

Cathay Life Insurance Co., Ltd. Whistle-Blower Protection System

Adopted on August 15, 2018

Responsible Unit: Compliance Department

Chapter 1 General Principles

Article 1 Purpose and Basis

The System is adopted in accordance with Article 32-2 of the “Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises”, in order to practice the Company’s ethical management, transparent enterprise culture, and sound corporate management.

Article 2 Scope of application

The System is applicable to all employees of the Company and its subsidiaries.

Article 3 Definitions

The terms used herein are defined as following:

1. Group: Cathay Financial Holdings and the subsidiaries held by it directly or indirectly.
2. Financial holdings: Cathay Financial Holdings
3. Internal staff: Directors, supervisors, managers and all employees of the Company.
4. External personnel: Any third person other than the persons referred to in the preceding subparagraph.

Chapter 2 System Management

Article 4 Board of Directors

The chief compliance officer of the Company’s head office shall report to the president and the Board of Directors regarding the status of the system, periodically or from time to time, and shall report the executed tasks to the Board of Directors at least on a semi-annual basis. If necessary, the Board of Directors may ask the president or chief compliance officer of the head office to report on it from time to time.

The executed tasks to be reported to the Board of Directors periodically as referred to in the preceding paragraph shall at least include the compilation of the reported cases and progress on the investigation on significant cases.

Article 5 Whistle-blower protection system management unit

The Compliance Dept. shall serve as the management unit responsible for whistle-blower protection. Unless otherwise provided under the system, all matters related to the whistle-blower protection system (e.g. detailed tasks, case processing schedule, investigation process and operating procedure, and information about whistle-blowing channels) shall be planned and executed by the Compliance Dept. uniformly, and completed upon authorization by the chief compliance officer of the head office.

Chapter 3 Management Principles

Article 6 Principles of impartiality and justice

The Company shall accept, assign, investigate, and perform the other procedures related to, the reported cases based on the principles of impartiality and justice under the whistle-blower protection system, maintain the Group's interest and right, and procedurally protect the rights vested in the whistle-blowers and accused.

Article 7 Principles of recusal

Where the executive staff are likely to have a conflict of interest with the acceptance, assignment, investigation and reexamination of the reported cases, they shall state it and recuse themselves immediately. Where the unit accepting or investigating any reported case holds that specific staff's participation in the procedure might cause them to act impartially when performing their duties, the unit may eliminate the staff upon approval of the chief compliance officer of the head office or the chief internal audit officer.

Article 8 Whistle-blower protection principles

The Company shall protect the whistle-blower in the following ways:

1. The whistle-blower's identity shall be kept confidential. No information that may be used to identify that person shall be disclosed. Meanwhile, in order to prevent the investigation from being interrupted, the related case details and personnel involved in the case shall be kept confidential and adequate control measures shall be adopted for maintenance of the confidentiality.
2. A whistle-blower shall not be terminated, dismissed, downgraded/relocated, given a reduction in pay, impairment to any entitlement under the law, contract or customs, or other unfavorable disposition due to the reported case.

Where the reported cases are found false and involving malicious attacks against

the Company or the Group's personnel, or initiated in an attempt to seek unjustified benefits, the protection measures referred to in the preceding paragraph shall not apply.

Chapter 4 Whistle-blowing, Acceptance and Investigation

Article 9 Whistle-blower

Anyone may file a report under the system, when discovering any crime, corruption, or potential legal violation by the Company's internal staff.

Article 10 Whistle-blowing channel

The Company shall establish the whistle-blowing channels including report in writing, email and telephone number, and announce the same on its official website.

Article 11 Unit dedicated to accepting reported cases

The Compliance Dept. shall serve as the unit dedicated to accepting reported cases, responsible for accepting, reviewing and assigning the cases.

Article 12 Principles and procedures for acceptance of reported cases

Only the reported cases which satisfy the following requirements will be accepted by the Company:

1. The whistle-blower shall identify his/her name or provide any information sufficient to identify him/her (e.g. service unit, job title and ID No., etc.) and shall provide his/her contact number (e.g. mailing address, telephone number and email address, etc.).
2. The whistle-blower shall identify the name of the accused (including related personnel) or provide any information sufficient to identify the accused (e.g. service unit, job title and ID No., etc.) and concrete facts showing that the accused is involved in a crime, corruption or potential legal violation (e.g. case details, date of occurrence, location and related evidence, etc.).

The reported cases which satisfy any of the following circumstances will not be accepted by the Company:

1. Cases not involving violations of laws or misconduct;
2. Cases involving labor-management dispute, customer service dispute, affection dispute, employees' conduct management, or any issues against the purpose contemplated herein;
3. Cases involving any act of gender equality (e.g. sexual harassment, etc.);

4. Cases from Financial Holdings or its subsidiaries (including the subsidiaries' foreign departments/divisions).

The cases referred to in the subparagraphs 2 and 3 of the preceding paragraph shall be transferred to the responsible units for resolution. The cases referred to in the subparagraph 4 shall be submitted to Compliance Dept. of Financial Holdings together with related documentation and materials.

