

China Development Financial Holding Corporation

Code of Sustainable Conduct for Suppliers

China Development Financial Holding Corporation and its subsidiaries (“CDF Group”) have excellent performance in ESG Projects under the five main ESG strategies, namely, Corporate Governance, Intelligent Finance, Elite Talent Development, Low-Carbon Economy, and Co-Creation of Society, and was severally selected in DJSI World, DJSI Emerging Markets and FTSE4 Good TIP Taiwan ESG Index and won the Taiwan Corporate Sustainability Award, Excellence in Corporate Social Responsibility Award and Green Procurement Award. CDF Group is striving to deepen cooperation with suppliers and establish the “Code of Sustainable Conduct for Suppliers (“Code”)” for all suppliers who deal with CDF Group to support sustainable development of ESG (Environment, Social and Governance) improve suppliers’ resilience and ability to manage the risks and opportunities of climate change and assist industries in exerting their financial influence to push low-carbon transformation forward and facing material issues such as Covid-19 pandemic for the purpose of conveying the concept of sustainable development, working with our suppliers to promote environmental sustainability, protection of labor rights, safe workplace, ethical corporate management, protection of personal information, information security and making preparation for climate change. The Code is set forth as follows.

I. Principle of practice:

The suppliers have acknowledged and will abide by the Human Rights Commitment and guidelines and announcements relating to Corporate Social Responsibility (“CSR”) of suppliers posted on CDF’s corporate website (www.cdfholding.com) to jointly promote CRS. The contracts between CDF Group and suppliers may contain policies relating to CSR, including but not limited to labor rights, human rights, labor health, occupational safety and health, environmental protection, and code of ethics, to facilitate balance among economic growth, society, and environment as well as sustainable growth; furthermore, CDF Group may terminate or cancel the contracts, claim for compensation, suspend or cease trading with suppliers in accordance with the terms and conditions of the contracts if it is verified that the suppliers commit any breach of contracts, cause major impact on environment and society or have unethical behavior.

II. Labor Rights and Human Rights:

The supplier shall comply with relevant labor laws and regulations, protect labors’ legitimate interests in respect of employment, and respect, support and follow internationally recognized labor standards, and take into consideration human dignity, basic human rights and labor rights, including but not limited to:

- i. Prohibition of child labors (under 16 years of age), human trafficking, any form of forced labors, prejudice, sex harassment, salary deduction and infringement on basic labor rights; anti-discrimination, anti-bullying and anti-harassment; and emphasis on and protection of personal privacy and information security for clients and employees;
- ii. Efforts into there is no differential treatment irrespective of sex, race, age, partisan, faith, nationality, marital and family status in employment policies, concern for disadvantaged groups (temporary workers, foreign workers, aborigines and so on) implementation of protection of labor rights and equality of remuneration, employment conditions and promotion opportunities; respects to freedom of association and collective bargaining and emphasis on labor relations and balancing working conditions; and necessary and appropriate training depending on positions and job needs of employees;
- iii. Compliance with laws and regulations governing labor health and occupational safety and health as well as efforts into providing a safe and healthy working environment for labors; payments on or reimbursements for physical examinations and insurances relating to occupational safety for employees, compliance with policies and procedures governing engineering safety and environmental safety and health, arrangements for preventive measures or drills to ensure safe workplace and facilities as well as to conduct regular maintenance; and
- iv. Establishment of grievance mechanisms or channels for employees, vendors or business partners to prevent, avoid, mitigate or resolve human rights risks.

III. Environmental Sustainability:

- i. The suppliers shall devote their efforts to take care of the earth, cherish resources, create low-carbon environment and conserve energy for avoiding adverse impacts on social environment and people's health, and shall set up the policies and measures concerning environmental protection and energy conservation to implement the corporate culture of environmentally sustainable development, and shall emphasis on the impacts of business activities on the environment and society of the neighborhoods which provide the goods and strive to implement CSR with CDF.
- ii. The suppliers shall be dedicated to reducing or minimizing any form of wastes, including but not limited to wastes of water resources and energy; and shall try to use energy-saving equipment, take energy-saving measures, or use recovery, recycling or alternative materials for the purpose of energy saving and carbon reduction when operating business activities, managing equipment or during the process of production, repairs and transportation.
- iii. The suppliers shall be dedicated to minimizing pollutants, toxic substances and wastes as well as process them properly, and shall comply with laws and regulations concerning waste treatment to minimize negative impacts on the

natural environment.

