

Taiwan Cooperative Financial Holding Co., Ltd.

Basic Policy on the Use of Artificial Intelligence

Promulgated by Letter No. 1152000118 of the Information Department of Taiwan Cooperative Financial Holding Co., Ltd. on April 28, 2026

Article 1 Purpose

To foster the development of artificial intelligence (“AI”) across the Group and to establish appropriate governance over its application, this Policy is established in accordance with the “Guidelines for the Use of Artificial Intelligence by the Financial Industry” and the “Operational Standards for Financial Institutions Using Artificial Intelligence Technology.”

Article 2 Scope of Application

This Policy applies to all AI systems deployed in the Group’s production environment or used for business purposes, excluding those at the Proof of Concept (“PoC”) stage.

Article 3 Definitions

For the purposes of this Policy, “artificial intelligence” refers to any system that falls under any of the following categories:

1. A system that is trained on large volumes of data and uses machine learning or related model-building algorithms to carry out perception, prediction, decision-making, planning, reasoning, communication, or other functions that simulate human learning, thinking, and behavioral patterns.
2. A system that is trained on large volumes of data and is capable of generating content that emulates human-created works, including but not limited to written content, images, audio, video, and computer code. For the purposes of this Policy, the “use of AI systems” refers to the in-house development or optimization of artificial intelligence technologies, as well as the adoption of third-party artificial intelligence technologies.

Article 4 Organizational Structure

When the Company uses AI, the Information Department shall serve as the designated AI governance unit under this Policy, and shall be responsible for managing and supervising AI-related operations. The Information Department shall, as business needs require, collaborate with other relevant units to ensure that the use of AI complies with requirements relating to security, legal compliance, and risk control. When each subsidiary uses AI, it shall establish or designate an AI governance unit or function with clearly delineated roles and responsibilities, so as to ensure centralized oversight of AI-related operations.

Article 5 Responsibilities

The Group's responsibilities and management obligations in relation to the use of AI are as follows:

1. The Group shall assume appropriate internal and external accountability for the AI systems it deploys. Internal responsibilities include being responsible for the supervision and management of AI-related matters and establishing an internal governance framework. External responsibilities involve responsibilities toward customers and society, including the protection of customers' privacy and information security.
2. The Group shall establish a comprehensive and effective AI risk management mechanism, integrate it into existing risk management and internal control processes, and incorporate control measures such as cybersecurity safeguards and regulatory compliance for AI systems. Regular assessments and audits shall also be conducted.
3. The Group shall ensure that relevant personnel possess adequate knowledge and competencies in AI governance and operations, and shall make appropriate decisions and conduct supervision in accordance with a risk-based approach.

Article 6 Control Principles

When using AI systems, the Group shall establish mechanisms to identify and assess risks and, in accordance with a risk-based approach, observe the following AI control principles:

1. The Group shall establish AI lifecycle control requirements to ensure that the use of AI systems complies with AI governance-related laws and regulations and implements internal management mechanisms.
2. When using AI, the Group shall take measures during algorithm design, development, data collection, selection and processing of training data, model construction/generation/optimization, and subsequent application in financial services to uphold the principle of fair treatment of customers, fully respect and protect customers' data privacy, properly manage and handle customer data, and comply with laws and regulations relating to information and communications security, intellectual property, and trade secrets.
3. The Group shall ensure the resilience and security of AI systems so as to prevent harm to customers or the broader financial system.
4. The Group shall apply rigorous and objective risk management to AI-generated outputs and information .
5. Where the Group uses AI developed or operated by a third party to provide financial services, it shall conduct appropriate risk management, due diligence, assessment, and ongoing oversight of the third party, ensure that traceability records are maintained, and define the scope of responsibilities in accordance with the contractual terms.

