

Cathay Securities Corporation

Statement of Compliance with the Stewardship Principles for Institutional Investors

Cathay Securities Corporation (hereinafter referred to as “the Company”) officially commenced operations on August 13, 2004, as a wholly owned subsidiary of Cathay Financial Holdings Co., Ltd. The Company’s business scope encompasses brokerage, underwriting, proprietary trading, and derivatives operations. In February 2006, the Company acquired a 99.99% stake in Cathay Futures Co., Ltd., and in September 2015, established Cathay Securities (Hong Kong) Limited, thereby completing the product lineup of the Cathay Financial Holdings Group and enhancing cross-selling capabilities. Upholding Cathay FHC’s commitment to professionalism and quality, the Company provides comprehensive personal wealth management and corporate financial services, delivering one-stop financial solutions to clients and maximizing cross-business synergy.

The Company hereby declares its compliance with the “Stewardship Principles for Institutional Investors” and provides the following statement of adherence to each of the six principles:

Principle 1: Establish and Disclose Stewardship Policies

The Company aims to maximize shareholder interests through its brokerage, proprietary trading, and underwriting operations. To achieve this goal, the Company has formulated stewardship policies and established operating guidelines for each line of business in accordance with securities and futures-related laws and regulations, thereby fulfilling its fiduciary duty as an institutional investor. Key policies are as follows:

Stewardship Policy

1. In accordance with the "Regulations Governing Securities Firms," the Company has established trading policies and related procedures for proprietary trading and the sale of underwritten securities. Except as otherwise required by competent authorities, procedures such as analysis, decision-making, execution, modification, and review of transactions are incorporated into the internal control system.
2. Pursuant to the “Corporate Governance Best-Practice Principles for Securities Firms,” the Company considers the corporate governance performance of investee companies as a reference for investment decisions.
3. In line with the "Standards for the Internal Control System of Securities Firms," employees are

required to regularly analyze and study the economic, financial, and industry conditions of investee companies, and base their trading analyses and decisions on these findings.

4. In compliance with the “Stewardship Principles for Institutional Investors,” the Company determines the type, depth, and frequency of information to be monitored, as well as the manner in which stewardship actions are undertaken, based on the purpose, cost, and benefits of each investment.
5. The Board of Directors and senior management jointly lead the promotion of the fair treatment of clients, embedding a customer-centric corporate culture founded on the principle of fairness. Guided by the service philosophy of “Genuine care, integrity in action; touching customers, creating value,” the Company strengthens employees’ awareness of financial consumer protection, cultivates shared values and behavioral standards, and enhances client confidence, thereby supporting the Company’s sustainable development and the effectiveness and consistency of its stewardship practices.

Implementation of Stewardship Practices

1. Proprietary Trading and Underwriting Activities

In cases where the investment purpose involves underwritten positions or medium- to long-term holdings exceeding 300,000 shares, the Company fulfills its stewardship responsibilities by monitoring the investee company’s operational performance and may exercise shareholder rights by attending shareholder meetings, casting votes, or engaging in appropriate dialogues and interactions with the company’s management.

For investments made for directional trading, strategic trading, stabilization operations, emerging stock transactions, passive trading, arbitrage or hedging involving issuance of warrants, equity options, stock futures, structured products, equity-linked derivatives, or other approved transactions, the Company exercises voting rights electronically when the investee company conducts shareholder meetings via e-voting.

2. Material Information Disclosure

The Company discloses significant financial and business information periodically or on an ad-hoc basis in accordance with relevant regulations.

3. ESG Risk Assessment

Since 2017, the Company has implemented ESG risk assessments as part of its “Underwriting Case Evaluation Reports,” avoiding underwriting engagements involving industries or companies with significant adverse impact on environmental or social sustainability, such as tropical deforestation,

arms and weapons, asbestos, drift net fishing, radioactive materials, pornography, toxic industrial chemicals, tobacco manufacturing, and pure gambling operations.

The Company follows the Group's "Responsible Investment Policy" and "Exclusion Policy" established by Cathay Financial Holdings in 2018. Prior to making investments, the Company assesses whether the target company discloses relevant ESG information and complies with the Group's Exclusion List.

Cathay Financial Holdings Exclusion List: This Group-wide list screens out high-risk industries (e.g., controversial weapons, pornography) and jurisdictions (e.g., countries with major human rights violations or under sanctions). It is reviewed annually by the Group Responsible Investment Task Force.

For long-term investments, the Company references ESG ratings and analysis by professional institutions (e.g., MSCI ESG, Bloomberg ESG), and analysts are required to revise financial models if necessary to reflect ESG-related risks or opportunities.

If an investment target listed on the "Cathay Securities Watchlist" is expected to be held for more than one year, an ESG evaluation must be conducted. The investee must meet at least one external or internal ESG rating threshold (e.g., MSCI ESG, Bloomberg ESG); otherwise, the position must be reduced, capped, or avoided. The Watchlist includes sensitive industries, high-risk sectors designated by the financial holding company, and those listed in the Group's Exclusion Policy. For exceptions, an ESG and climate risk assessment report must be submitted, justifying the investment and outlining risk mitigation measures.

