

Cathay Financial Holding Co., Ltd. - Corporate Social Responsibility Code of Practice

Adopted on April 24, 2012

Amended on June 27, 2013

Responsible Department: Public Relations Department

Article 1

The Code of Practice is established based on the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies", taking into account the nature of business and overall operational activities of the Company and its subsidiaries. The objectives are to fulfill corporate social responsibility (CSR) and to pursue a balanced and sustainable development of economy, society and environment.

Article 2

CSR forms an important part of the business performance of the Company and its subsidiaries (hereinafter generally referred to as "Each Group Company"). Each Group Company should pay constant attention to CSR-related issues as well as the domestic and international CSR trends and industrial environment transformations. These shall be used as the basis for improving the CSR system of the Company and achieving better results in CSR.

Based on their respect for social ethics, Each Group Company should carefully protect the rights and interests of other stakeholders. While pursuing sustainable development and profitability for the Company, they should pay attention to various Environmental, Social and Governance (ESG) issues which should be integrated into the business strategies and regular activities of the Company.

Article 3

Each Group Company should undertake to adhere to the business value of integrity and diligence, and to provide financial products and services in a speedy and conscientious way. They should adopt a positive and responsible attitude when interacting with their employees, customers and shareholders, aiming to create the happiness and wealth aspired by people. Each Group Company is required to fulfill their CSR according to the following principles:

- A. Full implementation of corporate governance.
- B. Building up a sustainable environment.
- C. Safeguarding public welfare.
- D. Enhancing the CSR information disclosure.

Article 4

The Board of Directors of Each Group Company should exercise the due care of a good administrator and supervise the implementation of relevant CSR policies. They should review the implementation progress from time to time and make continuous improvement to ensure the fulfillment of all CSR requirements and adequate disclosure of the related information.

Article 5

Each Group Company is required to observe the law and the relevant commercial ethics, thereby establishing an integrated and effective corporate governance structure and related ethic codes. They should, in the meantime, identify the stakeholders (including, but not limited to, customers, shareholders, employees, suppliers, joint-venture suppliers, media and the competent authority, etc.), properly communicate with and engage such interested parties to understand their reasonable needs and expectations and respond in an appropriate manner to the important CSR issues which are concerned by the stakeholders, so as to keep pace with the development of the international society and constantly elevate the competitiveness of the Company.

Article 6

In order to create a fair environment for competition, Each Group Company should not only comply with the relevant regulations, but also avoid participating in any unfair competition when operating the business. They should honestly fulfill their tax obligations, establish suitable management systems to combat bribery or corruption, and implement internal procedures for administering donation to external parties. All directors and supervisors of the company should observe the corporate ethic codes and enhance relevant employee training. Precise and effective rules should be established for employee awards and disciplinary actions.

Article 7

Each Group Company should comply with the relevant environmental regulations and, in alignment with the international standards, take adequate measures to protect the natural environment, endeavor to achieve sustainable environmental development, properly use limited resources and optimize their efficiency.

While operating their business or organizing relevant activities, Each Group Company is advised to use recycled material with low environmental impact to avoid any water, air or land pollution and to ensure sustainable utilization of the resources on Earth.

Article 8

Each Group Company is recommended to engage their employees in environmental management, in the meantime enhance environmental education for both the management level and general employees. Measurable performance indicators should be established based on the specific business nature of the finance industry. Regular reviews should be carried out to ensure the sustainability and relevancy of these indicators.

Article 9

Each Group Company is recommended to promote and educate the consumers the concept of sustainable consumption. To reduce the environmental impact caused by its business operation, the company should also observe the following principles when engaged in business activities:

- A. Reducing energy and resource consumption as well as the emission of polluting substances or waste; ensuring proper disposal of waste.
- B. Maximizing the sustainable utilization of recycled resources, subject to that there is no violation against the relevant consumer information protection regulations.
- C. Using energy-saving, green products.
- D. Improving the effectiveness of the financial products and services.

Article 10

Each Group Company is advised to closely monitor the influence of climate change on their business operation. To reduce the impact on natural environment by business activities, the company should establish and implement various strategies for energy saving and carbon reduction based on their respective operational status and subject to that such strategies would not affect the smooth operation of the equipments and the security control of the company.

Article 11

Each Group Company should comply with the relevant labor regulations to safeguard the lawful rights and interests of its employees. They should provide the employees with the information regarding the rights of workers under the labor laws of the country where the company operates in, build up a safe and healthy working environment and conduct regular training on labor safety and health.

