

Cathay Financial Holdings and Subsidiaries’ Investment and Lending Exclusion Policy

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Revised on May 15, 2024

Responsible Unit: Corporate Sustainability Office

Article 1 (Purpose of Formulation)

To prevent operational risks to Cathay Financial Holdings (hereinafter referred to as CFH) and its subsidiaries caused by investing in or lending to controversial entities with high environmental, social, and ethical risks, and to align with corporate sustainability values, CFH has established the “Cathay Financial Holdings and Subsidiaries’ Investment and Lending Exclusion Policy” (hereinafter referred to as “the Policy”). The purpose of this Policy is to implement the principles of responsible investment and lending.

Article 2 (Scope of Application)

This Policy applies to Cathay FHC and its subsidiaries, including: Cathay Life Insurance (Cathay Life), Cathay United Bank (CUB), Cathay Century Insurance (Cathay Century), Cathay Securities Corporation (Cathay Securities), Cathay Securities Investment Trust (Cathay SITE), and Cathay Venture Inc. (Cathay Venture). (Collectively referred to as "Subsidiaries")

The scope of business covered by this Policy includes investments and lending. Investments cover active investment strategies, passive investment strategies, and externally managed assets, with a primary focus on listed equities and corporate bonds. Lending primarily focuses on corporate loans. Each subsidiary may establish management mechanisms based on its own business considerations.

Article 3 (Responsible Investment Working Group and Exclusion List)

The Responsible Investment Working Group of CFH’s Corporate Sustainability Committee (hereinafter referred to as the Responsible Investment Working Group) shall annually prepare an “Investment and Lending Exclusion List” comprising high environmental, social, and ethical risks according to the attached Standards for Areas of Concern. Every subsidiary shall be notified of this list after it is approved by the President under the authorization of the Board of Directors.

Subsidiaries shall exclude the targets listed on the “Investment and Lending Exclusion List” for its investment and lending business. However, each subsidiary may add additional targets to its own exclusion list based on the nature of the industry, business considerations or customer needs.

Article 4 (Principles of Control and Management)

Subsidiaries are prohibited from investing in or lending to companies listed on the “Investment and Lending Exclusion List”. For existing investments or lending, increasing the investment or lending is not

recommended. Every subsidiary may communicate or engage with the target companies or sell the shares of the target companies or withdraw lending based on each subsidiary's management needs and decisions. Every subsidiary shall include the "Investment and Lending Exclusion List" in the process of investment and lending management within 30 days from the approval date of the "Investment and Lending Exclusion List". However, where the government or competent authority has other regulations, such regulations shall apply.

Article 5 (High-risk Targets Not Listed on the Exclusion List)

Subsidiaries shall continue to monitor targets with environmental, social, and ethical risks according to its industrial attributes. For targets not listed on the "Investment and Lending Exclusion List" but meeting the "Standards for Areas of Concern" attached to this Policy, every subsidiary shall conduct careful evaluation when handling investments or lending. For existing investee companies, Subsidiaries should fulfill the responsibilities of active ownership (including participating in voting, engagement, or active communication) The "Standards for Areas of Concern" attached to the Policy shall be approved by the President under the authorization of the Board of Directors.

Article 6 (Management of Subsidiaries)

Subsidiaries within the scope of application of this Policy may formulate their own control and management procedures for Investment and Lending Exclusion Policy, if necessary.

Article 7 (Formulation, Revision, Repeal and Enforcement)

Formulation, revision or repeal of the Policy shall be approved by the Board of Directors.

The Policy is effective on the date of enforcement. The revision or repeal of the Policy shall take effect on the date of revision or repeal.

Attachment: Standards for Areas of Concern of the Investment and Lending Exclusion Policy

The “Investment and Lending Exclusion List” of the “Investment and Lending Exclusion Policy for Cathay Financial Holdings and Subsidiaries” shall be based on the following areas of concern:

1. Controversial industries

(1) **Weapons industry**, including industries directly involved in the development, manufacture, trade, or maintenance of the following controversial weapons:

- ① Biological weapons (Biological and Toxic Weapons Convention, 1972)
- ② Chemical weapons (Chemical Weapons Convention, 1993)
- ③ Anti-personnel mines (Ottawa Treaty, 1997)
- ④ Cluster bombs (Convention on Cluster Munitions, 2008)
- ⑤ Ammunition containing depleted uranium
- ⑥ Countries and industries developing nuclear weapons that are not included in the Treaty on the Non-Proliferation of Nuclear Weapons (1968) and other NATO standards

(2) **Pornography industry**, including "adult night clubs" and other industries involved in issues such as violation of morals, public safety, commercial order, and child welfare.

2. Controversial countries

Sovereign or government bonds issued by countries that systematically violate the international consensus on human rights or are involved in material human rights disputes.

The determination of the list of such countries will be based on the list of countries that have been sanctioned by the UN Security Council.

3. Controversial behaviors

Companies involved in material environmental, social, ethical, or legal disputes.