Contents

About this Report

01 Sustainability Strategy Blueprint

02 Climate

03 Health

04 Empowerment Strategy

05 Sustainable Finance

06 Sustainable Governance and Risk Management

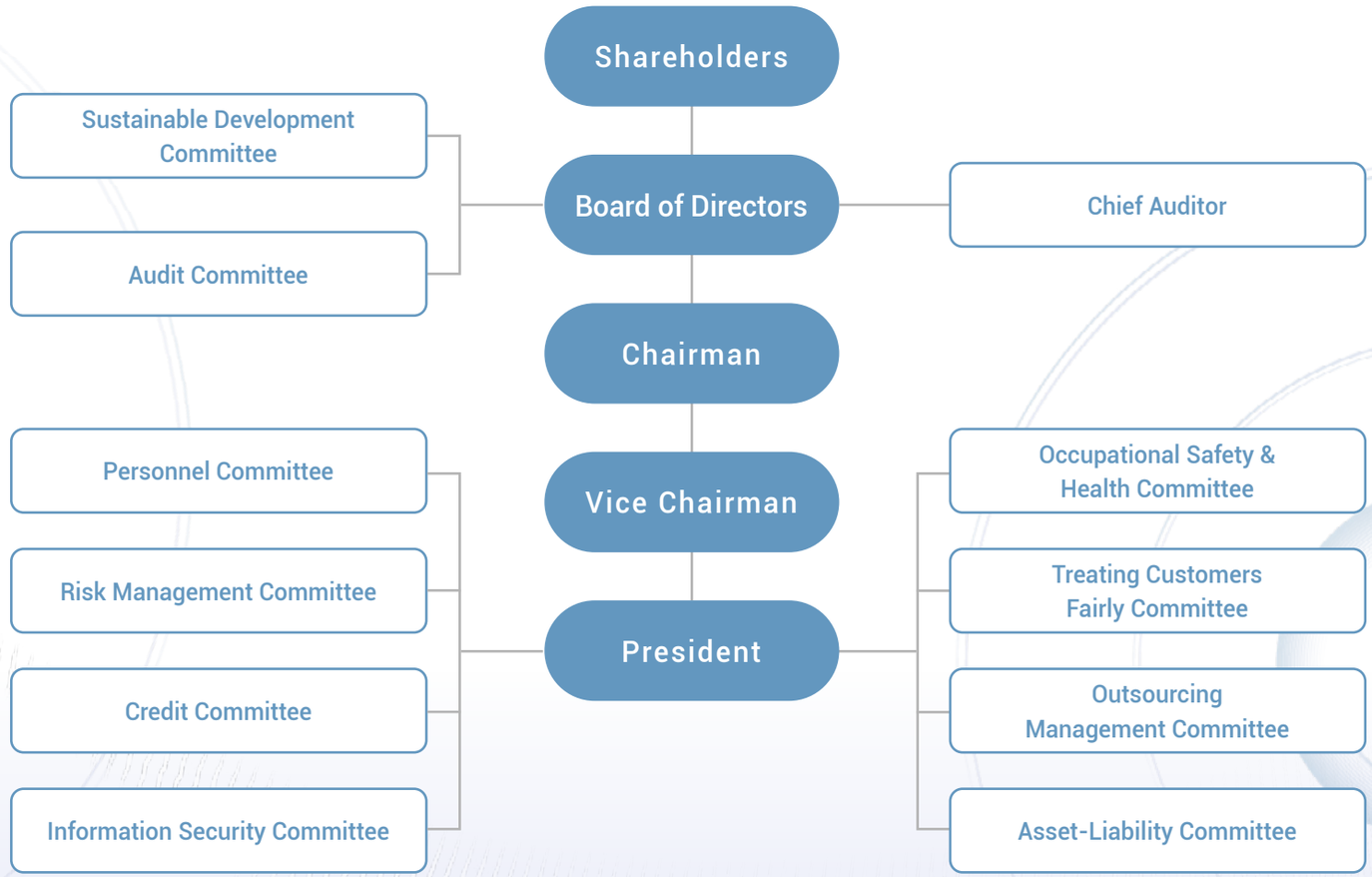
- 6.1 Corporate Governance
- 6.2 Ethical Corporate Management
- 6.3 Risk Management
- 6.4 Information Security
- 6.5 Legal Compliance
- 6.6 Anti-Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing
- 6.7 Service Quality and Customer Rights

07 Appendix

# 6.1 Corporate Governance

The Bank continues to refine its corporate governance structure to ensure that decision-making is transparent, prudent, and forward-looking. Leveraging a diverse range of professional backgrounds, the Board of Directors leads the Bank in advancing strategies such as internationalization, digitalization, and financial innovation and applications through a sound supervisory mechanism and a rigorous risk-control framework.

### Organization Chart



## 6.1.1 Board of Directors Structure and Operations

The Board of Directors is the highest decision-making body of the Bank and is chaired by the Chairman. In 2025, the Board held 12 meetings, with an actual attendance rate of 98.4%. The average tenure of directors was 7.4 years, while the average tenure of the three independent directors was 2.5 years. To promote corporate governance and sustainable development, the Bank actively establishes a system of functional committees under the Board to improve the quality of Board decision-making, effectively respond to challenges related to economic, environmental, and social issues, and enhance the forward-looking, objective, and comprehensive nature of decisions through the participation of independent directors.

