

## Cathay Life Insurance Co., Ltd Information Disclosure Document

### **Statement of Compliance with the (Taiwan) Stewardship Principles for Institutional Investors**

Cathay Life Insurance Co., Ltd. (hereinafter referred to as the “Company”) is primarily engaged in providing life insurance. The Company is an “Asset Owner,” as stated in the (Taiwan) Stewardship Principles for Institutional Investors, that utilizes its own funds and various reserve funds to conduct investments.

Consistency and pragmatism have always exemplified the Company’s commitment toward its operations. As the bond between companies, society, and environment becomes stronger, the Company believes that the most important thing for financial institutions is to implement sustainable business operations that “satisfy customers,” “care for employees,” and “generate profits for shareholders.” Under the Company’s vision of “Lead the way in sustainable insurance and ensure the happiness of society,” Cathay Life will continue to keep abreast international sustainability trends, and voluntarily adhere to the United Nations Principles for Responsible Investment (PRI), properly weigh out the funds operated by institutional investors, and reduce environmental, social, and corporate governance (ESG) risks, in order to become a responsible institutional investor that exerts influence on the market and investee companies.

**The Company hereby declares compliance with the (Taiwan) Stewardship Principles for Institutional Investors. A summary of such compliance with respect to the following principles is presented:**

#### **Principle 1 Establish and Disclose Stewardship Policies**

The Company provides customers with life insurance products. Leveraging its expertise, the Company aims to fulfill social sustainability as one of its long-term management goals. To implement the spirit of corporate responsibility and promote sustainable operations and development, the Company has formulated its Stewardship Policies. By doing so, the Company aims to increase the long-term values of Cathay Life, its customers and shareholders, fulfill its duties as an institutional investor, and support quality enterprises that value sustainable development to establish a positive cycle into the society. The main contents of the policies are as follows:

- As a life insurance service provider, the Company is an Asset Owner which utilizes its own funds and various reserve funds to conduct investments. While pursuing business growth via investments, the Company also commits to incorporating the environmental, social, and governance (ESG) factors of corporate sustainability into the decision-making process of its investments by formulating policies and adjusting processes. Furthermore, through stewardship activities, Cathay Life is committed to reducing ESG risks in investee companies’ sustainable operations and simultaneously increasing investment values, thereby improving the general interests of Cathay Life and its customers, shareholders, and other

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stakeholders, and fulfilling the duties of an Asset Owner.

- The Company may determine the means, extent, and frequency of due diligence actions based on the investment objectives, benefits, and impact on the sustainable development of the enterprise. The frequency and means of due diligence actions include the following: ongoing attention to investee company operations and environmental, social and corporate governance (ESG) related issues, occasional dialogues with the management team, participation at shareholders' meetings physically or visually depends on necessity, and exercise of voting rights annually in accordance with the Principles of Cathay Life Insurance exercise of voting rights at investee company shareholders' meetings. The extent and frequency of such interactions will be adjusted according to the importance and urgency of the issues for each investee.
- The Company may entrust part of its stewardship activities to other professional agencies, such as those providing voting advice or voting on behalf of the Company. This shall be based on agreements with such agencies or conducted under the Company's supervision, in order to ensure that the entrusted agency performs at the request of the Company.
- The Company may disclose the performance of its stewardship activities on the Stewardship section of the Company's Corporate Sustainability website, and annually publish a Responsible Investment and Stewardship Report for the prior year before the end of August.

