, retention and incentive programs are in line with the overall organizational strategies and the interests of stakeholders.

Article 13 Employee Benefits and Communication

Reasonable employee benefit measures (including salaries, leaves, and other benefits) shall be stipulated and implemented. The performance or outcomes of the company's business operations should be properly reflected in employee's compensations to ensure that the company's talent recruitment, retention and incentive programs are in line with the company's goal of sustainable development.

Each Company shall maintain an open dialogue with its employees, allowing them to have access to important information on business operations and company decisions and to voice their opinions accordingly. The purpose is to create a mutually beneficial employer-employee relationship and a promising future for the company. Each Company shall also notify its employees of any operational changes that may cause material impact.

Article 14 Sustainability Training for Employees

Each Company shall engage their employees in ESG management and establish designated units or assign designated personnel when necessary. Each Company shall also strengthen corporate sustainability training for

managements and employees to enhance their knowledge on the relationship between business operations and ESG, develop measurable goals tailored to the financial industry, and constantly ensure that such goals remain attainable and relevant through regular review.

Article 15 Marketing Ethics

Each Company shall uphold marketing ethics and a responsible attitude towards the provision of financial products and services to ensure the transparency and safety of such products and services. Each Company shall also stipulate and publish policies on consumer rights and interests, and ensure proper execution of such policies. Each Company shall make sure the quality of its financial products and services meets the reasonable expectation for security based on current technological development and professional standards.

Each Company shall adhere to regulations such as the “Consumer Protection Act”, the “Financial Consumer Protection Act”, and the “Fair Trade Act” when engaging in product and service marketing and labeling. Each Company shall observe the international standards and shall not engage in any activities involving deception, misrepresentation, fraud or other behaviors that may break consumers’ trust or cause damages to their rights and interests.

Article 16 Consumer Complaints

Each Company shall, as required by law and relevant competent authorities, establish a transparent and effective procedure to handle consumer complaints against its products and services in a timely and unbiased manner, and oversee conduct that may break consumers’ trust or cause damages to their rights and interests. Each Company shall abide by the “Personal Data Protection Act” and relevant regulations, and respect consumers’ privacy, and protect the personal information obtained from consumers.

Article 17 Suppliers

The Company shall stipulate a sustainable procurement policy pertaining to supplier management, require suppliers to comply with regulations in areas of environmental protection, occupational safety and health, and labor rights, and

partner with suppliers in fulfilling its corporate social responsibility.

Before building any business partnership, Each Company shall evaluate if the supplier has a record of poor ESG management and may perform due diligence under certain scenarios. Each Company shall always establish strategic partnerships with suppliers that share similar corporate sustainability mindset and are willing to work together towards corporate sustainability. The supplier contract shall include the corporate sustainability policies of both parties. If the supplier violates such policies, the company may terminate or cancel the contract at any time, as appropriate. Each Company shall conduct regular or ad hoc supplier engagements to ensure a sustainable procurement value chain for upstream and downstream suppliers.

Article 18 Community Involvement

Each Company shall evaluate and manage the impact of the company's business on the community, and employ local people to boost community engagement.

Each Company shall initiate business events, in-kind donations, corporate volunteer services, or other community support programs to support community development. In order to promote community and cultural development, Each Company shall participate in citizen organizations dedicated to community development and education, culture and arts, and cultural and creative industries, or related activities sponsored by charity organizations or local government agencies.

Article 19 Information Transparency and Disclosure of Sustainability Performance

In order to improve its information transparency, the Company shall publish a disclosure report on non-financial performance, and set up a Corporate Sustainability Section on its official website dedicated to disclose corporate sustainability-related information in accordance with relevant regulations, the "Corporate Governance Best Practice Principles for TWSE/GTSM-Listed Companies", and the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies".

The Company may refer to the internationally recognized standards or guidelines on information disclosure to meet the universal requirements (balance, comparability, accuracy, timeliness, clarity, and reliability), and shall obtain third party assurance for its sustainability reporting. The aforementioned third party assurance agencies include CPAs and their firms with sustainability assurance services as well as the responsible personnel and organizations with GHG assurance. These agencies shall meet the qualification requirements prescribed in the “Guidelines Governing the Assurance Organization for Sustainability Reporting by TWSE/TPEX Listed Companies” in order to enhance the credibility of disclosed information. In addition, the Company may provide international sustainability rating organizations and ESG investors with relevant sustainability information to enhance their evaluation of the Company’s intangible assets.

Article 20 Stipulation, Amendments, and Implementation

The Principles shall come into effect upon approval of the Board of Directors.

The same procedure shall apply to any future amendments.