The Bank has established the Audit Committee and the Sustainable Development Committee as functional committees under the Board to assist the Board in enhancing corporate governance performance and to lead the Bank in continuously deepening its commitment to and investment in corporate sustainability and responsible governance.

| Functional Committee | Composition and Meeting Frequency | Responsibilities | Operations |
|---|---|---|---|
| **Audit Committee** | Composed of all independent directors, with no fewer than three people, one of whom serves as convener, and at least one possessing accounting or financial expertise. Meets at least once per quarter or whenever necessary. | Establishing or amending internal control systems and assessing their effectiveness; reviewing the fair presentation of financial reports; supervising the handling procedures for major financial and business activities; matters involving conflicts of interest of directors; and the appointment/dismissal or remuneration of certified public accountants. | Held 10 meetings in 2025, with a 100% attendance rate by committee members. |
| **Sustainable Development Committee** | Composed of 3 to 5 directors, at least half of whom must be independent directors, and at least one of whom must possess management expertise. Meets at least once per year or whenever necessary. | Establishing and amending annual sustainability plans and strategic directions; establishing and amending sustainability projects and activity plans; tracking and reviewing the implementation effectiveness of annual plans, strategies, projects, and activities; and deciding on other sustainability-related matters. | Held 5 meetings in 2025, with a 100% attendance rate by committee members. |

The Bank will continue to review and refine its board diversity policy based on board operations, business models, and development needs, further strengthening the breadth of Board members' professional experience and knowledge and skills so that they can effectively support the Bank's strategic goals and promote corporate sustainability. This enables the Board to respond more effectively to the rapidly changing market environment while creating greater value for shareholders, customers, and society. In 2025, the directors completed 267.9 hours of training, with an average of 17.9 hours per director. Training topics included legal obligations and responsibilities of directors, Board structure and operations, enhancement of Board performance, finance, accounting, and sustainable development.

### Board Conflict of Interest

To avoid conflicts of interest and ensure impartial decision-making, directors maintain a high level of self-discipline. The Bank's Rules of Procedure for Board Meetings contain clear provisions on the recusal of directors in cases of conflict of interest. In addition to matters stipulated by relevant laws and regulations, if a meeting agenda item involves a conflict of interest for a director or the legal entity represented by that director, the director must explain the essential content of the interest at the Board meeting. If there is a risk of harm to the Company's interests, the director may not participate in discussion or voting, must recuse themselves, and may not exercise voting rights on behalf of other directors. For information on directors' concurrent positions at the Bank and other companies in 2025, the percentage of directors who also serve as managers of the Bank, the six directors who are also employees of companies within the financial holding group (representing 40% of all directors), and the implementation of recusal for proposals involving conflicts of interest, please refer to the relevant sections in the Bank's 2025 Annual Report.

### Communication of Key Material Events

According to the Bank's Implementation Guidelines for Legal Compliance System, if a major violation of laws and regulations is discovered or the Bank is downgraded by financial regulators, it must be reported to directors immediately, and the relevant compliance matters must be submitted to the Board of Directors. In 2025, a total of two major penalty cases[Note] involving regulatory sanctions were reported to the Board. These included a penalty case involving the Bank's Mainland China subsidiary and a case involving a customer service specialist stealing from a customer's credit card. Follow-up measures have been established to strengthen controls and prevent recurrence. In addition, if the Bank or its subsidiaries experience a compliance risk event as defined by internal operating rules, the event must also be reported to the Board of Directors in accordance with reporting procedures to effectively implement the corporate governance system.

| Penalty Date | Penalty Amount | Case Description |
|---|---|---|
| **April 2025** | RMB 300,000 (approx. NT$1.33 million) | The Mainland China subsidiary's dedicated computer for regulatory reporting did not use a dedicated transmission line and was therefore penalized by the Shanghai Regulatory Bureau. |
| **August 2025** | NT$12 million | Deficiencies relating to a case in which a customer service specialist stole from a customer's credit card, resulting in a penalty imposed by the Financial Supervisory Commission (FSC). |

Note: Major penalty cases refer to (1) cases with a penalty amount of NT$3 million or more; or cases where the penalty amount is less than NT$3 million but reaches one-half or more of the statutory maximum fine, excluding cases where the statutory maximum fine does not exceed NT$1 million; and (2) other major penalty cases announced by the FSC.

