

Cathay United Bank

Procedures and Guidelines of

Conduct for Ethical Management

Approved by the Chairman on December 19, 2020

Amendment Approved by the President on May 14, 2021

Responsible Unit: Human Resources Department

Article 1. PURPOSES

Cathay United Bank Co., Ltd. (the "Bank") engages in commercial activities based on the principles of fairness, honesty, integrity and transparency, and in order to implement a policy of ethical management and actively prevent unethical conduct, "Procedures and Guidelines of Conduct for Ethical Management" (the "Guidelines") is established in accordance with "Cathay Financial Holdings Code of Operation Integrity" and the relevant local laws and regulations of the business places of the Bank and Cathay Financial Group, with a view to providing all personnel of the Bank with clear directions for the performance of their duties.

Article 2. APPLICABILITY

For the purpose of the Guidelines, "personnel of the Bank" refers to any directors, supervisors, managers, and employees of the Bank.

Any provision, promise, request, or acceptance of any improper benefits by any personnel of the Bank through a third party shall be presumed to be an act by the personnel of the Bank.

Article 3. UNETHICAL CONDUCT

For the purpose of the Guidelines, "unethical conducts" means that any personnel of the Bank, in the course of his/her duties, directly or indirectly provides, promises, requests or accepts any improper benefits, or engages in other unethical or illegal acts or commits breach of fiduciary duty to obtain or maintain benefits.

The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, any government-owned and private companies or institutions and their directors, supervisors, managers, employees, over which persons having substantial control or other interested parties.

Article 4. DEFINITION OF BENEFITS

For the purpose of the Guidelines, "benefits" refers to any item of value, including money, gift, commission, position, service, preferential treatment, or rebate in any form or name, provided that any benefit regarded as general social etiquette which happens occasionally and which does not affect certain rights or obligations, is not included.

Article 5. RESPONSIBLE UNIT

Corporate sustainability team supervised by the President of the Bank is responsible for promoting and reviewing the implementation result of ethical management and shall report to the Board of Directors regularly (at least once a year).

Article 6. PROHIBITION OF PROVIDING OR ACCEPTING IMPROPER BENEFITS

The personnel of the Bank shall not directly or indirectly offer bribes, request/agree to a forward contract, or accept bribes or illegitimate benefits, including but not limited to rebate, commission, and facilitation payment, etc, and shall also avoid any misleading language or behaviors.

Except in accordance with Article 7, the personnel of the Bank shall not accept gifts, hospitality, or any valuable products, services, or benefits from internal stakeholders or external parties. Internal stakeholders include the Bank's supervisors, employees, and personnel from departments of Cathay FHC and its subsidiaries, or personnel from other departments; external parties include, but are not limited to, clients, vendors, job applicants, or other business-related parties. The following situations are exceptions to the aforementioned restrictions:

1. Gifts and hospitality from the spouse or relatives within second degree of kinship.
2. Training expense partially or fully sponsored by external institutions and approved by line managers.
3. Advertising office supplies such as calendars, notebooks, and stationery, etc.

Article 7. PROCEDURES OF ACCEPTING GIFTS AND HOSPITALITY REGARDED AS GENERAL SOCIAL ETIQUETTE

Gift and hospitality may be accepted if they are regarded as general social etiquette or required for maintaining a good business relationship, which are moderate and happen occasionally, and which do not affect the Bank's rights or obligations. All these activities shall be in compliance with the rules listed below:

1. The gift and hospitality shall not be given at the request of the accepting personnel and shall be in compliance with the relevant laws and regulations and without any illegal quid pro quo, and (1) the value of the gifts, service, goods or benefits received shall not exceed NTD 3,000, and it shall not exceed NTD 6,000 from the same grantor or its related third parties in the same year; or (2) based on the social etiquette of weddings and funerals, the wedding/funeral gift of money received from the same person shall not exceed NTD 10,000 each time, provided that if receiving gifts and hospitality exceeding the aforementioned amount can be deemed appropriate based on consideration of the position of colleagues, business nature, and the socioeconomic status of the personnel, the aforementioned restriction may not apply.
2. If personnel of a Senior Vice President (SVP) level or above receive gifts and hospitality exceeding 1,000 NTD, the gifts and hospitality shall be itemized by themselves or by their units for reference.
3. Employees receiving gifts in the name of the third party (for example, in the name of direct blood relatives, spouse, or relatives) are also governed by the aforementioned rules.
4. When choosing gifts or hospitality for business contacts for the purpose of maintaining strong and legitimate business relationships, it is recommended to use gifts bearing the Group's name or corporate identity. Gifts provided shall comply with general business etiquette and shall not be overly luxurious, expensive, or given too frequently.

Article 8. PROCEDURES OF MAKING POLITICAL DONATIONS

Political donations in the name of the Bank's personnel shall be made in accordance with Political Donations Act and not be made in exchange for obtaining commercial interests or transactional advantages.

Article 9. PROCEDURES OF MAKING CHARITABLE DONATIONS OR SPONSORSHIPS

The Bank shall comply with relevant law and regulations and "Donation Operation Guidelines of Cathay United Bank and Subsidiaries" when making charitable donations or sponsorships.

The personnel of the Bank shall comply with the relevant laws and regulations when making charitable donations or sponsorships and avoid potential bribery or improper transfer of benefits.