### **Principle 2 Establish and Disclose Policies on Managing Conflicts of Interest**

The purpose of establishing policies on managing conflicts of interest is to ensure that the Company executes its businesses in the interest of its customers or beneficiaries. The policies on managing conflicts of interest include types of conflicts of interest and management methods. The main contents of the policies are as follows:

- A management mechanism for conflicts of interest was established to ensure that the Company operates in the interests of its customers and beneficiaries, to require employees of the Company to uphold high ethical standards and be faithful to the principle of integrity, and to avoid conflicts of interests.
- Types of conflicts of interest:

Conflicts of interest in the execution of the Company's business may include, but are not limited to, 'between the Company and its employees, between the Company and its clients, between its employees and its clients, between the Company and its other investees, and between the Company and its affiliates,' as described below,

1. Between the Company and its employees, in the event of a conflict of interest or conflict between the Company and the employee's personal trading or investment behaviors; or in the event of the employee's trading or investment for his/her own personal gain to the disadvantage of the client or shareholder; or in the event of the employee's trading or investment for the benefit of a specific client or shareholder to the disadvantage of client, shareholders or beneficiaries.
2. Between the Company and its clients, in the occurrence of client complaints or financial consumption disputes between the Company and its clients or the failure to treat clients in a fair



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and reasonable manner.

3. Between the employees and the Company's clients, in the event of employees receive improper gifts or hospitality from clients.
4. The Company engages in transactions with other investees on terms that are more favorable than other similar counterparts, or any act detrimental to the interests of other clients, shareholders, or beneficiaries in the course of stewardship activities (including engaging investees and exercising the right to vote at shareholders' meetings).
5. Any transaction between the Company and its affiliated company in which the terms are more favorable than those of other similar parties; or any violation of the Company's and the affiliated company's rules and regulations and the relevant management rules by the manager in the performance of his/her concurrent duties; or any act detrimental to the interests of other clients, shareholders, or beneficiaries in the course of stewardship activities (including engaging with the investees and exercising of the rights to vote at shareholders' meetings).

### ■ Methods for managing conflicts of interest:

To ensure that the Company operates in the interests of its customers and shareholders, it complies with applicable laws, regulations promulgated by the competent authority, and various self-regulatory rules. The Company has also established internal rules for the prevention of conflicts of interest for relevant personnel. In addition, education promotion, division of responsibilities, information control, firewall design, detection/monitoring control mechanisms, reasonable remuneration system, compliance with engagement and voting standards, and compensation measures are all methods the Company uses to prevent the occurrence of conflicts of interest. These methods are described as follows:

#### 1. Education promotion

- (1) Employees of the Company should comply with the Employee Code of Conduct. During compliance awareness programs and orientation training for new employees, basic types of conflicts of interest are introduced to all employees to strengthen their knowledge on conflicts of interest. When being made aware of the possible occurrence of conflicts of interest, employees are requested to take actions proactively (e.g., reporting to the supervisor in charge or the Company's legal or compliance personnel) so as to eliminate conflicts of interest caused by interventions for personal gain or interventions that conflict with the interests of the Company or its customers.
- (2) Employees of the Company in charge of investment-related business, including traders and insiders, shall comply with the Guidelines for Investment Conflict Prevention and Management to avoid conflicts of interest and insider trading. When employees in charge of investment-related business, the Company informs them of the necessity to follow the principles of fiduciary and integrity and to abide by rules on transaction restrictions, prohibited conducts, and transaction reporting so as to facilitate the prevention of investment-related conflicts of interest.
- (3) In the Internal Controls and Operating Procedures adopted by each financial investment department of the Company, a code of conduct for recusal from conflicts of interest has been included for employees in charge of investment-related business. Furthermore, reminders are sent from time to time, including reminders about not engaging in activities with information learned



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on the job for their personal gains or the benefit of others and not accepting cash, gifts, or other benefits from counterparties.

- (4) The company regularly conducts training on the 'Financial Consumer Protection Act and Treating Customers Fairly (TCF) Principles' for employees, introducing financial consumer disputes and various treating customers fairly principles to enhance employees' awareness and understanding of fair customer treatment, and to implement a customer-centric service philosophy.