Contents

About this Report

01 Sustainability Strategy Blueprint

02 Climate

03 Health

04 Empowerment Strategy

05 Sustainable Finance

06 Sustainable Governance and Risk Management

6.1 Corporate Governance
6.2 Ethical Corporate Management
6.3 Risk Management
6.4 Information Security
6.5 Legal Compliance
6.6 Anti-Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing
6.7 Service Quality and Customer Rights

07 Appendix

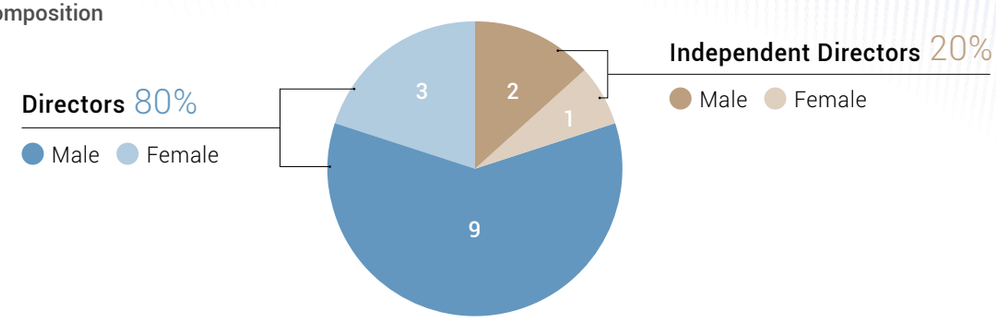
## 6.1.2 Professionalism, Diversity, and Independence of the Board of Directors

The Bank is a wholly owned subsidiary of Cathay FHC, and all directors are appointed by Cathay FHC. The term of the 18th Board of Directors runs from June 26, 2025, to June 25, 2028. The current Board consists of 15 members, including 12 directors and 3 independent directors. Among them, 4 are female directors, accounting for 26.7% of the total.

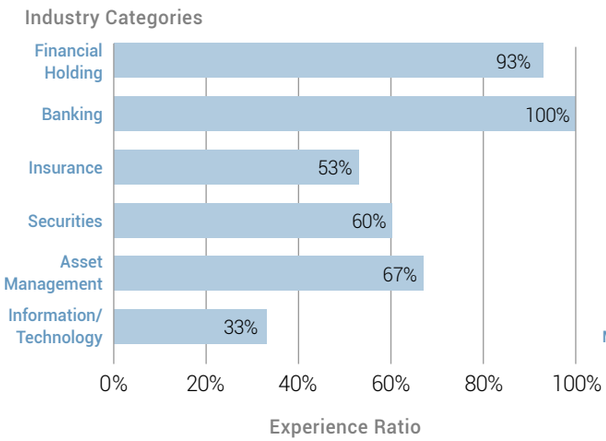
Current Board members possess extensive professional experience in business, finance, accounting, law, banking, information technology, overseas markets, and mergers and acquisitions, which supports the Bank's development strategies of internationalization, digitalization, and financial innovation and applications. In terms of industry experience, 15 directors have banking experience, 8 have insurance experience, and 9 have securities experience, reflecting the Bank's emphasis on both the depth and breadth of financial expertise. Overall, the Board's composition combines professionalism and diversity, which helps strengthen corporate governance and sustainable management capabilities.

Among the current 15 directors, independent directors account for 20%, and two directors have spousal or second-degree kinship relationships. None of the directors fall under Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act, and the Board therefore meets the relevant independence requirements. For the implementation status of the Board diversity policy, please refer to pages 33-35 of the Bank's 2025 Annual Report; for corporate governance operations, please refer to pages 56-138 of the same report.

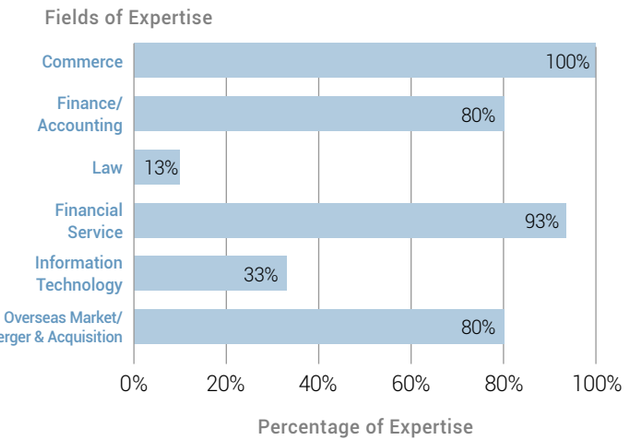
### Board Composition



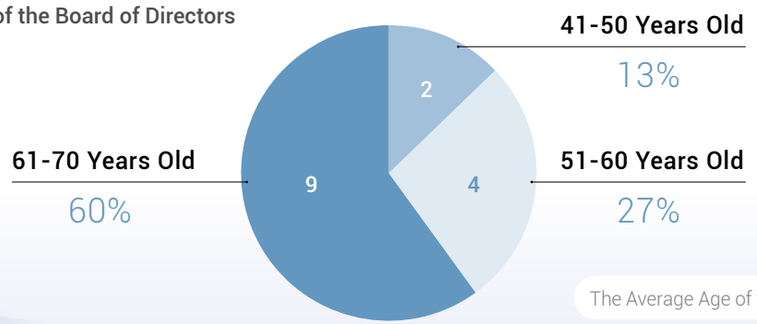

### Board Professional Experience




### Expertise of the Board of Directors




### Age Distribution of the Board of Directors




The Average Age of the Directors: 60 Years Old