

# China Development Financial Holding Corporation

## Sustainable Development Guidelines

Responsible Unit: Sustainability Development Department

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### Chapter I: General Provisions

Article 1 In order to carry out corporate social responsibility and to contribute to the economic, environmental and social advancement of Taiwan, with a view to achieving sustainable development, China Development Financial (hereafter “the Company”) has drafted the relevant guidelines (hereafter “the Guidelines”) contained herein, based on the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies, as promulgated by the Taiwan Stock Exchange (TWSE).

Article 2 The Guidelines apply to the Company and the general operations of all of its subsidiaries.

The Company shall actively carry out its sustainable development during the course of daily business operations, with a view to keeping abreast of international development trends, contributing to the economic development of the country, improving the quality of life of its employees, the community and society as a whole by acting as a responsible corporate citizen, and to enhancing the competitive advantages that can be derived from sustainable development corporate behavior.

Article 3 The Company shall, while carrying out sustainable development, be mindful of the rights and benefits of stakeholders. In addition, while pursuing sustainable operations and profitability, it shall continue to be mindful of the need to protect the environment and the society, as well as of its corporate governance principles. The Company will do this by incorporating the aforementioned factors into its corporate management

guidelines and operating activities.

The Company shall, based on the principle of materiality, conduct risk assessments of the environmental, social and corporate governance issues relating to the Company's operations, and shall cover various sustainable risks, including but not limited to integrity management risks, climate change risks, human rights risks and relevant risk management policies or strategies are formulated by the responsible units.

- Article 4 It is recommended that the Company, in order to carry out sustainable development, be guided by the following principles:
- (1) implementing corporate governance;
  - (2) building up a sustainable environment;
  - (3) upholding of the public good; and
  - (4) enhancing of information disclosure pertaining to sustainable development.

- Article 5 Once the Company's shareholders raise any proposals related to sustainable development, it is recommended that the Board of Directors include in the shareholder meeting agenda.

## Chapter II: Practicing Corporate Governance

- Article 6 The Company has put in place an effective framework of governance and relevant ethical standards to strengthen its corporate governance, based on the Corporate Governance Best Practice Principles for Financial Holding Companies, Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies.
- Article 7 The Company shall exercise the due care of a good administrator in carrying out its sustainable development. It will also continually review

the results and continuous improvement, in order to ensure the implementation of sustainable development policies.

The Company has established a Sustainability Committee under the Board of Directors to take charge of related matters.

Article 8 The Company is advised to provide training programs conducive to the implementation of its sustainable development.

Article 9 The Company has set up a Sustainability Committee, which oversees six task forces of corporate governance, social philanthropy, environmental protection, responsible finance, customer rights and employee care. These task forces are responsible for the conceiving and running of substantive projects related to sustainable development. The said task forces are required to report to the Board of Directors on a regular basis.

Article 10 The Company shall, in acknowledging the rights of stakeholders, identify the stakeholders of the Company and add a stakeholders section on its website. This will assist in understanding the reasonable needs and expectations of stakeholders through adequate means of communication, and help appropriately address the sustainable development issues that stakeholders wish to raise.

### Chapter III: Building a Sustainable Environment

Article 11 The Company shall abide by environmental regulations and international standards and engage in environmental protection activities in an appropriate manner. It will also strive to achieve environmental sustainability in its operations and internal management.

Article 12 The Company is advised to enhance the efficient utilization of all sorts of energy and to use recycled materials that are less harmful to the

environment, in order to ensure sustainable use of the earth's resources.

Article 13 The general affairs department of the Company's Operations & Technology Department is in charge of the management of the office environment and equipment, and is responsible for periodically allocating maintenance staff to ensure a clean office environment as well as the proper functioning of office equipment.

Article 14 The Company is advised to take into consideration the ecological consequences of its operations, to promote sustainable consumption, and to strive to reduce its impact on the natural environment when engaging in procurement, daily operating and services, based on the following guidelines:

- (1) reducing the consumption of energy and all kinds of resources;
- (2) reducing and properly treating all kinds of waste;
- (3) ensuring reasonable and sustainable use of water resources;
- (4) maximizing the sustainable use of renewable resources; and
- (5) adopting energy-saving and eco-friendly products.

Article 15 The Company shall formulate measures to ensure proper and sustainable use of water resources, and improve the efficiency of water consumption.

Article 16 The Company is advised to assess the impact of climate change on its operations, and to adopt appropriate measures.

