

Taiwan Cooperative Financial Holding Co., Ltd.

Sustainable Development Best Practice Principles

Passed by a resolution in the 30th meeting of the 1st Board of Directors on May 26, 2014

Passed by a resolution in the 30th meeting of the 2nd Board of Directors on October 24, 2016

Passed by a resolution in the 9th meeting of the 4th Board of Directors on March 22, 2021

Passed by a resolution in the 20th meeting of the 4th Board of Directors on February 21, 2022

Passed by a resolution in the 35th meeting of the 4th Board of Directors on May 22, 2023

Chapter 1 General Principles

- Article 1 Taiwan Cooperative Financial Holding Co., Ltd. (the Company), in order to fulfill corporate social responsibility, promote economic, environmental and social progress and achieve the goal of sustainable development, the Company established these principles refer to the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" to manage the Company's economic, environmental and social risks and impacts.
- Article 2 The object and scope of application of the Principles include the overall operating activities of the Company, subsidiaries, and joint ventures.
The Company shall actively practice sustainable development, in line with international development trends, and through corporate citizenship, to enhance national economic contribution, improve the quality of life of employees, communities, and society, and promote sustainable development-oriented competitive advantages.
- Article 3 In fulfilling sustainable development initiatives, the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.
The company shall, in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy.
- Article 4 To implement corporate social responsibility initiatives, the Company is advised to follow the principles below:
1. Implement corporate governance.
 2. Foster a sustainable environment.
 3. Maintain social welfare.

4. Strengthen the disclosure of corporate sustainability information.

Article 5 The Company shall take into consideration the correlation between the development of domestic and international sustainable development principles and corporate core business operations, and the effect of the operation of the Company and of its subsidiaries as a whole on stakeholders, in establishing policies, systems or relevant management guidelines, and concrete promotion plans for sustainable development, which shall be approved by the Board of Directors.

Chapter 2 Implement Corporate Governance

Article 6 In addition to complying with the Corporate Governance Best Practice Principles and Ethical Corporate Management Best Practice Principles issued by the Company, the Company is also advisable to abide by the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the Code of Ethical Conduct for TWSE/GTSM Listed Companies to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

Article 7 The directors of the Company shall exercise the due care of good administrators to urge the Company to perform its sustainable development, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its sustainable development policies.

The Board of Directors of the Company is advised to give full consideration to the interests of stakeholders, including the following matters, in the company's performance of its sustainable development initiatives:

1. Proposing a sustainable development mission or vision and formulating sustainable development policies.
2. Incorporating sustainable development into the Company's operating activities and development direction.
3. Ensuring the timeliness and accuracy of disclosure of information related to sustainable development.

Article 8 The Company is advised to hold trainings to promote sustainable development every year or participate in external training.

Article 9 In order to improve the management of sustainable development, the

Company is advised to establish a governance structure to promote sustainable development and set an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing sustainable development policies, systems or related management propose and concrete promotion plans, and report to the Board of Directors every year.

The Company is advised to adopt reasonable remuneration policies to ensure that remuneration arrangements can meet the organization's strategies and objectives and the interests of stakeholders.

Article 10 The Company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the Company, and establish a designated section for stakeholders on the Company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important sustainable development issues which they are concerned about.

Chapter 3 Foster a Sustainable Environment

Article 11 The Company shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.

Article 12 The Company is advised to endeavor to improve energy efficiency and use renewable materials with low impact on the environment, so that the earth's resources can be used sustainably.

Article 13 The Company is advised to establish an appropriate environmental management system based on its industrial characteristics, which shall include the following items:

1. Collecting sufficient and up-to-date information to evaluate the impact of the Company's business operations on the natural environment.
2. Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant every year.
3. Adopting enforcement measures such as concrete plans or action plans, and examining the results of their operation annually.

Article 14 The Company is advised to establish a dedicated unit or assign dedicated

personnel for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and hold environment education courses for the managerial officers and other employees annually.

Article 15 The Company is advised to consider the impact of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from business operations:

1. Reduce resource and energy consumption of financial products and services.
2. Properly dispose of waste.
3. Maximize the sustainable use of renewable resources.
4. Utilize energy-saving and environmental friendly products.
5. Enhance the efficiency of financial products and services.

Article 16 In order to improve water use efficiency, the Company should properly and sustainably use water resources and establish relevant management measures.

Article 17 The Company is advised to evaluate the current and future potential risks and opportunities that climate change may present to enterprises and to adopt climate related measures.

The Company is advised to adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:

1. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the Company.
2. Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating, or steam.
3. Other indirect emissions: emissions from the Company's activities which are not indirect energy emissions but are from emissions sources owned or controlled by other companies.

The Company is advised to compile statistics on greenhouse gas emissions, volume of water consumption and total weight of waste and

to establish policies for energy conservation, carbon and greenhouse gas reduction, reduction of water consumption or management of other wastes. The companies' carbon reduction strategies should include obtaining carbon credits and be promoted accordingly to minimize the impact of their business operations on climate change.