Article 10. RECUSAL OF CONFLICTS OF INTEREST

If any director or a juristic person represented by the Bank's director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the Bank, the director may not participate in discussion or voting on that agenda item, and further, shall recuse him/herself during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

If in the course of conducting business of the Bank, any personnel of the Bank discovers that a conflict of interest exists involving him/herself or the juristic person that he/she represents, or that the personnel, his/her spouse, parents, children or any person with whom he/she has a relationship of interest may obtain improper benefits, the personnel shall report the relevant matters to responsible supervisors and relevant units.

Article 11. INFORMATION SECURITY AND INTELLECTUAL PROPERTY PROTECTION

The personnel of the Bank shall keep trade secrets (referring to information related to the Bank and known by employees when performing their duties, including but not limited to business plans, business data, client data, and financial information in paper or electronic form) confidential and take appropriate measures to maintain its confidentiality. Unless necessary for business matters and approved in writing by the Bank in advance or required by the relevant laws and regulations, the personnel of the Bank shall not directly or indirectly disclose such information to a third party or use, save or copy such information in any form, and shall not inquire or collect trade secrets of the Bank which are not relevant to or required for performing their duties.

The personnel of the Bank may only collect, process and use personal data (including that of the customers and the personnel of the Bank) required for the purpose of performing their duties and in compliance with the relevant laws and regulations. The personnel of the Bank shall be responsible for protecting customer data and shall not counterfeit, alter and use the data for unauthorized purposes. Undisclosed personal data of the personnel of the Bank (including but not limited to grading, salary, and bonus) shall be kept confidential and not be disclosed to a third party. Inquiring about such information among colleagues is also prohibited.

The personnel of the Bank shall use the group company's name, corporate identity, trademark, publication, or patents in compliance with the internal rules and regulations of the Bank. When performing their duties, the personnel of the Bank shall respect and use other persons' intellectual property rights legitimately.

Article 12. PROHIBITION OF UNFAIR COMPETITION

The Bank shall comply with Fair Trade Act and the relevant competition laws and regulations when engaging in business activities.

Article 13. PROHIBITION OF DAMAGING THE RIGHTS OF CONSUMERS OR STAKEHOLDERS

The Bank shall collect and understand the applicable laws and regulations governing the products and services offered by the Bank. The personnel of the Bank shall conduct research and development, procurement, offering or sale of products and services in accordance with the applicable laws and regulations.

The Bank shall respect the protection of the rights and interests of all consumers and stakeholders to prevent its products or services from directly or indirectly damaging the rights and interests of any stakeholder.

Where there are media reports or sufficient facts to determine, that the Bank's products or services damage the rights or interest of any stakeholder, the Bank shall immediately investigate the facts and make improvement.

Article 14. PROHIBITION OF INSIDER TRADING AND NON-DISCLOSURE AGREEMENT

All personnel of the Bank shall adhere to the provisions of Securities and Exchange Act and shall not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging such undisclosed information to any other party, in order to prevent such other party from using such information to engage in insider trading.

Any other institution or person that is involved in any merger, demerger, acquisition, and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan or the signing of an important contract by the Bank, shall sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of the Bank and not to use the information without the prior consent from the Bank.

Article 15. ANNOUNCEMENT OF CODE OF ETHICS IN MANAGEMENT TO THE PUBLIC

The Bank shall disclose its policy of ethical management in its internal rules and policies, annual reports, on its company website or in other promotional materials for the Bank's suppliers, customers or other business related institutions and personnel to clearly understand the Bank's principles and rules of ethical management.

Article 16. EVALUATION PRIOR TO ESTABLISHING BUSINESS RELATIONSHIP

Prior to establishing business relationship with others, the Bank shall review the qualification of the transaction counterparty based on the relevant internal rules and policies of the Bank and ascertain if the counterparty is in a blacklist or the suspension list of vendors.

Article 17. STATEMENT OF POLICY OF ETHICAL MANAGEMENT TO BUSINESS COUNTERPARTIES

The Bank shall make a statement about its policy of ethical management and relevant rules to its transaction counterparty when engaging in commercial activities. The Bank shall resolutely refuse if the transaction counterparty directly or indirectly offers, promises, requests or accepts improper benefits in any form or name.

Article 18. AVOIDANCE OF TRANSACTIONS WITH UNETHICAL COUNTERPARTIES

The Bank shall avoid business transactions with contractors, suppliers, customers or other business counterparties that is involved in any unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, such parties shall be listed in the blacklist or suspension list of vendors in accordance with internal rules and policies in order to effectively implement the policy of ethical management.

Article 19. STIPULATION OF TERMS OF ETHICAL MANAGEMENT IN CONTRACTS

The Bank is recommended to make observance of the Bank's policy of ethical management part of the terms and conditions of the contract to be entered into with others.

Article 20. HANDLING OF UNETHICAL CONDUCT BY PERSONNEL

The Bank encourages insiders and outsiders to report unethical or unseemly conduct. The relevant reporting channel and handling mechanism are provided in "Guidelines Governing Morality/Integrity Issue Reporting and Compliant Handling, Cathay United Bank".

Article 21. TRAINING

The Bank shall routinely promote its policy of ethical management internally to emphasize the importance of integrity.

Article 22. APPROVAL, AMENDMENT OR ABOLISHMENT

The enactment of the Guidelines shall be approved by the Chairman. The amendment or abolishment shall be approved by the President.

The Guidelines shall become effective from the date of approval. The same shall apply to all future amendments and abolishment.