4. Risk Assessment of Investee Companies

Post-investment, the Company implements active monitoring, tracking ESG rating changes of investee companies to inform investment adjustments, engagement topics, and voting decisions.

The Company convenes monthly meetings of the Brokerage Risk Management Committee to review the liquidity, TCRI scores, and financial indicators of publicly listed companies under its investment coverage.

For positions subject to ESG and climate risk assessment requirements but failing to meet ESG standards, the relevant business units conduct semi-annual reviews of their ESG and climate exposure and submit reports outlining the risk mitigation, control, or offset measures to the Risk Management Committee for oversight.

Principle 2: Establish and Disclose Policies for Managing Conflicts of Interest

To ensure the Company's operations are conducted in the best interests of its shareholders, a Conflict of Interest Management Policy has been established to prevent the occurrence of potential conflicts.

The key components of the policy are as follows:

Conflict of Interest Management Policy

1. In accordance with the Securities and Exchange Act, the Company is prohibited from acquiring securities for its own account during the underwriting or distribution period of said securities, and may not sell securities of the same kind already held. Furthermore, under the Self-Regulatory Rules of the Securities Association of the Republic of China, the proprietary trading department is not allowed to sell equity securities already held during the underwriting period in which the underwriting department participates (except in specific circumstances such as the market-making obligation for Emerging Stock Board-recommended stocks, ETF in-kind creation/redemption or hedging, warrant issuance, derivatives trading for hedging purposes, or futures trading as a market maker for equity derivatives).

When investing in equity-linked securities issued by related parties as defined under the Financial Holding Company Act, or securities that reference such related parties as underlying assets, the Company must obtain Board approval—unless otherwise authorized by a general resolution or permitted by law—and must provide evidence that the transaction terms are no more favorable than those offered to unrelated parties.

2. Pursuant to the Cathay Financial Holdings Code of Ethical Conduct, Company personnel must not engage, in their own name or on behalf of others, in any transactions involving loans, significant asset transfers, guarantees, or other dealings that pose conflicts of interest. Directors and managers who are unable to act objectively or in the Company's best interest, or who encounter potential conflicts, must disclose the conflict and handle it lawfully and appropriately, including recusal if necessary.

3. As of August 2025, the Company had not encountered any material conflicts of interest within the scope of its stewardship responsibilities.

Execution of the Conflict of Interest Management Policy

1. All employees must comply with the operational procedures outlined in the Conflict of Interest Management Policy. The Company mitigates conflicts of interest through measures such as staff

training, clear division of responsibilities, information barriers, firewalls, and supervisory controls.

2. For proprietary trading staff, the following rules apply:

They must maintain confidentiality during the trading decision process and are strictly prohibited from:

Using non-public information obtained through their duties for speculative gain.

Engaging in fraudulent or misleading behavior during proprietary trading.

Trading securities or disclosing information prior to public release if such information is materially price-sensitive.

3. According to the Company's Employee Code of Conduct, common situations that may lead to conflicts of interest include:

A conflict between an employee's personal interest and their duty to the Company, its shareholders, or clients.

Conflicts between different clients' interests.

Conflicts between the Company's and clients' interests.

Personal external activities of employees that contradict the Group's core values.

4. Ongoing Education and Awareness

External Communication:

In accordance with the Company's "Operational Guidelines for Ethical Conduct," the Company discloses its integrity management policy via internal rules, annual reports, the corporate website, or promotional materials, ensuring that suppliers, clients, and business partners understand its ethical standards. The Company explicitly rejects any improper benefit—regardless of form or source—during the course of business dealings.

Internal Promotion:

The Company regularly conducts internal training sessions to emphasize the importance of integrity in business conduct.

Information Control:

Employees must safeguard business secrets using appropriate confidentiality measures. Unless required for job duties, approved in writing by the Company, or mandated by law, such information may not be disclosed, used, stored, or copied, nor may employees inquire about information unrelated to their responsibilities.

Employees must also comply with the Securities and Exchange Act's insider trading provisions. They are prohibited from using or disclosing material non-public information for personal or third-party gain.

Any external parties involved in mergers, acquisitions, strategic alliances, or major contracts must sign a non-disclosure agreement, committing not to disclose or misuse the Company's trade secrets or material information.

Division of Duties:

The Employee Code of Conduct requires employees to immediately report any conflicts of interest to their supervisor. If the conflict cannot be appropriately resolved, the employee must withdraw from related decision-making or transactions and report the matter to the Legal & Compliance Department, Internal Audit, or Human Resources for further management.

Monitoring Mechanisms:

According to the Company's "Guidelines for Managing Employees' Dual Roles," staff taking on additional internal or external roles must file a written application and obtain internal approval. These roles must not present any conflicts of interest, violate securities regulations, or interfere with internal controls. The intent is to maintain effective business operations and protect client and shareholder interests.

If a dual-role application involves a conflict of interest or creates client confusion or harm, the Company will take disciplinary action based on the "Personnel Conduct Management Policy."

