

# **Taiwan Cooperative Financial Holding Co., Ltd. Sustainable Financial Policy**

Adopted at the 18th meeting of the 4th Board of Directors on December 27, 2021  
Amended and passed by a resolution in the 35th meeting of the 4th Board of  
Directors on May 22, 2023

## **Article 1 (Purpose)**

In order to promote sustainable financial development and incorporate Environment, Society and Governance (hereinafter referred to as ESG) into its operation strategy, give full play to the positive influence of financial market, strengthen sustainable financial competitiveness, and implement the United Nations Sustainable Development Goals (SDGs), Taiwan Cooperative Financial Holding Co., Ltd. (hereinafter referred to as the Company) formulates the Company's sustainable financial policy (hereinafter referred to as this Policy).

## **Article 2 (Applicable subjects)**

This Policy applies to the Company and its subsidiaries. The Company and its subsidiaries shall follow this Policy when providing financial products and services, including but not limited to product and service development, investment and credit extension activities.

## **Article 3 (Management structure)**

The Company promotes the sustainable development, with the Sustainability Committee as the highest guidance unit, sets up a dedicated sustainability office to take care of sustainability issues. In addition, six executive teams are set up according to the division of functions, including corporate governance, customer commitment, employee care, environmental sustainability, social inclusion and sustainable finance.

## **Article 4 (General principles)**

The Company and its subsidiaries should incorporate the principle of ESG into the business decision considerations, deepen the climate change and other environmental protection related strategy and risk control measures, fulfill their corporate social

responsibility by the good faith management, public disclosure, compliance with laws and regulations, and multiple communication, and assurance of the quality of information disclosure, and improve corporate governance to move towards the goal of sustainable development.

#### Article 5 (Business administration)

The Company and its subsidiaries shall establish an open and transparent communication channel and information disclosure quality with all stakeholders, specifically implement the goal of sustainable development, and continue to pay attention to and follow up the issues and trends related to sustainable finance at home and abroad, so as to improve the effect for performance of sustainable finance.

#### Article 6 (Business promotion plan)

The Company and its subsidiaries shall actively promote and support related industries in combination with green finance, inclusive finance and responsible investment and financing, so as to meet the financial needs of enterprises and investors in pursuit of ESG, and grasp the opportunity of sustainable development:

- I. Continue to promote credit extension for alternative energy, water resources and green energy industries that reduce greenhouse gas emissions, and guide enterprises towards low-carbon operations.
- II. Provide financing or capital injection support to promising enterprises that are committed to reducing environmental pollution, reducing energy consumption or introducing environmentally friendly equipment.
- III. Continue to evaluate and issue sustainable development bonds, provide diversified sustainable financial products and services, and expand sustainable development bond markets to enhance social and environmental benefits.
- IV. Support organizations that contribute to the promotion of ESG business or activities.

#### Article 7 (Management of associates)

In order to meet the financial needs of the enterprise in pursuit of ESG, the Company and its subsidiaries shall manage the associates in accordance with the following principles:

- I. Avoid undertaking industries whose main business items have a significant adverse impact on the sustainable development of the environment or society.
- II. It is prohibited to undertake any sanctions designated by the competent authority in accordance with the relevant Money Laundering Control Act and the Terrorism Financing Prevention Act.
- III. Other enterprises engaged in activities that adversely affect ESG should be carefully assessed.
- IV. The management of the coal and unconventional oil and gas industries shall be strengthened, and the threshold and exit period for undertaking related business shall be determined separately.

#### Article 8 (Risk management)

When providing financial products and services, the Company and its subsidiaries shall prudently assess whether their counterparties or transactions have ESG risks, improve their environmental and social risk control mechanisms, and fulfill their corporate social responsibilities.

#### Article 9 (Handling of unmentioned matters)

Anything not mentioned in this Policy shall be handled in accordance with relevant laws and regulations of the Company.

#### Article 10 (Verification level)

This Policy shall be implemented after the resolution of the Board of Directors, and the same shall apply if amended.