

Sustainable Procurement Guidance for Yuanta Financial Holdings Group's Suppliers

Yuanta Financial Holding Co., Ltd. and its subsidiaries (collectively referred to as the "Yuanta Financial Holdings Group") commit to becoming the leading international enterprise with best-in-class sustainability development performance, and striving for sustainable finance, eco-friendly business and social prosperity. To call upon all the Yuanta Financial Holdings Group's business partners to focus on the sustainability issues, Yuanta Financial Holdings Group promulgates sustainable procurement guidance for their suppliers, referencing "The United Nations Sustainable Development Goals (SDGs)", "The Universal Declaration of Human Rights", "The United Nations Global Compact", "The United Nations Guiding Principles on Business and Human Rights", "International Labour Conventions", "ISO 20400 Sustainable Procurement-Guidance", Taiwan's "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" and other sustainability guidelines, so as to gradually establish a sustainable business management and service model.

Yuanta Financial Holdings Group's supplier (hereinafter, the "Supplier") hereby promises to comply with Yuanta Financial Holdings Group's sustainable development goal, and endeavor to achieve such goals in the perspectives of sustainable finance, eco-friendly business and social prosperity while conducting business. The Supplier, according to the Sustainable Procurement Guidance for Yuanta Financial Holdings Group's Suppliers, will devote to implementing the followings to advance sustainable development:

- I. The Company commits to complying with general principle regarding labor's basic human rights, including protecting and safeguarding their employees' human rights and interests, and eliminating compulsory labor or discrimination against employees in any manner. The Company shall not discriminate against, harass, or impose discriminated language, attitude and behaviors on any employees or clients on the basis of sex, race, socioeconomic status, age, marital status, family status, language, religion, political party, national origin, appearance, facial features, physical and mental disabilities. The Company and all of its employees shall together endeavor to build a positive working environment with equal employment opportunity where there is no discrimination or harassment.
- II. The Supplier shall endeavor to promote the environment sustainability, conduct business under the premise of not to destroy nature environment, establish practical environmental energy-saving management system, promote Earth protection, natural resources conservation and environmental energy-saving, and avoid causing any water, air, or land pollution. If it is unavoidable, under the considerations of cost effectiveness and the technical or financial feasibility, the Supplier shall endeavor to reduce the negative impact on human beings' health and the environment as much as possible to fulfill the goal of environmental sustainability.
- III. The Supplier will establish its policies and goals for pursuing social prosperity and charitable engagement with the spirit of sustainable development. To improve social prosperity, the Supplier shall actively participate in charitable activities and exercise their social influences.
- IV. The Supplier strictly prohibits any conducts or behaviors that violates the professional ethics. If there's any violations of any operational relevant laws or any professional ethical principle of the Supplier, such as conflict of interest, prohibition of dishonesty, bribery, kickbacks, insider trading, anti-money laundering and countering the financing of terrorism, confidential information protection and infringement of intellectual property right and so forth, the Supplier shall treat the violations impartially and give no quarter.

Sustainable procurement guidance for Yuanta Financial Holdings Group's Suppliers is incorporated into and made part of any contract made and entered into by and between the Supplier and Yuanta Financial Holdings Group. If the Supplier violates any aforementioned guidance or any sustainable development policy illustrated by such guidance, which results in a significant impact on corporate governance, environmental protection or social prosperity, the member of the Yuanta Financial Holdings Group which has entered into a contract with the Supplier has the right to terminate the contract at any time and be entitled to the compensation for all the damages arising from such violations (including but not limited to reputational damages).

These terms and conditions herein are in both Chinese and English. In the event of any conflict or inconsistency between Chinese and English version, the Chinese version shall prevail.

Sustainable Procurement Guidance for Yuanta Financial Holdings Group's Suppliers-Index

Table of Contents

1. Purpose	2
2. Scope	2
3. Definition of Terms.....	2
4. Definition of Guidance	2
5. Responsibility	2
6. Content of Guidance.....	3
6.1 Integrity Management	3
6.2 Labor	3
6.3 Health and Safety	5
6.4 Environment.....	5
6.5 Sustainable Consumption.....	6
6.6 Social Engagement.....	7
7. Reference	8

1. Purpose

This Guidance guides the code of conduct with respect to the environment and social responsibility that must be followed by the Yuanta Financial Holdings Group's Suppliers in their operation.

