

Cathay Financial Holdings Engagement Policy

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Cathay Financial Holdings (“Cathay FHC”) values the comprehensive corporate governance structure, shareholders' right and information transparency. Cathay FHC has defined this Engagement Policy (“Policy”) requesting its subsidiaries with sizable investment assets to sign the “Taiwan Stewardship Principles for Institutional Investors” launched by Taiwan Stock Exchange. Signatory subsidiaries will disclose their implementation progress in accordance with the Stewardship Principles, including:

- Policies on conflicts of interest;
- Regularly monitor investee companies/loan borrowers;
- Regularly have dialogue with investee companies/loan borrowers;
- Establish clear voting policy and disclose voting results

Corporate engagement and shareholder action are important process of Cathay FHC ESG integration for its investment/lending. Cathay FHC firmly believes the integration of ESG factors will encourage investee companies or loan borrowers to improve their business strategy, and it is the best way to enhance the long term value of both parties.

Scope of Application:

The Policy shall apply to Cathay FHC and its subsidiaries in Taiwan, including Cathay Life, Cathay United Bank (CUB), Cathay Century Insurance, and Cathay SITE (Asset Management) (hereinafter collectively referred to as "Individual Companies").

Principles and Statements:

Corporate engagement and shareholder action enables Individual Companies to share Cathay FHC's core value of sustainability and corporate governance to the public, and bring the positive impact by fulfilling our responsibilities post- investments and loans.

Corporate engagement and shareholder action enables Individual Companies to have in-depth assessment on investee companies/loan borrowers' management, strategy, operation & corporate governance. It also strengthens our internal research and analysis to be one of the references when making voting decisions and considering the continuance of business partnership. Individual Companies would also share their ESG opinions to investee companies/loan borrowers to enhance their business value or lower our investment/lending risks.

Our Commitments:

I. Enhance ESG Data System and Analysis:

Individual Companies analyze the ESG performance of investee companies/loan borrowers' based on various research resources, including ESG databases. Individual Companies will engage with the investee companies/loan borrowers (hereinafter referred to as "Engagement Companies") on material ESG issues when necessary.

II. The reasons to initiate engagement actions may differ, including but not limited to:

- (1) Environmental, social, and corporate governance (ESG) related issues: such as the comprehensive structure of the Board of Directors, reasonable remuneration for senior executives, protection for the rights of minority shareholders, and ESG performance.
- (2) Cathay FHC or its subsidiaries' specific ESG focus areas, such as climate change.

III. Engagement methods:

Individual Companies engage with the senior executives (e.g. CEO, CFO), directors, or other representatives (e.g. spokesperson, CSR team) of Engagement Companies when necessary. Engagement methods include direct engagement and collaborative engagement:

(1) Direct Engagement:

Direct engagement refers to discussions of strategy, operation, ESG, and issues in other aspects through direct communication channels. Cathay FHC and the Subsidiaries may directly interact with Engagement Companies by phone, mail, e-mail, and face-to-face meetings. The Individual Companies will include feedback from Engagement Companies as the reference of internal research /analysis, voting decision and continuance of business partnership.

(2) Collaborative Engagement:

Individual Companies may also collaborate with other investors or international organizations, and participate in or organize meaningful and reasonable engagement initiatives as needed. Cathay FHC hopes to exert our influence by signing or complying with international ESG initiatives, including but not limited to:

- Principles for Responsible Investment (PRI)
- Equator Principles (EPs)
- Asia Investor Group on Climate Change (AIGCC)
- CDP

IV. Termination of engagement actions:

The engagement actions may be terminated while the engagement action meets our satisfaction or Individual Companies believe Engagement Companies could not improve further. If the latter occurs, Individual Companies will reflect the engagement results as the reference of the shareholder voting decisions based on the best interests of our stakeholders. Individual Companies may consider to adjust their investments, loans or business dealings with the Engagement Companies in accordance with the engagement results.

When necessary, Individual Companies would discuss shareholder proposals with the Engagement Companies before their annual general meeting (AGM).

V. Disclosure

Cathay FHC will disclose the results of corporate engagement and shareholder action in the annual CSR reports while Individual Companies may also disclose engagement and voting progress.

Cathay FHC aims to bring positive impact through corporate engagement and shareholder action. We hope to work with Engagement Companies to maximize stakeholder benefits of both parties. Individual Companies will avoid causing negative impact to Engagement Companies when disclosing the results of corporate engagement and shareholder action.

**President
CK Lee**