### 2. Division of responsibilities

- (1) The responsibilities of each department of the Company have been effectively divided. The operating procedures for each business activity are characterized by appropriate division of responsibilities in which personnel are not assigned conflicting responsibilities in order to implement the principles of internal control.
- (2) The Company has a Table of Tiered Responsibility for Individual Matters, specifying the handling, signing, and approval procedures for each operation, so as to ensure the effective operation of internal control.
- (3) The Company handles the use of funds by delegating responsibilities in accordance with the Guidelines for the Usage and Handling of Funds. Such responsibilities are delegated to an implementation unit, settlement custodian unit, investment management unit, risk management unit, performance evaluation unit, accounting unit, and audit unit, each of which employs personnel who are independent of one another and are not assigned conflicting responsibilities to prevent conflicts of interest.

### 3. Information control

Each department of the Company has its own respective office areas. The nature and content of business carried out by each departmental personnel are appropriately restricted to avoid conflicts of interest arising from unnecessary transfer or disclosure of confidential information.

### 4. Firewall design

- (1) To ensure the secure management of e-trading systems, transaction records, and information exchange, the Company has established the "Rules for Managing and Maintaining Investment Decision-Making and e-Trading Systems," and the random inspections will be regularly performed by relevant responsible units.
- (2) In accordance with the Company's Guidelines for Investment Conflict Prevention and Management, employees of the Company in charge of investment-related business, shall, within the scope of their responsibility or authorization, submit a monthly report of all the transactions made by themselves, their spouse, minor children, and other persons using his or her name for transactions. The supervisor in charge of that employee shall check the report to determine if the transaction conflicts with the duties delegated to that employee and if so, a special audit will be launched.
- (3) For transactions with stakeholders, the Company has established the Internal Procedures and Regulations Governing Transactions Other than Loans with Stakeholders and the Regulations for Managing Loans to Stakeholders and Transaction Observation Subjects, in accordance with external laws and regulations. The purpose of these regulations is to ensure that transactions follow statutory control procedures and the principle of fairness, and to avoid damaging the interests and rights of customers or stakeholders as a result of conflicts of interest.



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- (4) In accordance with the company's 'Management Guidelines for Managers' Concurrent Positions in Affiliated Company' managers are prohibited from concurrently holding positions in affiliated company unless the company has legally lifted the non-compete restrictions. Any concurrent position must ensure the effective execution of duties within the company and must not create conflicts of interest or violate the company's internal control systems.
5. Detection/monitoring control mechanisms
  - (1) The Company manages the information and IT equipment that are used by employees who are in charge of domestic stock transactions. Centralized control is implemented by a designated person every day during trading hours. Through this control mechanism, conflicts of interest associated with domestic stock investments are prevented.
  - (2) The Company has established an internal whistleblower system. When an employee suspects or discovers a behavior that involves the violation of laws or regulations relevant to conflicts of interest, he or she may report it via this channel, and such report will be handled and investigated by an independent authorized unit.
6. Reasonable remuneration system

The Company's remuneration system considers the interest of customers and shareholders, business performance, and risk management, among other factors. Such considerations ensure that top-level managers act in the overall interest of the enterprise and in line with the goals of shareholders without leading to any conflicts of interest.
7. Compliance with engagement and voting standards

To prevent investee companies that have a relation with the Company or its affiliates from potentially influencing the Company's engagement or voting activities at the shareholders' meetings, the Company and Cathay FHC as well as each of its subsidiaries have collectively established an Engagement Policy and Engagement Guidelines for the Group. The policy acts as a standard for engagement with investee companies. In addition, the Company has established voting policies with stipulations on opposition and abstention, providing a standard which shareholders should comply with when casting votes for an agenda during shareholders' meetings. The purpose of these policies is to ensure that the Company carries out engagement and voting activities in the best interest of customers or beneficiaries without subjecting to the influence of other stakeholders that leads to changes in the method of execution or decisions made by the Company.
8. Compensation measures

The Company will consolidate and explain to customers, shareholders, and stakeholders the causes and the response measures taken against major incidents where conflicts of interest have occurred and may cause damage to its goodwill or financial soundness. Such explanations shall be disclosed in a timely manner on the Stewardship section of the Company's Corporate Sustainability website.

