

# **Cathay Life Insurance Co., Ltd. Regulations Governing Internal Operating System and Conduct on Transactions Other than Granting of Loans with Interested Parties**

Amended on March 6, 2025

Responsible Unit: Risk Management Department II

## **Purpose**

Article 1 The Regulations are adopted in order to practice the requirements about transactions other than the granting of loans with Interested Parties defined in Article 45 of the Financial Holding Company Act (hereinafter referred to as the “Act”), Article 146-7 of the Insurance Act, the Regulations Governing Transactions Other Than Loans between Insurance Enterprises and Interested Parties (hereinafter referred to as the “Governing Regulations”), and the Cathay Financial Holdings Co., Ltd. and its Subsidiaries Regulations Governing Loans and Transactions with Interested Parties, ensure the Company’s safe and stable business management and avoid any conflict of interest.

## **Trading policy**

Article 2 When trading with Interested Parties, the Company shall take the interest of Cathay Financial Holdings Co., Ltd. (hereinafter referred to as Cathay Financial Holdings), its subsidiaries and the Company as the first priority, and avoid injuring the safety and stability of Cathay Financial Holdings, its subsidiaries and the Company, as well as any conflict of interest.

## **Subject and Scope**

Article 3 The “Interested Parties” referred to herein shall mean any of the following:

1. The Company’s responsible person and Cathay Financial Holdings;
2. A sole proprietorship or a partnership owned and operated by the Company’s responsible person or Cathay Financial Holdings, or an enterprise or an organization in which the responsible person or Cathay Financial Holdings acts concurrently as its responsible person or representative.
3. An affiliate of the Company and the responsible persons and major shareholders of such affiliate.
4. A subsidiary of the Company and the responsible persons of such

subsidiary.

5. Responsible persons and majority shareholders of Cathay Financial Holdings.
6. A sole proprietorship or a partnership owned and operated by a responsible person or majority shareholder of Cathay Financial Holdings or an enterprise or an organization in which a responsible person or major shareholder of Cathay Financial Holdings acts concurrently as its responsible person or representative.
7. The affiliated companies of Cathay Financial Holdings, and their responsible persons and majority shareholders.
8. Subsidiaries of Cathay Financial Holdings, and their responsible persons.

The definition of the responsible person of the Company or Cathay Financial Holdings referred to in the subparagraphs 1, 2, 5 and 6 of the preceding paragraph shall be determined in accordance with related laws and the competent authority's written interpretation.

The enterprise in which the Company's responsible person or Cathay Financial Holdings, a responsible person or majority shareholder of Cathay Financial Holdings concurrently as its responsible person in the subparagraph 2 and 6 of paragraph 1 refers to that in accordance with Article 8 of the Company Act (including the branch office of foreign company in R.O.C).

When a shareholder of Cathay Financial Holdings is elected as a director or supervisor in the capacity of a juristic person or by its representative, the responsible person of Cathay Financial Holdings as mentioned in paragraph 1 shall include, in addition to the juristic person, its chairman, the natural person designated by law to perform duties for the juristic person, and the representative of the juristic person elected as a director and supervisor.

When the responsible person of Cathay Financial Holdings is a juristic person which nominating a representative other than those specified in the preceding paragraph to be elected as a director or supervisor of the other enterprise, the other enterprise is not the enterprise as mentioned in the subparagraph 6 of paragraph 1.

The scope of affiliated companies referred to in the subparagraph 3 of paragraph 1 shall apply Articles 369-1 to 369-3 of the Company Act, and Article 369-9 and Article 369-11 of the same Act.

The majority shareholder in paragraph 1 referred to one who holds more than 5% of the total outstanding shares with voting right or total capital of Cathay

Financial Holdings or any of its subsidiaries (including the Company). When the shareholder is a natural person, the shares held by his or her spouse or underage children shall be deemed as his/her own shareholding.

The subsidiary in paragraph 1 referred to the subsidiary in Article 4 of the Act.