2. Scope

This Guidance is applicable to any and all Suppliers who are doing business or in contract with Yuanta Financial Holdings Group (including products or services).

3. Definition of Terms

- 3.1 Supplier(s): Any entity, organization, institution or individual that provides products or services to the Yuanta Financial Holdings Group.
- 3.2 Stakeholders: Any entity, organization, institution or individual who may be affected or is affected, or to be believed by themselves that they will be affected by the decisions or activities.
- 3.3 Integrity and Ethical Conduct: Conduct that complies with all the applicable governing laws or regulations enacted by government authority, the global best practices for behavior and the recognized international standards and conventions.
- 3.4 Policy: A policy includes the organization's business goals and directions officially announced by the highest level of management.
- 3.5 Procurement: The process or act that the Yuanta Financial Holdings Group obtains either products or services from the Supplier.
- 3.6 Subcontractor: Any entity, organization, institution or individual who's under the contract to the Supplier in order to perform a specific part of the work which such Supplier has contracted with Yuanta Financial Holdings Group to perform.
- 3.7 Supply Chain: The network includes raw material Suppliers, manufacturers, distributors, retailers and the final buyers, connecting from upstream to downstream, to produce and distribute the products.
- 3.8 Sustainability: The development that meets the needs of the presents and the needs for themselves but without compromising the rights for future generations to meet their needs, in different perspectives such as environmental, social and economic pillars.
- 3.9 Sustainable Development: The development that meets the needs of the presents and the needs for themselves but without compromising the rights for future generations to meet their needs.
- 3.10 Environmental Impact: The environmental impact is the natural environment changes or effect resulting from human beings' activities.

4. Definition of Guidance

This Guidance generally outlines a standard to ensure that the following goals can be well achieved –

- (1) The working environment provided by all the Suppliers in the Supply Chain is safe;
- (2) All the employees are deserved to be respected; and
- (3) Be responsible for the environment in the operation of product production or service providing process.

5. Responsibility

To demonstrate the Suppliers' commitment to accept and adhere to this Guidance, Suppliers shall declare their support for this Guidance.

The basic of the adherence to this Guidance is that all activities in the operation of Suppliers must comply with Taiwan's laws and regulations and ensure that its next-tier suppliers well understand and implement this Guidance.

This Guidance not only encourages Suppliers to comply with the laws and regulations, but also incorporates the recognized international standards and conventions so as to enhance the environmental and social responsibilities themselves.

6. Content of Guidance

This guide is composed of six parts: Article 6.1 describes ethical corporate management; Article 6.2, 6.3, and 6.4 describe the standards for labor, health and safety and environmental issues respectively; Article 6.5 describes sustainable consumption (including consumer issues) management; and the last Article 6.6 describes the issue of society engagement.

6.1 Integrity Management

The Suppliers shall engage in commercial activities following the principles of fairness, honesty, faithfulness, and transparency. The Suppliers shall fully implement the ethical corporate management policy, actively prevent dishonesty and promulgate the principle of corporate governance and integrity management.

6.1.1 Legal Compliance and Yuanta Financial Holdings Group's Requirements of Integrity Management.

Suppliers shall abide by Taiwan's laws and regulations, the relevant international standards and conventions, and the integrity management principles promulgated by themselves. Suppliers shall sign and execute the "Honesty Commitment" provided by the Yuanta Financial Holdings Group.

6.1.2 Prohibition of Dishonesty

Suppliers shall prevent any form of dishonesty during the course of commercial activities, including but not limited to the followings –

- (1) Offering and accepting of bribes;
- (2) Offering illegal political donations;
- (3) Improper charitable donations or sponsorship;
- (4) Offering or accepting unreasonable presents or hospitality, or other improper benefits;
- (5) Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights and any other intellectual property right;
- (6) Engaging in unfair competition, anti-trust, dumping and monopoly; or
- (7) Damaging Stakeholders' rights.