### **Principle 3 Regularly Monitor Investee Companies**

Cathay Life shall focus on issues regarding the investee companies, such as related news, financial performance, industry profile, business strategy, and financially material environmental, social, and corporate

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governance (ESG) issues, to ensure that sufficient and valid information can be obtained by the Company for assessing the nature, timeline and degree of dialog and interaction with investee companies, and to form a sound basis for its investment decision-making.

Cathay Life promises to monitor, analyze, and evaluate the risks and opportunities regarding the ESG performance of investee companies based on data from MSCI ESG research institutions, so as to understand these companies' sustainable development strategies. Corporate governance is the core of the three ESG factors and the foundation for evaluating the ESG performance of each company. The environmental and social dimensions in ESG, on the other hand, are associated with an industry's core business operating capacities and place emphasis on the major issues related to a company's business operations or financial material risks and opportunities.

When conducting proprietary investments in listed stocks, corporate bonds, and government bonds, Cathay Life shall follow the ESG risk assessment procedures to evaluate the environmental, social, and corporate governance (ESG) sustainability factors of the investee.

### **Principle 4 Maintain an Appropriate Dialog and Interaction with Investee Companies**

By maintaining an appropriate dialog and interaction with companies, the Company engages the management teams and gains a clearer insight into the risk and strategies they face. In addition, the Company works on reaching a certain degree of consensus with the investee companies on long-term value creation. The Company communicates with the senior management of investee companies through conference calls, face-to-face meetings, sending representatives to regular or major provisional shareholders' meetings. In scenarios where an investee company may violate principles of corporate governance on specific issues or damage long-term values of customers, beneficiaries, and shareholders, the Company will inquire into the investee companies' handling of such matters whenever deemed necessary. Cathay Life may cooperate with other institutional investors or join organizations that advocate sustainable development in terms of specific ESG issues, if considered necessary, to protect the long-term value rights and interests of its customers, shareholders, and beneficiaries to improve the sustainable development of investee companies, thereby working together to exert its influence as an institutional investor.

### **Principle 5 Establish and Disclose Clear Voting Policies and Voting Results**

In order to achieve maximum benefits for customers and shareholders, the Company has established clear voting policies and actively voted at shareholders' meetings; furthermore, the Company does not necessarily support proposals made by the senior management. The main contents of the policies are as follows:





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- In pursuit of the greatest benefits for customers and shareholders, the Company has established clear voting policies and actively exercised its voting rights so as to express an opinion on each proposal at the shareholders' meetings of investee companies.
- The company's voting policies may include the following:
  1. The Company shall establish the threshold for exercising voting rights as determined in relation to its influence on the overall operations of investee companies through conducting a suitability analysis. For instance, voting rights will only be exercised if a shareholding reaches a certain percentage or amount.
    - (1) Domestic listed stocks: Holding 0.5 percent or more of investee companies' outstanding shares or holding shares of a market value totaling NT\$300 million or more.
    - (2) Overseas listed stocks: With self-investment holding 0.5 percent or more of investee companies' outstanding shares or holding shares of a market value totaling US\$35 million or more by the Company at the end of the previous year and still holding shares while exercising voting.
  2. Before attending a shareholders' meeting of an investee company, the Company evaluates and analyzes the exercise of voting rights. In the following situations, the Company's responsible units of investment or the Responsible Investment Group will directly communicate with investee companies:
    - (1) When there are controversial and high-profile issues; or
    - (2) When information needed to conduct voting analysis is insufficient; or
    - (3) When the core shareholding companies of domestic listed stocks recommend to "oppose" in their preliminary voting recommendations; or
    - (4) When met the threshold of overseas companies and hold 1.5 percent or more of outstanding shares while voting and have suggested to "oppose" in their preliminary voting recommendations.
  3. To fully express an opinion on each proposal at the shareholders' meetings of investee companies, the Company will mainly exercise voting rights in electronic form and take assigning representatives to vote on site as secondary means. A representative or manager authorized by an entrusted agency may be assigned to attend shareholders' meetings of an investee company personally or via a virtual meeting platform after internal assessment in the following situations:
    - (1) When there are controversial and high-profile issues; or
    - (2) To encourage and support the ESG-related actions with investee companies we engage with.
  4. Cathay Life respects the professional know-how of investee companies and, in the interest of effective growth, supports all proposals push forward by the senior management in principle. However, proposals that violate corporate governance and have a negative impact on the environment or society that hinder the sustainable development of investee company will not be supported in principle unless the company has communicated with the investee company and assessed that there are opportunities for improvement. Due to legal restrictions compelling the Company not to exercise its voting rights, the Company shall, in principle, waive its voting rights and, therefore, does not necessarily support proposals made by the senior management. The following are the types of proposals that the Company will vote against or abstain from and the reasons thereof:
    - (1) Abstained



