KGI Bank Co., Ltd.

Policy for Responsible Investment

Draft Date：109.12.28
Issue Date：110.02.02

Article 1 To be due diligence in stewardship and implement the Principles for Responsible investment, KGI Bank Co., Ltd. (hereinafter referred to as “the Bank”) has formulated the Policy for Responsible Investment (hereinafter referred to as the “Policy”) that incorporate Environment, Society and Governance (hereinafter referred to as “ESG”) in accordance with the TWSE Stewardship Principle for Institution Investors and the United Nations Principles for Responsible Investment (UN PRI) to achieve sustainable development goals.

Article 2 The equity investments which is at fair value through other comprehensive income (FVOCI) into the Bank account and the securities investments which is accounted in the Banking book shall be in accordance with the Policy.

Article 3 At the stages of evaluating the investment objectives, investment decisions and managing portfolio, the Bank shall consider ESG aspects and other sustainability related factors, and execute stewardship to create investment value and facilitate sound development of the Bank’s investment. Specific measures include:-

I. While evaluating potential investment objectives, it is imperative on the part of the investment teams to consider ESG aspects, and exclude those businesses having significant environmental, social or governance disputes that have been proven related to these aspects seriously involved as described below , and been penalized by competent authorities or international organizations but yet to improve:

i. Environmental aspects: coal-mining businesses;

ii. Society aspects: Industries and sector where there is substantial evidence that pornography, drugs, money laundering, terrorism financing, servitude, child labor or any violation of human rights are involved;

iii. Governance aspects: Companies where there is substantial evidence that the Board violates law, the corporate charter or a shareholder resolution, or acts in a way that significantly impairs the rights of shareholders or investors.

II. In case where potential objectives operate coal-mining businesses or coal/thermal power plants and are penalized for environmental pollution by competent authorities of environmental protection over the past 12 months, investment teams shall examine whether any improvement has been made or planned, and indicate it in the appraisal report. whether to change the investment strategy of the Bank.

III. Investment teams shall continuously monitor, analyze, and evaluate relevant information on investment objectives. If an investment objective has interests in the criteria for exclusion listed in the paragraph 1 of article 3 during the investment period, the investment teams have to quickly examine and evaluate if improvements has been made or planned, and shall report it in the evaluation report if the Bank has to alter investment strategies.

Article 4 For the long-term benefits of the Bank, a sub-policy governing shareholder meeting's voting of the portfolio companies is formulated as below:

I. Cautious exercise of voting right with deliberation over the information obtained from the portfolio companies and consideration of the impact of the proposal on the Group or investors' rights, as well as communication with their senior management for further elucidation as necessary;

II. In-principle approval for the proposals presented by senior management of the companies to respect their operational expertise and facilitate their effective development;

III. In-principle disapproval for the proposals that impede their sustainable development or violate ESG standards;

IV. A record of attendance and votes at shareholder meetings of the portfolio companies.

Article 5 The Bank shall disclosure the implementation of responsible investment and relevant information in the annual CSR report of the parent company, China Development Financial Holding Company.

Article 6 Relevant laws and internal regulations shall apply where the Policy does not suffice.

Article 7 The Policy and future announcement come into effect on announcement of approval by the Audit Committee and the Board of Directors.