6.1.3 Establishing the Prevention Plan for Dishonesty

Suppliers shall establish a prevention plan for preventing dishonest conducts. In order to prevent violations against any laws or regulations during the course of engaging in the commercial activities, Suppliers shall formulate a prevention plan according to regular analysis and evaluation of commercial activities with high risks of dishonest conducts within the business scope, and review of the appropriateness and effectiveness of such prevention plan.

6.1.4 Promotion and Implementation of Honesty and Ethical Conduct

Suppliers shall require their employees to and actively encourage Stakeholders to implement integrity behaviors and promote related projects, including but not limited to enhancing employees and other stakeholder advocacy or activities, establishing a whistleblowing mechanism, etc.

6.2 Labor

Suppliers shall abide by Taiwan's laws and regulations, including but not limited to Constitution of Republic of China (Taiwan), Act of Gender Equality in Employment, Labor Standards Act, or by the local laws or regulations where the Suppliers located. To protect every employee's rights and interests, Suppliers shall safeguard the employees' human rights, respect cultural variety and difference, and actively prevent any behaviors against human rights.

6.2.1 Freedom of Work

Suppliers are prohibited from the use of forced, bonded (including debt-settled) or indentured labor, involuntary or exploitative prison labor, or human beings in slavery or trafficking. All employees who work for the suppliers shall do so of their own volition and shall be informed of their right to leave the suppliers freely. The employees shall not be required to hand out their ID cards, passports and any other documents issued by the government as the condition of employment.

6.2.2 Child Worker

Supplier shall not hire or employ any person under 15 years old. Further, according to the Labor Standards Act, a child worker means the one over 15 but yet reach 16 years old. If the Suppliers hire or employ any child workers, they shall obtain and keep written consent from legal guardians and age certificates of such workers on file. Teenagers who are over 15 but yet reach 16 years old may do the part time job with their legal guardians' consent during winter or summer vacations, provided that (i) their daily working hours shall not exceed 8 hours; (ii) their working hours shall not be between 8 p.m. and 6 a.m. and on holidays; and (iii) they shall not engage in any work with potentially dangerous or hazardous in nature.

6.2.3 Discrimination

Suppliers shall undertake to prevent their employees from harassment, verbal or behavioral discrimination, and shall not, during the hiring process and the employment, discriminate against employees on the basis of their race, color, age, sex, disability, religion, cultural background, political party, union membership, marital and family status and so forth, in the perspective of, for example, the promotion, rewards, education training. Suppliers are prohibited from conducting any discriminatory medical or physical examinations on employees, such as the examination of pregnant or not.

6.2.4 Violence Prohibition

Suppliers are prohibited from committing violence towards employees, including sexual harassment, obscenity, corporal punishment, insult, mental abuse, and improper physical duress, or threatening employees through foregoing manners.

6.2.5 Salary and Working hours

Suppliers shall pay the minimum wage in compliance with laws, including statutory working hours, overtime hours, statutory allowances; and the penalties imposed on the employees shall comply with Taiwan or local laws or regulations. Suppliers shall promptly inform the employees of the wage payment standards and realize equal pay for equal work, and shall not have different treatment based on gender. If the work performed is the same and the efficiency is the same, the same wages shall be paid.

Suppliers shall ensure that the weekly working hours of the employees shall not violate the laws of Taiwan or local area, and shall pay attention to the situation of the employees' fatigue and provide them with appropriate additional rest.

6.2.6 Freedom of Association

Suppliers shall respect the right of employees to organize and participate in unions, collective bargaining, negotiations and peaceful meetings of their choice, and shall respect the right of

employees to refrain from such activities in order to protect the rights of employees to communicate with company management and to ensure that the aforementioned conduct is free from discrimination, retaliation, coercion and harassment by the company. Supplier-related measures shall comply with local laws and regulations.

6.2.7 Cultivation and Training

Suppliers may provide employees with necessary talent training to improve their capabilities, skills, and opportunities for promotion or career development in accordance with their job positions and requirements.

6.3 Health and Safety

Suppliers shall reduce the work injured rate (IR) and occupational injuries as much as possible and take employees' health improvement as a goal so as to perfect the company's human resource and ensure the enthusiasm of employees.