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- ◆ Proposals involving the election of directors and supervisors of stock market-listed companies.
- ◆ If a proposal receives an “oppose” vote during the preliminary voting recommendation, but is deemed improvable following the Company’s evaluation and communications with investee companies through “communication procedures,” the Company may abstain from voting.
- ◆ Neither support nor against the management proposals.

### (2) Opposed

- ◆ Bundled proposals: The Company believes that shareholders have the right to conduct individual reviews of material issues. If several proposals belong to the same category, these cannot be individually evaluated when the contents of the proposals may clash with or obstruct shareholders’ rights or economic interests.
- ◆ Election of directors for overseas stock market-listed companies: Corporate governance is the core of the three ESG factors. The Board of Directors is the highest governing body of a company. Supervision on the company may be affected if directors lack independence and assume office for more than nine years (or the period of time mandated by various market regulatory authorities). If none of the members have been replaced for no reasonable explanation, if directors hold concurrent positions in more than six other listed companies (or the number of concurrently held positions that is more strictly regulated by various countries), if independent directors are also the independent director of more than six other companies (or the number of concurrently held positions that is more strictly regulated by various countries), or if the Chairman and CEO are the same person.
- ◆ Remuneration and benefits: If remuneration and benefits are not tied to factors that drive the Company’s long-term sustainable value, for instance, variable pay and company performance are not clearly integrated, key performance indicators (KPIs) and goals are not completely disclosed, or lump sum bonus is unrelated to company or individual performance (but facilitates incentive programs that encourage sustainable results), the Company is unable to attract, retain, or reward employees who are pivotal to shareholder value and sustainable growth.
- ◆ Financial statement and audit: False financial statements and auditors lacking independence.
- ◆ Earnings distribution: If the dividend rate is not in the best interests of shareholders (such as being continuously too low without adequate explanation) or is unfavorable to the company’s sustainable financial condition (such as being too high for the company’s financial condition).
- ◆ Proposals that have a negative influence on the environment or society: Those that pollute the environment, violate human rights, or exploit the rights of workers, etc.

- The Company should properly record and analyze the voting rights exercised in accordance with the above policies and disclose proxy voting summary on the Stewardship section of the Company’s Corporate Sustainability website every year.





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### Principle 6 Periodically Disclose Fulfillment Status of Stewardship Responsibilities

Cathay Life will continually monitor international ESG development trends, advance stewardships, disclose this stewardship statement on the Stewardship section of the Company's Corporate Sustainability website, and annually publish a Responsible Investment and Stewardship Report for the prior year before the end of August. The report will include an explanation for not being able to follow some stewardship principles, the dialogs, interactions, and engagements with investee companies, attendance and voting in the shareholders' meetings of investee companies, among other important matters.

### By-Law

This Statement of Compliance was first signed on July 25<sup>th</sup>, 2016, and the date of previous amendments are as follows: January 24<sup>th</sup>, 2017, December 25<sup>th</sup>, 2020, September 28<sup>th</sup>, 2021, May 23<sup>th</sup>, 2022, September 21<sup>th</sup>, 2022, February 22<sup>th</sup>, 2023, August 23<sup>th</sup>, 2023, November 18<sup>th</sup>, 2024 and August 21<sup>st</sup>, 2025.

**Signatory: Cathay Life Insurance Co., Ltd.**