The definition of the responsible person of the affiliated company or subsidiary referred to in the subparagraphs 3, 4, 7, and 8 of paragraph 1 shall be determined in accordance with the laws applicable in various industries. Where no such laws are available, it shall be determined in accordance with the relevant requirements under the Company Act and Ministry of Economic Affairs' written interpretation.

#### Contents of transactions

Article 4 The transactions other than granting of loans referred to herein shall mean one of the following:

1. Investing in or buy the securities issued by Interested Parties as the issuer;
2. Purchasing the real property or assets from Interested Parties;
3. Selling securities, real property or other assets to Interested Parties;
4. Entering into the agreement for payment or provision of labor services with Interested Parties;
5. Acquiring the real estate, property or stocks of Interested Parties due to exercise of the right to mortgage or pledge;
6. Leasing movable property or real estate to or from Interested Parties;
7. Entering into an agreement with Interested Parties for the payment of a transaction deposit, royalty, or rental deposit;
8. Acting as the agents or brokers of the Company or its subsidiaries, or engaged in providing other services requiring commissions or service charges;
9. Purchasing financial derivatives or structured products linked to a security issued by Interested Parties from any person other than the security issuer; and
10. Engaging in transactions with third parties having a relationship with Interested Parties or engaging in transactions with third parties in which Interested Parties are involved.

The term "third parties having a relationship" mentioned in subparagraph 10 of

the preceding paragraph include the spouse and relatives by blood within second degree of kinship of Interested Parties, enterprises in which any of those persons or his/her spouse acts as a director, supervisor or president (general manager), and the branch office of foreign companies in R.O.C in which any of those persons or his/her spouse acts as a manager whose duties are equivalent to the president (general manager). The scope of the aforesaid person includes the juristic person and the natural person.

The securities mentioned in the subparagraphs 1 and 3 of paragraph 1 hereof exclude negotiable certificates of deposits issued by a bank, an insurance enterprise's investment in special projects as well as investment in public utilities and social welfare enterprises pursuant to Article 146-5 of the Insurance Act, and stocks issued by insurance-related businesses held by an insurance enterprise pursuant to Article 146-6 of the Insurance Act.

The scope of "engaging in transactions with third parties in which Interested Parties are involved" mentioned in subparagraph 10 of paragraph 1 does not include any of the following transactions:

1. Cases where the Company serves as the sales institution of the securities investment trust fund while another subsidiary of its financial holding company serves as the custodian institution of the same securities investment trust fund and the parties and agreed terms of the securities investment trust fund contract and sales contract do not involve other Interested Parties.
2. Cases where the Company engages in financial derivatives trade with a third party and the custodian institution is an Interested Party.
3. Cases where the Company engages in the purchase or sales of ordinary corporate bonds issued by a third party in a secondary market and the guarantee institution is an Interested Party.
4. Cases where another subsidiary of the same financial holding company serves as a co-underwriter of an international initial public offering project and Interested Parties purchases securities with equity characteristics in such project from the lead underwriter or other co-underwriters.

When the company purchases corporate bonds issued by an Interested Party, such bonds must be guaranteed.

## Resolution procedure

Article 5 When the Company enters the transactions other than granting of loan with

Interested Parties, the terms of transactions shall be no more favorable than those offered to the other same category counterparts, and the Company's "Regulations Governing Issuance of Written Opinion by Chief Compliance Officer of Head Office" shall apply prior to the transaction, and the transaction may be conducted subject to the relevant resolution adopted only upon approval of at least three-quarters of all directors present at a board meeting attended by at least two-thirds of the whole directors.

The attending directors shall recuse themselves from any motion for which they or the concerned party has a conflict of interest with, and be prohibited from attending and exercising voting rights at the meeting on behalf of the other directors, unless the motion involves Cathay Financial Holdings.