Human resource policies of Each Group Company should respect the internationally-recognized principles for protecting the basic labor rights, including the freedom of assembly and association, right of collective bargaining, care for the underprivileged minorities, restrictions on the employment of children labor, elimination of all forms of forced labor and employment discrimination, etc. They should not be involved in any activities which may harm the basic rights and interests of the workers. In addition, they are also required to confirm that there is not any inequality in the company's employment policy, including gender, race, age, marriage and family status, etc. Each Group Company should ensure full equality in their compensation policy, employment conditions, as well as the opportunities for

training and promotion.

Article 12

Each Group Company is required to create a good environment for employee career development. They should establish effective training and development programs, build up regular communication channels with the employees so that they have the right to access to the management and decision-making information of the company and express their views. The purpose is to create a mutually-beneficial relationship between the employer and the employees and a promising vision for the company.

Article 13

Each Group Company is recommended to hold a responsible attitude toward the financial products offered and respect the relevant marketing ethics. They should establish, publicize and implement the policies on consumer rights and interests, ensure the good quality of their financial products and services and that they can meet the reasonable expectation for security in accordance with the technology or professional standards at the present stage.

When engaged in advertising activities, Each Group Company should comply with the relevant fair trade regulations in Taiwan ,e.g., the Consumer Protection Act, the Financial Consumer Protection Act and the Fair Trade Act as well as the relevant international standards. They should not be engaged in any activities involving deceptive or misleading behaviors, frauds, or other behaviors which may cause the loss of trust from consumers or damage to consumer interest.

Article 14

Each Group Company should, based on the requirements by law and by their supervisory authority, provide transparent channels and effective procedures to handle the consumer complaints against their products and services in a timely and equitable manner. They are also required to follow the relevant regulations by demonstrating sincere respect to consumer privacy and endeavoring to protect the personal information obtained from the consumers.

Article 15

Each Group Company is recommended to monitor the operation of their suppliers to evaluate its impact to the society and the environment. When necessary, they should work collaboratively with the suppliers to better fulfill their corporate social responsibility.

Article 16

Each Group Company is advised to evaluate and manage the impact of the company's business on the community. Adequate manpower should be allocated to elevate the community identity of the company.

In order to support community development, Each Group Company may be engaged in activities including commercial events, donation-in-kind, corporate volunteer services, or other free professional services. The company may also participate in citizen organizations for community development or education, or related activities sponsored by charity organizations or the local government agencies.

Article 17

In order to improve its information transparency, the Company should comply with the relevant regulations and the Corporate Governance Principles for Exchange and OTC Listed Companies for public information disclosure, in the meantime disclose the following CSR-related information:

- A. The "Corporate Social Responsibility Code of Practice" approved by the Board of Directors.
- B. The influences or risks involved on the business operation or financial status of the Company due to the implementation of corporate governance, the development of sustainable environment, or the protection of public welfare, etc.
- C. The Company's objectives and measures for fulfilling CSR.
- D. The results of implementing CSR.
- E. Other CSR-related information.

Article 18

The Company shall compile a CSR report to disclose its progress in implementing CSR. The report shall include the following information:

- A. The system structure, policies and action plans for implementing CSR.
- B. Major stakeholders and the issues of concern.
- C. A review on the progress in implementing corporate governance, developing sustainable development and protecting public welfare.

D. Improvement plans and objectives in future.

Article 19

The Company may establish a "Corporate Social Responsibility Committee" to manage the CSR-related matters on a centralized basis. The committee members shall be the senior managers of the Company and its subsidiaries as appointed by the chairman, and shall be responsible to review the CSR-related policies and monitor their implementation status in Each Group Company.

Special working groups may be organized, when necessary, under the task-based committee prescribed in the preceding paragraph. The chairman is authorized to review and approve the "Guidelines for the Establishment of the Corporate Social Responsibility Committee" before its implementation. The same procedures shall apply when making amendments.

The public relations department shall be the responsible department for all CSR-related matters and is required to make regular reports to the Board of Directors. It will also act as the secretariat unit for the Committee prescribed in the preceding paragraph, when established, to assist with the relevant administrative matters.

Article 20

These Principles shall be implemented when approved by the Board of Directors of the Company. The same procedures shall apply for all future changes or amendments.