Upon receipt of the reported cases, Compliance Dept. shall complete said procedures for acceptance of cases promptly and submit the cases to the compliance officer for approval

Article 13 Assignment and Procedure

Upon final acceptance of any reported case, the Compliance Dept. shall assign the case in the following manner:

1. Group case: It means the case which satisfies any of the following circumstances. Should there be any question, interpretation may be requested from the chief compliance officer of the head office of Financial Holdings and Compliance Dept.:
 - (1) Where any of the Company's directors or supervisors is involved in the case;
 - (2) Where the Company's management holding the position as executive vice president or above is involved in the case;
 - (3) Where the illegal gains or amount involved in the case is more than NT\$10 million;
 - (4) Where the Company's and Group's employees are involved in the case at the same time;
 - (5) Any other material cases involving the Group's management.
2. Material case: Where the illegal gains or amount involved in the case is more than NT\$5 million but less than NT\$10 million, or the case injures the Company's goodwill significantly.
3. General case: Any case other than those referred to in the preceding two subparagraphs.

Where it is impossible for Compliance Dept. to assign the reported case in the manners referred to the preceding paragraph based on the evidence available presently, the case shall be identified as a case of concern and assigned in the following manners:

1. The chief compliance officer of the head office shall convene the "case of

concern review taskforce” to accept and review the case. If necessary, certain assistance may be requested from the related unit or personnel.

2. The “case of concern review taskforce” referred to in the preceding subparagraph shall consist of no more than three members, including the chief compliance officer of the head office and chief internal audit officer at least, and the other member who may be selected by the chief compliance officer of the head office subject to the approval of Compliance Dept. of Financial Holdings.

Compliance Dept. shall complete said procedures for assignment of cases promptly and submit the case to the compliance officer for approval.

Article 14 Unit dedicated to investigating reported cases

The units dedicated to investigating reported cases are categorized into the following, subject to the result of assignment:

1. For the Group case, Financial Holdings shall serve as the unit. Compliance Dept. shall submit the related information to Compliance Dept. of Financial Holdings for resolution.
2. For the material case, Internal Audit Office shall serve as the unit. The chief internal audit officer shall supervise the investigation under the System.
3. For the general case, Compliance Dept. shall serve as the unit. The chief compliance officer of the head office shall supervise the investigation under the System.

Article 15 Case investigation procedure

Upon assignment of reported cases, the units dedicated to investigation shall submit the investigation report to Compliance Dept. based on the related facts and evidence found by them. Where the investigation report confirms the violation of laws, recommendations for remedies shall also be submitted together with the report.

Where it is found, in the course of investigation, that the case should be escalated as the Group case, the investigation unit shall transfer the related information to Compliance Dept. of Financial Holdings upon approval of the chief compliance officer of the head office.

Where it is found, in the course of investigation, that the general case should be escalated as the material case, the investigation unit shall transfer the related information to Internal Audit Office upon approval of the chief compliance officer of the head office.

Where the Internal Audit Office serves as the investigation unit, a copy of the

investigation report shall be also served to the chief compliance officer of the head office and Compliance Dept. upon approval of the investigation report.

Article 16 Re-examination procedure

Where the reported case involves directors, supervisors, or the management equivalent to executive vice presidents or above, the investigation report shall be submitted to the supervisors for re-examination.

Article 17 Report to Financial Holdings

Where the reported injures the Company's interests and rights significantly, Compliance Dept. shall report to Compliance Dept. of Financial Holdings and Internal Audit Office separately upon completion of the internal approving procedure.

Article 18 Report to the competent authority

Where the reported case is found to be a material contingent case or violation of laws, the Internal Audit Office shall report the case to the competent authority voluntarily in accordance with the Company's Directions for Response to Material Cases, or have Legal Affairs Office to file a complaint (report) with the prosecuting apparatus, upon receipt of the relevant information.

Chapter 5 Promotion, Training and Other Administrative Management

Article 19 Educational Propagation and Training

In order to establish a fair business ethical culture and enable all employees to verify the System, as well as the whistle-blowing channels and protection measures applicable to them, and in order to help the successful operation of the whistle-blowing protection system, the HR Dept. shall periodically educate and train all employees.

Article 20 Access to information

The Company's related units and personnel shall work with the investigation unit to provide the related information and assistance required by the investigation unit.

Article 21 Notice of case

The unit accepting the reported case shall notify the whistle-blower of the status of the reported cases (including rejection of the case or transfer of the case to another responsible unit) in writing or in any other manner.

Article 22 Reward & punishment

Where the reported case is found true, the accused and related personnel shall be reported to the related personnel management unit for punishment.

Article 23 Custody of information

The acceptance, assignment, investigation process and investigation report of the reported case shall be recorded in their entirety in writing, audio or electronic form and such record shall be retained for a minimum of 5 years. The record may be retained in electronic form too.

If any litigation or dispute arises with respect to the reported case before the end of the retention period, the relevant record shall be retained until the conclusion of the litigation or dispute.

Chapter 6 Management of Overseas Subsidiaries

Article 24 Establishment of whistle-blower protection system for overseas subsidiaries

The Company shall take into account the local government laws and regulations within the jurisdiction where the overseas subsidiaries are situated and the subsidiaries' actual business nature, and urge the subsidiaries to establish their own whistle-blower protection systems.

Where any overseas subsidiary needs to establish the whistle-blower protection system, it is necessary to assess whether it should be included into the procedures under the System.

Chapter 7 Additional Provisions

Article 25 Supplementary provisions

Any matters to be noted or not covered herein shall be implemented in accordance with the related laws and the internal regulations of the Company or Financial Holdings.

Article 26 Enforcement, amendment and abolishment

The System shall be enforced as of October 1, 2018 upon approval of the Board of Directors. The amendments to or abolishment thereof shall also be subject to approval from the Board of Directors.