The following transactions are resolved by board of directors through said procedures and generally delegated to the management departments according to the level of authority, and the terms thereof shall be no more favorable than those offered to the same category counterparts:

1. The following transactions with stated, open market prices:
  - (1) Financial derivatives transactions (exclusive of structured products).
  - (2) Remittance, foreign exchange, deposit and foreign currency transactions.
  - (3) Transactions of short-term notes or bills in primary and secondary markets, and transactions of government bonds, financial bonds and corporate bonds in the secondary market.
2. Transactions of New Taiwan Dollar (NTD) and foreign currency denominated corporate bonds and financial bonds not linked to equity where the bond issuer or the bond itself has a rating equivalent to twA or above from Taiwan Ratings, provided the total amount of subscription of such corporate bond or financial bond by a same person during the bond's underwriting period does not exceed NT\$10,000,000.
3. Sharing of processing fees, service fees or commissions generated from cross-selling and joint promotion of other business' products or provision of relevant services with subsidiaries of Cathay Financial Holdings.
4. The following transactions or other transactions related to insurance:
  - (1) Transactions of insurance products whose premium rates have been reported to the competent authority for approval or on a use-and-file basis and prices or premium rates have been reported to the competent authority or industry association for approval, or on a file-and-use or

use-and-file basis, or other transactions with established, uniform fee standards.

- (2) Transactions involving reinsurance commissions, reinsurance premiums, other commissions or agency fees and relevant service costs.
5. A single transaction not exceeding NT\$5,000,000.
6. Acquisition and disposal of beneficial securities of collective trust fund or beneficiary certificates of securities investment trust fund or futures trust fund (including exchange-traded funds and exchange-traded futures trust funds, but excluding closed-end funds) or exchange traded notes issued by Interested Parties, and the management department shall compile transaction records and profit/loss status for each transaction and report to the board of directors on a quarterly basis. If other regulations stipulate otherwise, such other regulations shall prevail.
7. Transaction of securitized financial asset products or securitized real estate products publicly placed or offered in accordance with the Financial Asset Securitization Act or Clauses of the Real Estate Securitization Act and traded in the secondary market (excluding the beneficial securities of real estate investment trust), and the management department shall compile transaction records and profit/loss status for each transaction and report to the board of directors on a quarterly basis (the preceding provision does not apply to beneficial securities and asset-backed securities with an issuance period of one year or less).
8. Transactions made in accordance with the Regulations Governing the Management of Collective Trust Funds or the Regulations Governing Management and Utilization of Collective Investment Trust Funds when the Interested Party is a bank engaging concurrently in trust business; transactions made with fund assets in accordance with the Regulations Governing Securities Investment Trust Funds or the Regulations Governing Futures Trust Funds when the interested party is a securities investment trust enterprise (SITE).
9. Transactions made through the OTC market in connection with the obligations of Interested Party to give quotes and offer to buy and sell emerging stocks when the Interested Party is a recommending securities firm for emerging stocks.
10. Transactions relating to the handling of non-performing loans of the Company by an appointed impartial third party recognized by the

competent authority in accordance with the Regulations Governing the Recognition of an Impartial Third Party and its Public Auction Procedure.

11. Except for transactions involving securities with equity characteristics, single transactions in an amount not exceeding NT\$50,000,000 with Cathay Financial Holdings or a wholly directly or indirectly owned subsidiary of Cathay Financial Holdings.
12. A public-interest disaster relief donation for a major natural disaster.
13. The following transactions related to the discretionary investment business:
  - (1) Transactions made in accordance with the Regulations Governing the Conduct of Discretionary Investment Business by Securities Investment Trust Enterprises and Securities Investment Consulting Enterprises when the Interested Party is a SITE, a securities investment consulting enterprise (SICE), or a company engaging concurrently in SITE or SICE. (Hereinafter referred to as the “Discretionary Investment Transactions”)
  - (2) Commissions and fees for the Discretionary Investment Transactions.