6.3.1 Safety and Protection

Suppliers shall ensure that the facilities in the workplace have functional protective devices and safety fences which have been maintained regularly; and shall provide correct design, engineering management measures, precautionary measure dissemination and personal protective equipment to accessible hazard resources (such as electrical appliances, boilers, slips and trips, vehicle entrance and exit, toxic materials and chemicals, etc.) to lower the risk of working environment.

6.3.2 Emergency Treatment

Suppliers shall regularly identify, distinguish and simulate high risky areas, facilities or behaviors, and, through emergency plans, provide employees with appropriate education, training and practices such as notification procedures, escape plans, monitoring equipment using procedures, fire facilities using and recovery plans and so on, to minimize the impact of damage.

6.3.3 Occupational Injury and Diseases

To maintain the condition and safety of working environment, Supplier shall proactively understand the high risky situation of occupational injury and diseases of the work done by employees, including (i) the highly intensity operations, such as materials operation manually, heavy objects transporting, long-time standing, highly repetitive assembly operations; or (ii) working in a terrible environment, such as the environment with high noise, dust around or high density of hazard materials.

Suppliers shall systematically manage, track and report employees' occupational injuries or diseases for who works in the above mentioned highly risky situations, or encourage employees to report, record and classify the injury, and provide employees with necessary medical measures. Meanwhile, Suppliers shall also reduce the impact of the hazard causes in the workplace in accordance with Occupational Safety and Health Act and related regulations.

6.3.4 Occupational Hygiene and Health

Suppliers shall provide a hygienic and clean environment for employees, including toilets, dormitories, storage facilities and rest spaces, and provide drinking water and sanitary food.

If Suppliers provide the dormitories for employees, the emergency exits shall be set and high safety and hygiene conditions shall be maintained.

Suppliers may actively take action to facilitate the employees' health and provide lawfully physical examinations and psychological consultations.

6.4 Environment

Suppliers must aware and acknowledge that bearing responsibility for the environment is necessary in

the process of providing products or services. During the process of manufacturing or providing services, they should reduce the harm to the environment and natural resources and should devote to protecting the public's health and safety.

6.4.1 Compliance with Relevant Environmental Regulations

Suppliers shall comply with the relevant environmental regulations and international standards or conventions. Suppliers shall also protect the natural environment properly and devote to the environmental sustainability goal during performing their business operation.

6.4.2 Pollution Prevention

Suppliers shall identify and manage the chemicals and other materials which may be discharged into and might endanger the environment, and shall avoid causing water, air and land get polluted during operations. If it's unavoidable, under the premise of considering the cost effectiveness, technical and financial feasibility, Suppliers shall reduce the impact on human beings' health and the environment as much as possible.

6.4.3 Environment Impact Evaluation

If Suppliers are regulated by national laws or regulations, Suppliers should process a relevant environmental impact evaluation, for example, the evaluation of carbon dioxide emissions.

6.4.4 Energy/Resources Saving

Suppliers shall implement sustainable environmental development as the corporate culture, and endeavor in protecting the earth, conserving resources, and saving energy. All forms of waste, including waste of water and energy, shall be reduced and eliminated at source or through putting into practice, such as improving production, maintenance, production processes, materials replacement, saving, recycling and reusing materials.

6.4.5 Greenhouse Gas Reduction

In response to the impact of climate change on operational activities, under the premise of maintaining operation and without causing impact on the equipment function and safety control, it's suggested to promote energy-saving and carbon-reduction plans, to lower and manage greenhouse gas emissions, and to fulfill the responsibility of protecting the global environment.

6.4.6 Wastewater and Waste Disposal

The wastewater and waste generated during manufacturing or service process or within the sanitary facilities, shall be discharged or disposed in accordance with relevant laws or regulations.

6.5 Sustainable Consumption

Suppliers must ensure that the products and services provided are fair, transparent and appropriate in the information disclosure perspective. Meanwhile, Suppliers shall ensure that the clear mechanisms and procedures are established so that every kind of issues which may arise from consumption process can be well addressed under such mechanism or procedure. In addition, Suppliers are encouraged to support local procurement and sustainable consumption.