6. The Group shall maintain adequate technical documentation and related records for the use of AI, including records of material data, models, or algorithms that may influence decisions during the design, development, and implementation processes. This is to ensure transparency and explainability of operations and to facilitate inspection as required.
7. Where the Group uses AI to interact directly with customers, it shall make appropriate disclosures to customers, respect customers' right to choose alternative options, and clearly inform customers of available alternatives. Before providing such financial services, the Group shall assess the data governance methods, information security, supervision mechanisms, protection of consumer rights and interests, and contingency measures for unexpected incidents.
8. When using AI, the Group shall, to the greatest extent possible, avoid unfairness caused by algorithmic bias and uphold the principles of human-centricity and human control. The Group shall reduce adverse impacts of AI outputs on specific individuals or groups, and uphold the rule of law and democratic values.
9. The Group shall establish monitoring mechanisms for the use of AI to ensure compliance with the principles governing AI use.

Article 7 Boundaries for the Use of AI

The use of AI by the Group shall be confined to the following business and operational purposes, and shall be subject to approval in accordance with the Company's internal procedures and regulations:

1. Assistance in internal operations and risk management, such as fraud detection and abnormal transaction analysis.
2. Customer service and operational process automation, subject to the retention of human review mechanisms or accessible complaint channels.
3. Decision-support analysis for management; AI shall not independently make final decisions.
4. Other uses that comply with applicable laws and regulations. AI systems shall not be used for high-risk purposes or to render judgments that may have a material impact on customer rights and interests, financial decisions, or legal responsibilities.

Article 8 Requirements for Low Ecological Footprint of AI Data Centers and Models

When using AI, the Group shall give due consideration to requirements relating to a low ecological footprint and third-party management, and shall comply with the following principles:

1. Basic Principles for Low Ecological Footprint

When the Group builds its own AI systems or models or introduces third-party AI systems or models, it shall take environmental sustainability into consideration and

implement the following principles:

- (1) Prioritize AI data centers with high energy efficiency.
- (2) Give preference to AI suppliers that disclose carbon emissions data, energy usage data, and sustainability reports.

2. Third-Party Management Requirements

For outsourced or procured AI platforms, models, or generative AI services:

- (1) Energy efficiency, carbon emissions disclosure, or ESG performance shall be incorporated as evaluation criteria in supplier selection and contract renewal considerations.
- (2) Documentation pertaining to environmental impact shall be retained in contracts, assessment documents, or internal review records.

Article 9 Prohibition on the Use of High-Risk or Improper AI Systems

When using AI, the Group shall not use, procure, deploy, or provide the following AI systems or functions, in order to prevent discrimination or unfair treatment of specific individuals

1. AI systems that employ manipulative behavior

AI systems that exploit psychological vulnerabilities, emotions, addictive mechanisms, or deceptive methods to distort customers' financial decisions, causing irrational or adverse outcomes.

2. AI systems that exploit vulnerabilities of specific groups

AI systems that unduly influence or exploit children, the elderly, persons with disabilities, or economically disadvantaged groups.

3. Social scoring systems

AI systems that assess an individual's overall conduct or trustworthiness based on personal behavior, lifestyle habits, social interactions, or non-financial-related data, and use such assessment as a basis for differential treatment in the provision of financial services.

4. Unauthorized biometric surveillance or identification systems

Systems including but not limited to real-time or continuous facial recognition, voiceprint recognition, or physiological feature monitoring, where there is no lawful basis or explicit consent from the data subject.

Article 10 Sustainable Development

The Group shall ensure the principles of sustainable development and protect employee rights and interests when using AI:

1. The Group shall, in accordance with international sustainable development goals and the Group's principles of sustainable development, appropriately incorporate AI-related

considerations into comprehensive sustainability indicators, ensuring that development strategies and implementation are aligned with sustainable development principles.

2. During the use of AI, the Group should provide appropriate education and training to employees, enhance employees' capacity to adapt to changes arising from AI adoption, and, to the fullest extent practicable, safeguard their employment rights and interests.

Article 11 Matters Not Covered

The responsible units shall, in accordance with this Policy and relevant laws and regulations, develop the management rules and technical operational standards required for the implementation of this Policy, and submit them to the Board of Directors for review and approval before implementation. Matters not addressed herein shall be handled in accordance with applicable laws and regulations and the Group's internal rules.

Article 12 Approval Level

This Policy shall take effect after approval by the Board of Directors and issuance by official correspondence. The same shall apply to any amendments.