The term “single transaction” mentioned in subparagraphs 5 and 11 of the preceding paragraph shall be determined by the following standards:

1. If the contractual activity involves an outright transaction, it is determined by total contract value.
2. If the contract, regardless whether it is a fixed-term or indefinite-term contract, agrees on payment of commissions or expenses, it is determined by the agreed single payment of commission or expense effected during the term of contract (if the contract agrees on monthly payment, the entire monthly payment, whether it is paid in one lump sum or in installments, should be viewed as a single payment).
3. If it is a lease contract, it is determined by the total amount of annual rent or annual interest equivalent on the rental deposit.
4. If the transaction involves securities with equity characteristics or structured product, it is determined by the total amount of transaction for the day.
5. If it is a financial derivative transaction, it is determined by the total nominal amount of transaction for the day.

Where the Company satisfies the following conditions when entering transactions with Interested Parties, the Company may allow the management department to assess the reasonableness of the trading value independently free

from submission of the evidence showing that “terms of transactions are no more favorable than those offered to other same category counterparts” case by case:

1. The terms of spot exchange transactions with the bank and securities firm which are also subsidiaries of Cathay Financial Holdings shall be in line with the market practices and refrain from deviating from the inter-bank spot foreign exchange market price. The designated foreign exchange banks engaged in said transactions shall set forth the standards governing price negotiation for the related transactions with Interested Parties and report the same to the board of directors for approval.
2. The single transaction as a small transaction valuing no more than NT\$10,000.
3. Transaction of public transportation fees (such as THSR), telecommunications and network fees, and utility fees that are fixed and non-negotiable.

#### Limit of transaction

Article 6 When the Company engages in transactions other than granting of loan with Interested Parties referred to in the subparagraphs 1 to 4 of paragraph 1 of Article 3 herein, the transactions shall be subject to the following limits:

1. The aggregate amount of transactions with a single Interested Party shall not exceed 10% of the equity of the parent company of the Company.
2. The aggregate amount of transactions with all Interested Parties shall not exceed 60% of the equity of the parent company of the Company.

The “all Interested Parties” referred to in the preceding paragraph shall include the subjects identified in the subparagraphs 1 to 4 of paragraph 1 of Article 3 herein and third parties having a relationship identified in paragraph 2 of Article 4 herein.

Except as provided in paragraph 4, the following transactions need not be included in the aggregate amount of transactions mentioned in paragraph 1 :

1. Transactions related to merger or dealing with a problem insurance enterprise approved by the competent authority;
2. Transactions provided in the subparagraphs under paragraph 3 of Article 5 herein;
3. Other transactions approved by the competent authority according to law.

The transactions provided in the subparagraph 2 under preceding paragraph, if the Company acquires (through investment) or disposes the ETFs issued by Interested Parties, the amount the ETFs that exceeds 10% of the beneficiary certificates shall be included in the transaction limits, except as the Company acquires or disposes the ETFs issued by Interested Parties through the Discretionary Investment Transactions.

Where the total amount of the other transactions carried out before January 1, 2008 exceeds the limit prescribed herein, no additional transactions shall be undertaken separately. However, the preceding provision does not apply when the Company carries out the transactions listed in the paragraph 3 or contract renewal with the same counterpart for transactions mentioned in the subparagraphs 4 and 6 to 8 of paragraph 1 of Article 4 herein.

## Control over operations

Article 7 When engaging in transactions other than granting of loan, the Company shall retrieve Interested Parties' profiles precisely prior to the transactions. The trading unit's compliance officer should issue an opinion or check and sign in the legal compliance column to verify whether the trading counterparts are really Interested Parties. However, the trading unit may check and sign in the legal compliance column of the expense claim document by section compliance officer.

If the trading counterparts are confirmed to be Interested Parties, the following requirements shall apply:

1. To check whether there is any risk showing that the transaction value would exceed the limit of the transaction.
2. When planning to purchase, lease or sell real estate or other assets from or to an Interested Party, the Company should submit documents evidencing that the transaction price has been independently assessed or the terms of transactions are no more favorable than those offered to other same category counterparts to the board of directors for reference in making a decision on the transaction.
3. When engaging in any transactions other than those referred to in the preceding subparagraph with the Interested Party, it is necessary to provide the documents evidencing that the terms of transactions are no more favorable than those offered to other same category counterparts to the board of directors for reference in making decision on the transaction.
4. The transactions may be concluded only through the procedures referred to

in paragraph 1 of Article 5 and upon resolution by the board of directors. Meanwhile, before the board of directors decides on the transactions, it shall disclose to all directors existing or potential conflicts of interest, and directors having potential conflict of interest must disclose all relevant facts about the transactions concerned, which shall be included in the minutes of the board meeting. Notwithstanding, this shall not apply to the circumstances referred to in paragraph 3 of Article 5 herein.