6.5.1 Information Disclosure

Suppliers are encouraged to put the public and transparent labeled prices on their products and services, including any relevant derivative products and services, such as transportation costs and installation fees. Meanwhile, complete, clear and sufficient information about specifications, terms, conditions, costs, contract deadlines, and cancellation deadlines etc., shall also be provided.

6.5.2 Health and Safety

Before consumers purchase products and services, Suppliers shall provide healthy and safe products and services, as well as a complete and clear description of the potential health and

safety risks that may arise from the products and services.

6.5.3 Recall

When the products and services provided are proved to have major defects, the Suppliers shall recall the products or terminate the service as soon as possible and compensate the losses based on the ethical corporate management principle in operation.

6.5.4 Composition of Raw Materials

Suppliers are encouraged to, if it is applicable, disclose the composition of the raw material and sources of the products and services provided. Besides, the Suppliers are encouraged to use products and services provided by the environmentally and socially friendly partners, including but not limited to the one who has environmental labels or animal welfare certification.

6.5.5 Complaint Filing and Dispute Settlement Mechanisms

The consumer complaints filing and disputes settlement mechanisms shall be established and the relevant procedures shall be disclosed in accordance with the Consumer Protection Act.

6.5.6 Consumer Information

When collecting consumer information, the Suppliers shall comply with the followings:

- (i) Illustrating the purpose for collecting such information;
- (ii) On the basis of ethical corporate management principle;
- (iii) On the minimum degree; and
- (iv) Equipped with relevant devices and methods to ensure such information is properly stored.

6.5.7 Support Local Development

Suppliers are encouraged to make the local procurement in the fullest extent possible in order to promoting and supporting local commercial development.

If it's applicable, Suppliers are encouraged to provide additional assistance (such as technical consultation or capacity building) or other resources to the Small and Medium Enterprises.

6.5.8 Sustainable Consumption Promotion

Suppliers are encouraged to support, to promote and to advocate sustainable consumption through disseminating methods, such as service manuals or official websites, etc.

6.6 Society Engagement

Suppliers are encouraged to lead employees to support the development of local communities and expand its social influence.

6.6.1 Employment of Disadvantaged Labor

Opportunities should be provided to disadvantaged groups when hiring employees if it's applicable.

6.6.2 Employee Participation

Suppliers shall encourage their employees to participate in charitable events or to support the development of communities.

6.6.3 Community Development

Partners are encouraged to, if it's applicable, with their partners to assist the local community to solve local problems in order to support the community sustainable development. The possible actions include supporting local basic health, medical care and education; creating and offering job opportunities in the local community; assisting the communities' residents to increase their professional capabilities; improving the community environment; and procuring in the local community.

6.6.4 Taxation and Legal Compliance Responsibility

Suppliers shall fulfill the obligation to pay taxes or duties in accordance with the laws or regulations.

7. Reference

The relevant standards listed below are external information defined as useful information by this Guidance (participants are not required to sign).

- Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
<http://www.selaw.com.tw/LawArticle.aspx?LawID=G0100259>
- 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>
- Greenhouse Gas Reduction and Management Act
<https://law.moj.gov.tw/LawClass/LawAll.aspx?pcode=O0020098>
- Consumer Protection Act
<https://law.moj.gov.tw/LawClass/LawAll.aspx?pcode=J0170001>
- ILO Code of Practice in Safety and Health
www.ilo.org/public/english/protection/safework/cops/english/download/e000013.pdf
- ILO International Labor Standards
www.ilo.org/public/english/standards/norm/whatare/fundam/index.htm
- Universal Declaration of Human Rights
www.un.org/Overview/rights.html
- Ethical Trading Initiative
www.ethicaltrade.org/
- OECD Guidelines for Multinational Enterprises
www.oecd.org
- United Nations Global Compact
www.unglobalcompact.org
- ISO 14001 Environmental Management System
www.iso.org
- Social Accountability 8000
www.cepaa.org/
- ISO 45001(Original OHSAS 18001) Occupational Safety and Health Management System
www.bsigroup.com/zh-TW/occupational-health-and-safety-iso-45001/