

Cathay Century Insurance Stewardship Principles

Established on October 13, 2017

Responsible unit: Fixed Income Investment Section, Finance Department

A. Purpose and Basis

The Company established these Principles in accordance with the "Stewardship Principles for Institutional Investors" published by the Corporate Governance Center of the Taiwan Stock Exchange to leverage the expertise and influence of institutional investors, fulfill their responsibilities as asset owners, and consider environmental, social, and governance (ESG) factors, thereby enhancing the long-term value of the Company, its customers, and its shareholders, and promoting sustainable operations and development.

B. The six principles of the Stewardship Principles are as follows:

- I. Establish and disclose stewardship policies.
- II. Establish and disclose policies on managing conflicts of interest.
- III. Regularly monitor investee companies.
- IV. Maintain an appropriate dialog and interaction with investee companies.
- V. Establish clear voting policies and disclose voting results.
- VI. Periodically disclose fulfillment status of stewardship responsibilities to customers or beneficiaries.

C. Compliance and implementation of the Principles

I. Establish and Disclose Stewardship Policies

- (I) The Company engages in property insurance services as the owner of assets. Investments are made using our own funds and various reserves. Through stewardship activities, we consider environmental, social, and corporate governance (ESG) factors and other corporate sustainability factors to increase investment value through stewardship actions with the goal of increasing long-term benefits to the Company, customers, and shareholders.
- (II) The Company may determine the frequency, extent, and methods of stewardship activities based on the purpose and benefits of investments and the influence of the investments on corporate sustainable development. The Company's

stewardship activities are carried out in many ways, including: Monitoring investee companies, dialogs and interactions with the management of the Company, participation in shareholders' meetings, and exercising voting rights.

(III) 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.

(IV) We disclose the status of governance implementation on the Company's website and update such information at least once a year.

II. Establish and Disclose Policies on Managing Conflicts of Interest

(I) A management policy for conflicts of interest was established to ensure that the Company operates in the interests of its customers and shareholders, and to avoid conflicts of interests.

(II) Conflicts of interest may include the following situations:

1. Where the Company or its employees, for its own benefits, makes a transaction or investment to the disadvantage of its customers or shareholders.

2. Where the Company or its employees, for the benefits of certain customers or shareholders, makes a transaction or investment to the detriment of other customers, shareholders, or stakeholders.

(III) Employees of our company shall comply with the "Employee Code of Conduct," "Trader Code of Conduct," "Regulations Governing Transactions Other than Loans with Stakeholders", "Regulations Governing the Management of Lending with Stakeholders," and related internal control procedures when performing their duties. Conflicts of interest shall be avoided through the implementation of education and promotion, tiered accountability, and information control.

(IV) The Company should 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.

III. Regularly Monitor Investee Companies

- (I) The Company shall continue to monitor its investee companies to assess the impact of relevant information on the long-term value of the investee companies, their customers, or their shareholders, and determine the method and timing of additional dialog and interaction with the investee companies as a reference for future investment decisions.
- (II) The Company may determine the categories, extent, and frequency of stewardship activities based on the purpose and benefits of investments and the influence of the investments on corporate sustainable development. The categories of information include industry overview, opportunities and risks, shareholder structure, business strategy, operating overview, financial status, financial performance, cash flow, stock price, environmental impact, social issues and corporate governance.

IV. Maintain an Appropriate Dialog and Interaction with Investee Companies

- (I) The purpose of the Company's dialog and interaction with investee companies is to gain a deeper understanding of major issues of concern from the management of investee companies and express opinions, thereby strengthening corporate governance and promoting environmental protection and social prosperity.
- (II) The Company may determine the manner and timing of dialog and interaction with investee companies based on the investment objectives, benefits, impact on the sustainable development of the enterprise, and the significance of specific issues of concern. The methods of dialog and interaction between the Company and its investee companies may include the following:
 - 1. Written or verbal communication with management;
 - 2. Public statements on specific issues;
 - 3. Expressing opinions at shareholders' meetings;
 - 4. Proposing shareholder meeting proposals;
 - 5. Participation in votes at shareholders' meetings.

(III) When necessary, the company may act jointly with other institutional investors to protect the interests of its customers or shareholders.

V. Establish Clear Voting Policies and Disclose Voting Results

(I) 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.

(II) The company's voting policies may include the following:

1. The Company shall establish the threshold for exercising voting rights for domestic investments 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.
2. Before attending an investee company's shareholders' meeting, the Company shall provide a description of its evaluation and analysis of the exercise of voting rights and submit a written record of each vote to the board of directors after the shareholders' meeting.
3. To fully express an opinion on each proposal at the shareholders' meetings of investee companies and reduce the time and space restrictions on voting, the Company will mainly exercise voting rights in electronic form. A representative may be assigned to exercise voting rights at a shareholders' meeting of an investee company if necessary.
4. Cathay Century Insurance respects the professional know-how of investee companies and, in the interest of effective growth, supports all proposals in general. In principle, however, Cathay Century Insurance does not support proposals with contents that violate the corporate governance of investee companies (e.g., false financial statements and improper compensation for directors and supervisors), or those having a negative influence on the environment or society at large (e.g., pollution, violation of human rights, and deprivation of labor rights). Unless otherwise specified by law, the Company will not vote on a resolution involving director or supervisor election.

(III) The Company shall properly record and analyze the exercise of voting rights in accordance with the above policy and disclose it annually.

VI. Periodically Disclose Fulfillment Status of Stewardship Responsibilities to Customers or Beneficiaries

(I) The Company should properly record the implementation of stewardship activities as a basis for evaluating and improving stewardship policies, actions and disclosures.

(II) The Company shall disclose on its website the status of its stewardship performance during the year, including:

1. The statement of compliance with the "Stewardship Principles for Institutional Investors" and explanation for failure to comply with certain principles.
2. Attendance in shareholders' meeting of investees;
3. Voting results;
4. Channels for contacting the Company;
5. A description of the measures taken to ensure that the trustee complies with the Stewardship Policy;
6. Other important information.

D. Appendices

These Principles shall be implemented after approval by the President, and the same shall apply to any amendment or abolishment.