- iv. The suppliers shall respect, support and establish the shared prosperity policies or activities and actively participate charity activities; and shall use the materials and components provided by local vendors or with the certifications of green marks at home and abroad as well as adopt the low-carbon transportations; and shall be dedicated to obtaining ISO certifications (such as ISO-14001, ISO-50001, ISO-14064 and ISO-14067), selling ISO certified products and engaging ISO certified vendors.
- v. The suppliers shall assure the goods with product liability insurances, premises liability insurance or information security insurances to deduct and diverse operational risks or to promote risk appetites.

IV. Code of Ethics:

- i. The suppliers shall abide by guidelines for code of ethics, including but not limited to the integrity (such as honestly paying taxes, or refusing to pay bribes, receive improper benefit or political contributions, or prohibitions on insider trading or infringing related parties' rights and interests), fair trading (such as prohibitions on improperly accessing or using others' trade secret, trademarks, patents, copyrights and false advertising), anti-money laundering and countering the financing of terrorism, information security, promotion of warranty services and full disclosure of information so soon as practicable.
 - ii. The suppliers shall establish policies for preventing unethical business behaviors, periodically assess potential risks resulting from unethical behaviors in their business scopes and further avoid taking and review such risks, and shall carry out transactions with good faith and in an open and transparent manner; and moreover, CDF Group may terminate contracts with and blacklist the suppliers who conduct any material unethical behavior.
 - iii. The suppliers have acknowledged the policies and guidelines governing code of ethics and undertook to expressly refuse to directly or indirectly provide, commit, demand, or accept any form of improper gains.
 - iv. The suppliers shall explain the purposes in appropriate forms when processing and collecting personal information and properly keep information about customers and transactions in safe custody.
- V. The suppliers shall communicate the Code deemed to be part of the contracts between CDF Group and suppliers, including the contracts of procurement, service or engineering, to their employees and vendors. CDF Group may take the following measures if the suppliers violate any provision of the Code and such violation causes significant impacts on or serious harm to ESG.
- i. Notify the suppliers to make corrections within a fixed period of time and provide corrective or remedial solutions;
 - ii. Terminate or cancel the contracts with the suppliers and make claims for resulted damages pursuant to such contracts, including but not limited to claims for

- reputational damage and subrogation claims;
- iii. Suspend transactions with the suppliers within a fixed period of time; and
- iv. Blacklist the suppliers for future business and terminate and cancel all contracts with such suppliers.

Reference Materials:

Type	Laws, Regulations and Guidelines concerning Sustainable Conduct of Suppliers	Website
International Bill of Human Rights	Universal Declaration of Human Rights, UDHR	https://www.un.org/en/about-us/universal-declaration-of-human-rights
	The Ten Principles of the UN Global Compact, UNGC	https://www.unglobalcompact.org/what-is-gc/mission/principles
	United Nations Guiding Principles on Business and Human Rights, UNGPs	https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf
	International Labor Office Tripartite Declaration of Principles, ILO Tripartite Declaration of Principles	https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---multi/documents/publication/wcms_094386.pdf
	The OECD Guidelines for Multinational Enterprises	https://mneguidelines.oecd.org/guidelines/
Governance	ESG Report of China Development Financial Group	https://www.cdfholding.com/zh-tw/esg/esg-in-cdf
	Human Rights Commitment of China Development Financial Group	https://www.cdfholding.com/zh-tw/-/media/files/cdf/esg/social/human-rights-commitment.pdf
	Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies	http://www.selaw.com.tw/LawArticle.aspx?LawID=G0100259
Labor Rights	Labor Standards Act	https://law.moj.gov.tw/LawClass/LawAll.aspx?PCode=N0030001
	Occupational Safety and Health Act	https://law.moj.gov.tw/LawClass/LawAll.aspx?pcode=N0060001
	Consumer Protection Act	https://law.moj.gov.tw/LawClass/LawAll.aspx?pcode=J0170001
	Personal Data Protection Act	https://law.moj.gov.tw/LawClass/LawAll.aspx?PCode=I0050021
	Sexual Harassment Prevention Act	https://law.moj.gov.tw/LawClass/LawAll.aspx?PCode=D0050074
	Ministry of Labor, Enquiry System on Entities (Employers) Violating laws and regulations about labor rights	https://announcement.mol.gov.tw/
Environmental Protection	Greenhouse Gas Reduction and Management Act	https://law.moj.gov.tw/LawClass/LawAll.aspx?pcode=O0020098
	Environmental Protection Administration of Executive Yuan, Pollutant Release and Transfer Register System	https://prtr.epa.gov.tw/FacilityInfo/Data
Code of Ethics	Money Laundering Control Act	https://law.moj.gov.tw/LawClass/LawAll.aspx?pcode=G0380131
	Fair Trade Act	https://law.moj.gov.tw/LawClass/LawAll.aspx?pcode=J0150002
	Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies	http://www.selaw.com.tw/LawArticle.aspx?LawID=G0100238