

Cathay Financial Holdings Engagement Policy

Formulated on 2018.05.30

Amended on 2022.05.13

Accountable Unit: Corporate Sustainability Office

Article 1 Principles of Formulation

Cathay Financial Holdings (hereinafter referred to as Cathay FHC) is supportive of sound corporate governance and values shareholders' rights and information transparency. We incorporates Corporate Engagement and Shareholder Action in the investment/lending process, studies and analyzes the investee/borrower companies (hereinafter referred to as the engagement target), and uses the collected information as a reference for the evaluation of the voting decision-making and continuous business cooperation. We also provides the engagement target with insights about environmental, social and corporate governance to help them make improvements to increase their value or reduce our risks, fulfilling our responsibilities of management after investing/lending and exerts influence from responsible investment/lending. Therefore, we formulated The Cathay Financial Holdings Engagement Policy (hereinafter referred to as the policy).

Article 2 Applicable scope

The applicable scope of this policy includes the Cathay FHC and its subsidiaries: Cathay Life, Cathay United Bank, Cathay Century, Cathay Securities, and Cathay SITE. (Hereinafter collectively referred to as every subsidiary company)

Article 3 Engagement Action

Every subsidiary company may carry out engagement actions based on the nature and relevance of its business, and the following issues may be considered:

- I. Environmental, social, and corporate governance (ESG) related issues
- II. Particular issues of concern to every subsidiary company

Article 4 Engagement Method

Every subsidiary company may use appropriate methods to engage based on its needs, including:

- I. Every subsidiary company communicates with the engagement target directly or in cooperation with each other.
- II. Collaborate with financial institutions, initiatives, or other stakeholders in collective engagements to communicate with the engagement target

Article 5 Engagement Escalation

If the engagement result fails to meet expectations, every subsidiary company may escalate the engagement based on management needs.

Article 6 Termination of Engagement Action

Every subsidiary company may terminate the engagement after carrying out an engagement action for a period of time if the following conditions are met.

- I. The engagement has obtained satisfactory results.
- II. Engagement target is believed that they could not improve further.
- III. The Responsible Investment Working Group decides to terminate the engagement.

Article 7 Disclosure

Cathay shall disclose the results of Corporate Engagement and Shareholder Action where appropriate. The goal of Corporate Engagement and Shareholder Action is to produce positive influence with a hope to create maximum value for stakeholders of both Cathay and engagement targets. Every subsidiary company shall avoid incurring negative impact upon the engagement targets with their disclosures of aforementioned actions.

Article 8

The Corporate Sustainability Office is authorized to establish relevant operation regulations and approval from the President shall be obtained before implementation. The same procedures shall apply to amendment or repeal of the operation regulations.

Article 9 Formulation, Amendment, Enforcement, and Repeal

The formulation, amendment or repeal of the policy shall be approved by the Board of Directors. The policy is effective on the date of enforcement. The amendment or repeal of the policy shall take effect on the date of amendment or repeal.