5. The trading units shall retain the details about the transactions, and, upon approval, enter the transaction record into the system for audit purpose.

Special requirements about operating procedure for submission to the board of directors

Article 8 The trading units shall first check the transactions with stakeholders among Cathay Financial Holdings and its subsidiaries or the Company's subsidiaries, which are required to be submitted to the board of directors for resolution, before reporting the same to the board of directors:

1. Trading units and trading counterparts:
  - (1) The trading unit's responsible personnel shall notify the trading counterpart, via phone or email that the transaction shall be reported to the board of directors, when they are approving the transaction.
  - (2) The trading unit's compliance officer shall follow the Article 7 to control over the "Interested Party Transaction" operations.
  - (3) Upon receipt of the approval, the trading unit's responsible personnel shall complete the "notice of the transaction with Interested Parties", and serve the same to the trading counterpart upon receipt of the unit supervisor's approval.
  - (4) Upon receipt of the notice, the trading counterpart's responsible personnel shall acknowledge the contents therein and insert the contents to be reported to the board of directors or specific reasons for exemption from report to the board of directors in the "Remark" section to be completed by the trading counterpart, and then feed the same back to the trading unit upon approval of their unit's supervisor.
  - (5) When proposing the motion to their respective boards of directors, the trading unit and trading counterpart shall also submit said notice.
  - (6) Only one notice needs to be completed for each transaction.
2. Responsible units of the board of directors of the trading unit and trading counterpart:

- (1) Upon receipt of said notice, both parties' units dedicated to accepting motions shall verify the consistency of motions proposed by both parties and also the name list of directors to be recused. Upon approval of the supervisors of the units dedicated to accepting motions, the notice shall be returned to the responsible unit of the respective board of directors for reconfirmation, and then fed back to the trading unit for record.
- (2) When arranging the agenda of the board meetings, the responsible units of the board of directors of the trading unit and trading counterpart shall check with each other to make sure that they match the motion for the Interested Party transaction.

### Confidentiality

Article 9 The access to any Interested Party's information herein shall be strictly subject to the non-disclosure obligation, and such information shall never be disclosed to another person.

### Internal control and penalty

Article 10 The matters defined herein shall be identified as the important rules for internal control and compliance system of various trading departments. The relevant personnel in violation of them shall be disciplined in accordance with the Company's related personnel regulations.

The Company's and its subsidiaries' internal audit units shall audit whether the internal regulations satisfy the procedures and related requirements. Meanwhile, in the course of the general audit, the Company shall conduct a sampling check at random to verify whether the transactions authorized generally satisfy the requirement that "terms of transactions no more favorable than those offered to the same category counterparts".

### Additional Provisions

Article 11 Any matters not covered herein shall be implemented in accordance with the Act, Insurance Act and related regulations, Cathay Financial Holdings and the Company's Articles of Incorporation.

### Date of Enforcement

Article 12 The Regulations shall be enforced upon a resolution adopted by at least three-quarters of the directors present at the Company's board meeting attended by at least two-thirds of the all directors. The same shall apply where the Regulations are amended or abolished.

The Regulations are Adopted on January 25, 2008, and amended on April 29, 2009, March 16, 2012, August 24, 2012, April 28, 2014, August 26, 2014, March 19, 2015, April 29, 2015, November 4, 2015, June 29, 2017, August 16, 2017, November 7, 2017, August 20, 2020, March 10, 2021, November 10, 2022, November 9, 2023, March 5, 2024, and March 6, 2025.