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## 6.1 Corporate Governance

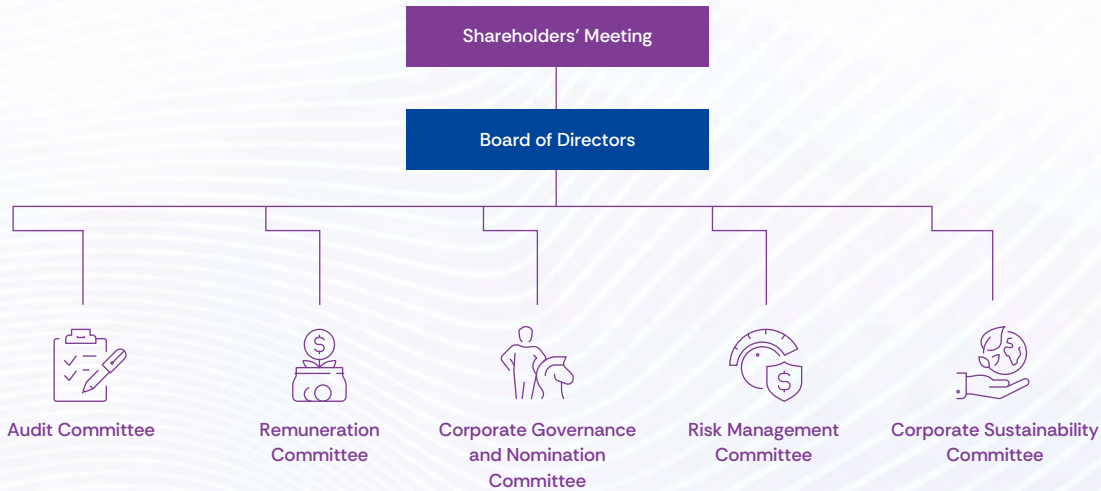
GRI : 2-9、2-10、2-11、2-15、2-17、2-18、2-19、2-20、2-21

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 an overview of Cathay FHC's corporate governance, please also refer to the [Cathay FHC Annual Report](#).

### 6.1.1 Board of Directors - Structure and Operation

At Cathay FHC, the board of directors serves as the highest decision-making body, with the chairman acting as its head. The chairman's role is to oversee the company's overall management operation and does not hold any senior leadership management positions. In 2024, the board of directors convened eight times, achieving an attendance rate of 99%, thereby exceeding the minimum requirement of 80% as set forth in the Company's Corporate Governance Best Practice Principles. The average tenure of board members stood at 10.8 years, while that of independent directors averaged 5.9 years. At Cathay FHC, the board of directors has established five functional committees: the Audit Committee, the Remuneration Committee, the Corporate Governance and Nomination Committee, the Risk Management Committee, and the Corporate Sustainability Committee.

The Corporate Governance Best Practice Principles were amended in 2024 to include additional provisions. These amendments stipulate that all members of the board and its functional committees must maintain an annual attendance rate of no less than 80%. Additionally, beginning with the ninth board term, each director is required to complete a minimum of three hours of continuing education within the first year of their tenure to ensure the fulfillment of their fiduciary responsibilities and the ongoing enhancement of board competencies. The board has also resolved that a Corporate Sustainability Committee has been formally established under the board, effective January 1, 2025, to further elevate the board's role in driving sustainability governance..



Committee Composition and Duties	Audit Committee	Remuneration Committee	Corporate Governance and Nomination Committee	Risk Management Committee	Corporate Sustainability Committee
	<ul style="list-style-type: none"><li>Comprised of five independent directors</li></ul> <p>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 directors' conflicts of interest; and appoints/dismisses the CPAs</p>	<ul style="list-style-type: none"><li>Comprised of three independent directors</li></ul> <p>Enhances the director and senior management performance and remuneration policy/system; establishes remuneration for directors and senior management</p>	<ul style="list-style-type: none"><li>Comprised of three directors, two of which are independent directors</li></ul> <p>Nominates Cathay director candidates and reviews their qualifications; evaluates the operation of the board rules and Corporate Governance Best Practice Principles; and establishes the organizational structure for the functional committees</p>	<ul style="list-style-type: none"><li>Comprised of three directors, two of whom are independent directors, with one of the independent directors serving as chairperson</li></ul> <p>Responsible for reviewing the Risk Management Policy, relevant guidelines, risk appetite, and other risk management-related tasks</p>	<ul style="list-style-type: none"><li>Comprised of three directors (at least one independent director)</li></ul> <p>Responsible for reviewing sustainability-related policies and strategic directions, Sustainability Reports, and other major sustainability-related resolutions.</p>
2024 Operations Overview	<ul style="list-style-type: none"><li>The committee met six times in 2024. The attendance rate was 100%</li></ul>	<ul style="list-style-type: none"><li>The committee met five times in 2024. The attendance rate was 100%</li></ul>	<ul style="list-style-type: none"><li>The committee met three times in 2024. The attendance rate was 100%</li></ul>	<ul style="list-style-type: none"><li>The committee met four times in 2024. The attendance rate was 100%</li></ul>	<ul style="list-style-type: none"><li>Established on January 1, 2025</li></ul>