The Company is advised to be aware of the impact of its operations on climate change, and to formulate measures to promote and ensure energy conservation and reduce carbon emissions.

#### Chapter IV: Upholding the Public Good

Article 17 In order to maintain the integrity of basic labor rights in its operations, the Company shall abide by laws and regulations in protecting the rights and

benefits of employees, and respect internationally-recognized employee entitlements such as the freedom of association, the right to collective negotiation, care for disadvantaged people, the ban on the use of child labor, and the elimination of all kinds of forced labor and employment discrimination.

The Company shall ensure equality in its human resource policies regardless of the sex, race, social and economic status, age, marital status and family background of employees. It will also provide equal terms of employment, compensation, benefits, training, performance assessment and opportunities for promotion to all employees.

In the event of an infringement of labor rights, the Company shall provide an effective and adequate report mechanism and ensure impartiality and transparency throughout the processing of such reports. The report system should be simple and clear, convenient, and smooth. All employees' complaints should be responded in a timely and appropriate manner.

Article 18 The Company shall furnish employees with the relevant information as regards their rights and entitlements under local labor laws.

Article 19 The Company will maintain a work environment that is safe and healthy, provide essential health related and first aid equipment, and strive to reduce elements that may jeopardize the health and safety of employees.

The Company is advised to provide workplace safety and healthcare training programs to employees on a regular basis.

Article 20 The Company is advised to create an environment conducive to employees' career development, and provide organized professional training programs.

Article 21 The Company shall maintain a system of open communication with employees and respect their right to access information and make suggestions to management as regards operational decisions.

The Company shall respect employees' right to negotiate working conditions, and provide the necessary information and instruments to facilitate negotiations and collaboration between employer and employees and their representatives.

The Company shall, in a reasonable manner, inform employees of any material changes to operations.

Article 22 The Company shall conform to government regulations and industry standards to ensure the quality of its products and services.

The Company shall follow related regulations and international guidelines in marketing and introducing products and services. Also, it may not deceive or mislead consumers or engage in any such behavior that could infringe customer trust and rights.

Article 23 The Company is advised to assess and manage all kinds of risks that could disrupt its operations and mitigate any potential impact of such disruptions on consumers and society at large.

The Company is advised to provide, in a timely and equitable manner, transparent and effective procedures in processing consumers' complaints about products and services. It will also abide by the Personal Information Protection Act and related regulations to ensure the integrity of consumers' privacy and protect the personal information of consumers.

Article 24 The Company shall establish sustainable guidelines for suppliers and

request them to comply with rules for environmental protection, occupational safety and health and labor rights. It is also advised to assess the records of prospective suppliers in respect of the environmental and social impacts of their operations prior to engaging in formal business relations. It shall also avoid transactions with any entities that act against the Company's own sustainable development policies.

The Company is advised to include in its contracts with major suppliers a statement indicating that both parties agree to carry out their respective sustainable development, as well as a provision to suspend or terminate such contracts if the suppliers are found violating such a statement and are causing substantive damage to the environment and community from which such supplies are provided.

Article 25 The Company shall assess its operating impact on the community and allocate adequate human resources to improve community recognition.

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#### Chapter V: Enhancing Information Disclosure Pertaining to Sustainable Development

Article 26 The Company shall improve transparency through full disclosure of information that is dependable and pertinent to its sustainable development in accordance with relevant laws and the section on information disclosure of the Corporate Governance Best Practice Principles for Financial Holding Companies.

Article 27 The Company shall adopt internationally-recognized standards or guidelines in the drafting of written ESG reports when disclosing its actions on sustainable development. Such reports are advised to obtain third-party accreditation or endorsement to ensure information reliability.

The content of such reports is advised to include:

- (1) substantive plans for the implementation of sustainable development policies, systems or management guidelines, and action plans;
- (2) description of stakeholders and the issues they concerned;
- (3) assessment and review of the implementation of action plans related to corporate governance, environmental sustainability, upholding of the public good and contribution to economic development; and
- (4) recommendations for future improvement and targets.

## Chapter VI: Appendix

Article 28 The Company shall continually pay attention to the development of domestic and international sustainable development standards, and review and moderate its own sustainable development system based on such development to improve the effectiveness of the implementation of sustainable development.

Article 29 The Guidelines shall be implemented from the day they are announced following approval by the Board of Directors, and the same procedures also apply to amendments.