Chapter 4 Maintain social welfare

Article 18 The Company shall comply with relevant laws and regulations and international human rights conventions, such as the rights of gender equality, the right to work and prohibit discrimination, etc.

The Company shall comply with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and shall ensure that their human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

The company shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality and transparency of the grievance process. Channels through which a grievance may be raised shall be clear, convenient, and unobstructed. A company shall respond to any employee's grievance in an appropriate manner.

Article 19 The Company shall provide information for their employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the Company has business operations.

Article 20 The Company is advised to provide safe and healthful work environments for their employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents.

The Company is advised to organize training on safety and health for their employees on a regular basis.

Article 21 The Company is advised to create an environment conducive to the development of employees' careers and establish effective training

programs to foster career skills.

The Company shall establish and implement reasonable employee welfare measures (including remuneration, leave and other welfare etc.) and appropriately reflect the business performance or achievements in the employee remuneration, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.

Article 22 The Company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the Company's operations, management and decisions.

The Company shall respect the employee representatives' rights to bargain for the working conditions, and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives.

The Company shall, by reasonable means, inform employees of operation changes that might have material impacts.

Article 23 The Company is advised to treat customers or consumers of its financial products or services in a fair and reasonable manner, including fairness and good faith in contracting, duty of care and fiduciary duty, truthfulness in advertising and soliciting, fitness of products or services, notification and disclosure, commensuration between compensation and performance, protection of the right to complain, professionalism of salespersons etc. Also, the Company is advised to develop the relevant strategies and specific measures for implementation.

Article 24 The Company shall be responsible for financial products and services and pay attention to the importance to marketing ethics. Also, the Company should formulate and disclose its policies regarding to consumers' rights and implement them in operational activities to prevent financial products or services from damaging consumers' rights and interests.

Article 25 The Company shall ensure the quality of financial products and services by following the laws and regulations of the government and relevant standards of their industries.

The Company shall follow relevant laws, regulations and international guidelines in regard to customer health and safety and customer privacy involved in, and marketing and labeling of, financial products and

services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

Article 26 The Company is advised to evaluate and manage all types of risks that could cause interruptions in operations, so as to reduce the impact on consumers and society.

The Company is advised to provide a clear and effective procedure for accepting consumer complaints in order to fairly and timely handle consumer complaints, shall comply with laws and regulations related to the Personal Information Protection Act for respecting consumers' rights of privacy and shall protect personal data provided by consumers.

Article 27 The Company is advised to assess the impact its procurement has on society as well as the environment of the community that they are procuring from, and shall cooperate with suppliers to jointly implement the corporate social responsibility initiative.

The Company is advised to establish supplier management policies and request suppliers to comply with rules governing issues such as environmental protection, occupational safety and health or labor rights. Prior to engaging in commercial dealings, the Company is advised to assess whether there is any record of a supplier's impact on the environment and society, and avoid conducting transactions with those against corporate social responsibility policy.

When The Company enters into a contract with any of their major suppliers, the content should include terms stipulating mutual compliance with corporate social responsibility policy, and that the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.

Article 28 The Company is advised to, through equity investment, commercial activities, endowments, volunteering service or other charitable professional services etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

Article 28-1 The Company shall continue to inject resources into cultural and arts activities or cultural and creative industries through donation,

sponsorship, investment, procurement, strategic cooperation, corporate voluntary technical services, or other support models to promote cultural development.

Chapter 5 Enhancing Disclosure of Corporate Sustainable Development Information

Article 29 The Company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for TWSE/GTSM listed Companies and shall fully disclose relevant and reliable information relating to its sustainable development initiatives to improve information transparency.

Relevant information relating to sustainable development which The Company shall disclose includes:

1. The sustainable development policy approved by the resolution of the Board of Directors.
2. The risks and the impact on the corporate operations and financial condition arising from implementing corporate governance, developing a sustainable environment, and maintaining social public welfare.
3. The promotion goals, measures and implementation performance formulated by the Company for sustainable development.
4. Major stakeholders and their concerns.
5. Other information related to sustainable development.

Article 30 The Company shall adopt internationally widely recognized standards or guidelines when producing the sustainability report, to disclose the status of their implementation of the sustainable development. It also is advisable to obtain a third-party assurance or verification for the report to enhance the reliability of the information. The report is advised to include:

1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing sustainable development.
2. Major stakeholders and their concerns.
3. Results and a review of the implementing corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
4. Future improvements and goals.

Chapter 6 Supplementary Provisions

Article 31 The Company shall at all times monitor the development of domestic and foreign sustainable development standards and the change of business environment so as to examine and improve its sustainable development policies and to enhance the performance of sustainable development.

Article 32 This Principle shall come into force after being approved by the Board of Directors, and the same shall apply to amendments.