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## || Board of Directors Recusals

At Cathay FHC, "Regulations on Board Meeting Procedures" clearly state that any conflicts of interest with a director or the institution he/she represents must be disclosed during board meetings. If deemed harmful to Cathay's interests, the director must rescue him/herself from the discussion and abstain from voting. Furthermore, the director is prohibited from conducting proxy voting on behalf of other directors. If a director's spouse, second-degree relative, or a company that maintains a managerial or direct reporting relationship with the director has a conflict of interest concerning the proposal before the board, the conflict of interest will also be deemed to exist for the director. Furthermore, Cathay follows the guidelines set out in the "Corporate Governance Best Practice Principles" and "Code of Conduct for Responsible Persons Assuming Part-Time Roles" to manage part-time roles and jobs undertaken by directors. The guidelines stipulate that when Cathay directors assume part-time roles, they should ensure the effective performance of their duties for both full-time and part-time roles. There should be no conflict of interest or violation of the internal control and checks and balances mechanism of Cathay FHC, its investee companies and subsidiaries to ensure the rights and interests of our shareholders. For an overview of the implementation of proposal recusals due to conflict of interest, positions held on other boards of directors and their shareholdings, please refer to [2024 Cathay FHC Annual Report](#) page 7-11 and page 47-48.

### 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. 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. This allows shareholders sufficient time to review relevant information, such as education and experiences, to make informed voting decisions at the shareholders' meeting.

If shareholders holding more than 1% of the total issued shares of the company do not propose a list of director candidates, all the board candidates are nominated through the "Corporate Governance and Nomination Committee". The nominees must possess the required expertise in finance, business, and management, and reflect diversity in terms of basic composition, industry experience, and professional knowledge/skills. The overall composition of the board must also align with the company's operational needs, including capabilities in business judgment, strategic management, crisis handling, and global market insight. For information on the implementation of Cathay FHC's Board Diversity Policy, please refer to the [2024 Cathay FHC Annual Report](#), p.21-24.

Note: The 9th Board of Directors was elected at the shareholders' meeting held on June 13, 2025. Please refer to [Cathay Financial Holdings website](#) for the list of board members



#### 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 risk management, corporate governance, corporate sustainability, Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT), and information security. In 2024, the directors completed an average of 13.6 hours of continuing education.



#### Independence

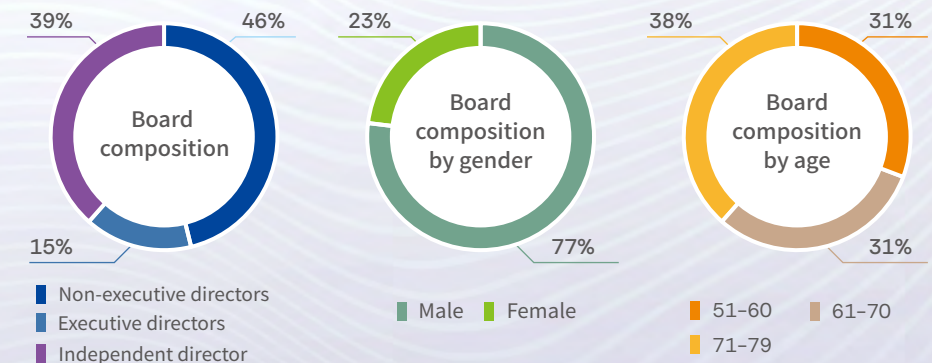
- Cathay FHC has established "Guidelines for the Scope of Duties of Independent Directors" that stipulates the following: "If an independent director has any objection or reservation, it should be recorded in the minutes of the board meeting." "Cathay cannot hinder, refuse or prevent an independent director 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.