Principle 3: Continuously Monitor Investee Companies

To ensure that the Company obtains adequate and effective information for assessing the nature, timing, and extent of engagement with investee companies—and to support investment decision-making—key areas of monitoring include news coverage, financial performance, industry outlook, business strategy, and corporate governance practices of investee companies.

Principle 4: Engage in Appropriate Dialogue and Interaction with Investee Companies

The Company engages in meaningful dialogue with investee companies to better understand their strategies and responses to industry-specific risks. Such interactions are conducted through regular channels such as conference calls, one-on-one meetings, investor conferences, participation in annual or extraordinary shareholder meetings, and other methods of communication with management teams.

If an investee company significantly violates corporate governance principles or poses a threat to long-term shareholder value, the Company will raise the issue with management as needed and may consider engaging collectively with other institutional investors.

1. For long-term investments where the Company holds over 1.5% of the total outstanding shares for more than one year, and material ESG risks (including climate risks) have been identified, the Company will initiate engagement efforts. The Company may also initiate engagement in other ESG-related matters deemed relevant to its operations and investment strategies.
2. Engagement may involve direct discussions or collaborative efforts with the board of directors, senior executives (e.g., CEO, CFO), or designated representatives (e.g., spokespersons, ESG teams). The level of engagement by both parties is recorded.
3. The Company regularly reviews the status and results of engagements. If engagement outcomes fall short of expectations, escalation strategies may be adopted, such as:
 - Increasing the frequency of communication,
 - Engaging with higher-level decision-makers,
 - Involving key stakeholders of the investee company,
 - Expressing the Company's position at shareholder meetings or investor conferences,
 - Proposing or voting on shareholder resolutions.If satisfactory progress is achieved, the engagement may be concluded. If improvement remains unlikely, the Company will reassess its investment or business relationship and may terminate the engagement.
4. To track engagement progress, the Company defines engagement milestones in at least four phases:
 - Submitting the engagement issue to the investee company,
 - Receiving acknowledgment of the issue,
 - The investee company formulating a response strategy,
 - The investee company taking concrete actions to address the issue.
5. To better understand the nature of engagements in relation to portfolio allocation, the Company discloses the asset classes involved, including (but not limited to) equities, bonds, real estate, and private equity funds.

Principle 5: Establish and Disclose Voting Policy and Voting Records

In pursuit of maximizing shareholder value, the Company has established a voting policy in accordance

with the “Standard Operating Procedures and Control Guidelines for Securities Firms Exercising Voting Rights at Shareholders’ Meetings of Companies in Which They Hold Equity.”

Voting Policy

Participation in Shareholders’ Meetings:

- 1.The Company follows the “Regulations Governing Securities Firms” and internal regulations for the internal decision-making process and personnel designation regarding the exercise of voting rights.
- 2.The exercise of shareholder rights must be based on the best interest of the Company and its shareholders. The Company must not directly or indirectly participate in the operations of the investee company or engage in any improper arrangements.
- 3.Upon receiving a meeting notice from an investee company in which it holds more than 300,000 shares, the responsible unit assigns a representative and completes relevant voting procedures, with records maintained for future reference. If the investee company adopts electronic voting, the Company will vote electronically unless attendance is necessary due to business needs.
- 4.If the investee company does not provide for electronic voting and the Company holds fewer than 300,000 shares, the Company may choose not to attend the shareholders’ meeting.
- 5.If the Company holds more than 300,000 shares and electronic voting is not available, a designated internal representative will attend and vote in person.
- 6.For long-term holdings exceeding 1.5% of total outstanding shares for more than one year, and where deemed necessary based on industry and business characteristics, the investment team shall engage with the investee’s management before exercising voting rights.

Voting Principles:

- 1.Generally, the Company supports proposals made by investee company management but will not support proposals that materially hinder sustainable development or negatively impact ESG performance.

Examples include:

Supporting proposals that enhance employee rights,

Opposing proposals that may harm human rights or employee welfare,

Supporting environmental or green energy proposals,

Opposing proposals that cause environmental damage.

- 2.In making voting decisions, the Company considers whether the investee company has a foundation

for sustainable operations. Through engagement on corporate culture and ESG policies, the Company aims to promote sustainability while also enhancing investment returns and shareholder value. For ESG-related proposals that may adversely affect long-term sustainability, the Company will assess and, where necessary, engage with the investee's management prior to the shareholders' meeting.

Exercise of Voting Rights:

1. Voting rights may be exercised in writing or electronically in accordance with the Company Act.
2. All votes are executed in accordance with the Company's internal decision-making procedures. Voting instructions for each proposal are clearly documented. For physical attendance, proxy letters are retained; for electronic votes, records are stored in written or digital format.
3. Voting records and stewardship reports are disclosed in the Company's annual stewardship disclosures.

Principle 6: Periodically Disclose Stewardship Activities

The Company publishes its stewardship activities annually via its corporate website or in its annual report. Disclosures include this Statement of Compliance, stewardship reports, attendance and voting at shareholders' meetings of investee companies, and other material matters, all of which are signed off by the President of the Company.

Signed by: Cathay Securities Corporation

Date: August 31, 2025