

# **China Development Financial Holding Corporation Regulations Governing the Handling of Whistleblowing Cases on Illegal and Unethical or Dishonest Conduct**

Jurisdiction : Compliance Department

Promulgated on April 30, 2018

Amended on September 27, 2022

Article 1 These Regulations are enacted in order to implement China Development Financial Holding Corporation's (hereinafter referred to as "CDFH") Guidelines for the Adoption of Codes of Ethical Conduct and Ethical Corporate Management Best Practice Principles, and to protect the legal rights of whistleblowers and alleged perpetrators.

Article 2 The Compliance department of CDFH is the handling unit for dealing with whistleblowing on illegal, unethical or dishonest conduct. Whistleblowers may report misconducts via the telephone, fax, letters or e-mail. Reporting channels shall be publicly listed on the CDFH website.

Article 3 Any person may report misconduct of an employee of CDFH or a subsidiary who violated the Guidelines for the Adoption of Codes of Ethical Conduct, the Ethical Corporate Management Best Practice Principles of CDFH other circumstances. Accepted categories of misconduct include, but are not limited, to the following :

1. Violation of finance laws and regulations.
2. Offering or acceptance of bribes.
3. Illegal political donations.
4. Infringement of intellectual property rights.
5. Obtaining improper benefits by engaging in unfair trading methods.
6. Use of or disclosure of undisclosed information in order to engage in insider trading.
7. Actions that damage the rights or interests of stakeholders, or severely harm public interest.

Article 4 Whistleblowers shall provide their real name, contact information, factual description of the situation, as well as relevant evidence and information. In case of any of the following circumstances, CDFH may refuse to accept the case :

1. The whistleblower does not provide a factual description of the

situation and relevant evidence.

2. The misconduct is not regulated in the Guidelines for the Adoption of Codes of Ethical Conduct and the Ethical Corporate Management Best Practice Principles of CDFH.
3. Reports are on an alleged perpetrator who has already been investigated by CDFH or the case has been closed.

CDFH shall protect the identity of the whistleblower. Relevant documents shall be safely kept and encrypted with restricted access.

If the whistleblower is an employee of CDFH or a subsidiary, CDFH shall provide appropriate protective measures. The whistleblower shall not be terminated, dismissed, downgraded/relocated, given a reduction in pay, impairment to any entitlement under the law, contract or customs, or other unfavorable disposition due to the reported case. However, this provision shall not apply if the whistleblower has behaviors stipulated in Article 7.

If the unethical or dishonest behavior of the alleged perpetrator is verified to be true, CDFH shall immediately request the alleged perpetrator stop the relevant behavior, and immediately deal with the situation appropriately. However, CDFH shall give the alleged perpetrator an opportunity to make a statement prior to the final disciplinary decision in the case.

The investigation result of the whistleblowing case shall be reported to the Ethical Corporate Management Committee or the Audit Committee of CDFH according to the position level of the alleged perpetrator.

Article 5 Subsidiaries of CDFH shall establish a whistleblowing system as required by laws and regulations. The whistleblowing system shall be set up in accordance with relevant laws and regulations, as well as these Regulations. A unit shall be designated with the responsibility and authority to act independently in handling and investigating whistleblowing cases.

Article 6 The handling unit shall deal with whistleblowing cases in accordance with the following procedures :

1. At the time when the handling unit receives a case, it shall issue a written receipt indicating the date and time of receiving the report and deliver to the whistleblower via mail, e-mail, in person or other method, and keep the records. However, this shall not apply if the whistleblower does not provide any contact information.
2. If the content of a subsidiary's whistleblowing case does not involve CDFH, and the subsidiary has a whistleblowing system, after reporting to the President of CDFH, the subsidiary's handling unit shall accept the case and handle the investigation. If the Subsidiary

involved has not yet established a whistleblowing system, the case shall be accepted by and investigated by the handling unit of the parent company. Relevant results of investigations shall be reported back to handling unit of CDFH. The subsidiary may ask the parent company or the Compliance Department of CDFH for assistance during the investigation if necessary.

3. After a whistleblowing case is accepted, the reporting line and investigation shall be handled in accordance with the following procedures. The Internal Audit Department may be asked to assist in the investigation if necessary :
  - A. If the alleged perpetrator is in a position lower than that of Vice President (excluding) at CDFH, the Chief Compliance Officer of CDFH head office shall immediately report to the President, and the President will direct the forming of an investigation team.
  - B. If the alleged perpetrator is a board director of CDFH or is a manager with duties equivalent to that of Vice President or higher, the Chief Compliance Officer of CDFH head office shall report to the convener of the Audit Committee, and the convener will direct the forming of an investigation team.
  - C. If the alleged perpetrator is an independent director, the Chief Compliance Officer of CDFH head office shall direct the forming of an investigation team with the Chief Audit.
  - D. After the results of the investigation, which are treated as confidential documents, are signed and approved by relevant parties as required by the reporting line, cases of Item A shall be reported to the most recent Ethical Corporate Management Committee, and then to the Audit Committee; cases of Item B and Item C shall be reported to the Audit Committee for re-examination.
4. After a whistleblower has filed a report, additional information and evidence beneficial to the investigation may be provided immediately. Due to the need for verification, the investigation team may interview the whistleblower or the alleged perpetrator, and the interview shall be recorded.
5. Each unit and personnel of CDFH shall cooperate with the investigation team by providing the documents, data, and items requested.
6. Whistleblowing cases that are found to be material contingencies or illegal after investigation shall be reported to relevant authorities.
7. For verified cases, relevant units of CDFH shall review the internal

control system and operational procedures, and propose improvement measures to prevent the same situation from occurring again.

8. The investigation team shall provide a report within 6 months after the establishment of the team, but the period can be extended once by 3 months due to the complication of case or other factors.
9. After reporting the results of the investigation pursuant to item D of subparagraph 3, a written report about the handling of the situation shall be given to the whistleblower within 30 days of reporting via registered mail, e-mail, or in person or other method. However, this shall not apply if the whistleblower does not provide any contact information.

The written documents on the handling and results of the investigation on whistleblowing cases, as well as the audio and video recordings mentioned in the fourth subparagraph of the preceding paragraph, shall be kept for five years. The written documents may be kept electronically. Before reaching the end of the retention period for the documents, in the event of a litigation that is related to the content of the report, the retention period of relevant information shall be extended until the end of the litigation.

Personnel in the handling unit who fails to deal with whistleblowing cases without justifiable reasons, or the supervisor of the alleged perpetrator who is aware of the misconduct before it is reported but fails to deal with the situation shall be disciplined according to relevant disciplinary measures of CDFH.

The reporting line and investigation process of a whistleblowing case shall avoid the lineal relatives by blood or the collateral relatives by blood, or third-degree relatives of the whistleblower or the alleged perpetrator, or other related parties that may potentially affect the handling of the case.

Article 7 If the whistleblower knowingly gives a false report or provides fake evidence, and is an employee of CDFH or a subsidiary, he/she will be reported to the Personnel Review Committee for review in accordance with relevant internal disciplinary measures of CDFH. The most severe disciplinary measure that can be imposed is dismissal if the Personnel Review Committee finds the circumstance to be serious.

Article 8 For whistleblowing cases that are verified to be true, in addition to handling the cases according to laws, regulations, and regulations of CDFH, CDFH may provide appropriate incentives to the whistleblowers.

Article 9 CDFH shall periodically arrange for the promoting of awareness and training for personnel on the whistleblowing system.

Article 10 These Regulations shall be enforced from the date of publication after the approval of the Ethical Corporate Management Committee and Board of Directors of CDFH. The same applies to any amendment thereto.