- At Cathay FHC, the board is comprised of 13 members, five of which are independent directors, which exceeds 1/3 of the total seats.



#### Diversity

The board of directors at Cathay FHC includes members from diverse backgrounds, spanning various industries and academic disciplines, each bringing a unique set of skills and expertise. 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).





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### 6.1.3 Board Performance Evaluation

To enhance the effectiveness of board operations, Cathay Financial Holdings 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, the Remuneration Committee, the Corporate Governance and Nomination Committee, and the Risk Management Committee)	Board Member
<ul style="list-style-type: none"> <li>Level of participation in the company's operations</li> <li>Strengthen the board's ability to make effective decisions</li> <li>Board of directors composition and structure</li> <li>Election of directors and continuing education</li> <li>Internal control</li> </ul>	<ul style="list-style-type: none"> <li>Level of participation in the company's operations</li> <li>Level of understanding of the duties and responsibilities of the functional committees</li> <li>Strengthen the functional committees' ability to make effective decisions</li> <li>Functional committees' composition and member election</li> <li>Internal control</li> </ul>	<ul style="list-style-type: none"> <li>A clear understanding of the organization's mission and goals</li> <li>A clear understanding of the role and responsibilities of a director</li> <li>Level of participation in the company's operations</li> <li>Internal management and communication</li> <li>Director's knowledge, expertise and continuing education</li> <li>Oversight of the company's financial operations status</li> <li>Oversight of the company's internal audit and control, risk management, and compliance functions</li> <li>Company credit rating</li> <li>Fulfill corporate sustainability responsibilities</li> </ul>

#### || Results of Performance Evaluation

##### Internal Evaluation

- In 2024, the results of the internal performance evaluation of Cathay FHC's board and functional committees showed that the performance "exceeded expectations."
- The individual performance evaluations of board members in 2024 were all rated as "meets expectations."



##### External Evaluation

In 2019 and 2022, Cathay FHC engaged the Taiwan Institute of Ethical Business and Forensics to evaluate the performance of its board of directors for the years 2018 and 2021. Following the institute's recommendations for improvement, Cathay implemented measures to enhance the performance of its board.

Note: For detailed results of the execution of board and functional committee performance evaluation, please [click on the link](#).

### 6.1.4 Remuneration Structure for Directors and Senior Management

#### || Remunerator for Directors

To improve corporate governance and enhance long-term operating 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 "Guidelines for Evaluation of Directors' Performance," 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. The fixed compensation for directors is determined based on their level of participation in the company's operations and contribution value and is benchmarked against industry peers. The remuneration committee and the board of directors approve the fixed compensation. In addition, to ensure fair and reasonable compensation for the directors, the remuneration committee and the board evaluate the feasibility of "Guidelines for Directors' Remuneration" once every three years.



- Established based on the "Guidelines for Directors' Remuneration." The remuneration committee takes into account the level of the director's participation in the company's operation and their contribution value, and benchmarks their remuneration against industry peers.
- The fairness of the "Guidelines for Directors' Remuneration" is evaluated once every three years, and is submitted to the remuneration committee and the board for approval.
- In the director performance management development (PMD) process, directors are evaluated based on indicators such as internal audit and control, risk management, and compliance. Those who do not pass are ineligible to receive any variable compensation as directors.



- Remuneration is established based on the "Guidelines for Remuneration of Senior Management", taking into consideration of roles and responsibilities, performance, and expertise, and is benchmarked against market value.
- As an example, the variable compensation of the Cathay FHC President is tied to a range of important performance indicators. These include financial returns, relative financial metrics, operational indicators on strategic developments, corporate sustainability indicators, and internal control & compliance metrics. There is a three-year spread-out period for long-term incentives instead of paid out in full in the year of earnings.
- Cathay conducts an annual remuneration competitiveness analysis and evaluates each senior manager's fixed compensation individually. Additionally, we review the "Guidelines for Remuneration of Senior Management" every three years and submit them to the remuneration committee and board for approval.