

Guidance on **Sustainable Development** for First Financial Holding

Chapter 1 General

Article 1 **(Scope of application)**

To fulfill its corporate social responsibility and to achieve the economic, environmental and social progress for sustainability, the Company hereby established the guidance with reference to **Sustainable Development** Best Practice Principles for TWSE/GTSM Listed Companies to manage the risk and impact on the economy, environment and society caused by the Company and each of its subsidiaries (hereinafter referred to as “each company”).

Article 2 **(Purpose of establishing the guidance)**

Each company shall proactively implement the practices of **sustainable development** during business operation in order to meet the international trend, and act as a corporate citizen devoting more contribution to the national economy to improve the living quality of its employees, community and the society, and uphold the competitive advantage based on **sustainable development**.

Article 3 **(Scope of sustainable development)**

Each company shall beware of the interests of the stakeholders while **promoting sustainable development**, observe the factors of environment, society and corporate governance as part of the company's management guidelines and in the operating activities while pursuing sustainable operation and profits.

The Company shall conduct risk evaluations of Environmental, Social and Governance (ESG) issues related to the Company's operations and establish related risk management policies or strategies.

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Article 4 **(Principles of practice)**

It is advisable that each company shall adhere to the following principles for its **sustainable development** practices:

- I. Implement corporate governance.
- II. Develop environmental sustainability.
- III. Preserve public interests.
- IV. Strengthen information disclosure of **corporate sustainable development**.

Article 5 **(Sustainable development system)**

The Company shall consider the interrelation between **the development trend of** the nationwide and international **sustainability issues**, and each company's critical businesses and the impacts to the stakeholders overall operating activities, and establish the sustainable development policies or management guidelines, and substantive promoting plans, which shall be approved by the Board.

Chapter 2 Implementation and promotion of corporate governance

Article 6 **(Compliance)**

It is advisable that each company shall comply with Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies to establish effective governance structure, and relevant ethical standards for a complete corporate governance scheme.

Article 7 **(Responsibilities of the Board)**

The directors of this Company shall fulfill their fiduciary duty, supervise each company's implementation of **sustainable development**, and always review the outcomes and make improvements to ensure the fulfillment of sustainable development policy.

It is advisable that during the administration of each company's **promoting sustainable development** practices, the Board of this Company shall fully consider the stakeholders' interests and include the following matter:

- I. Address the **sustainable development** mission or vision, provide corporate sustainable development policy or relevant management guidelines.

II. Incorporate sustainable development policy into the company's operating activities and progressing direction, and approve the substantive promoting plans.

III. Ensure the timeliness and accuracy of the **sustainable development related** information disclosure.

With regard to the concerns related to ESG arising from the Company's operating activities, the Board shall authorize the senior management to administer and report the performance result to the Board. The processes and the segregation of each relevant personnel shall be specific and clear.

Article 8 **(Education and training)**

It is advisable that each company shall periodically provide trainings of **promoting sustainable development**, including the promotion of the matters set out in paragraph 2 of the preceding Article.

Article 9 **(Organization and responsibilities)**

In order to complete the management of **sustainable development**, the Company sets up the Sustainable Development committee, and six subordinate work groups for corporate governance, responsible finance, sustainable financial products and services, employee care, environmental sustainability, and community engagement to coordinate and execute the sustainable development policies and the substantive promoting plans. The administrative management department shall be the secretarial unit and shall report the performance achievements to the Board within four months from the end of each year.

It is advisable that each company shall establish a reasonable compensation and remuneration policy to ensure that the compensation planning adheres to strategic goals and stakeholders' interests. It is advisable that the employee reward and discipline system shall incorporate the sustainable development policy, and establish clear and effective mechanism.

Article 10 **(Stakeholders communication)**

Based on the respect to the stakeholders' interests, each company shall identify the

company's stakeholders, and set up a designate page for stakeholders on the company's website; understand the reasonable expectation and demand of the stakeholders through proper communication methods, and adequately respond to the concerns regarding critical **sustainable development** issues.

Chapter 3 Development of environmental sustainability

Article 11 **(Environmental regulations compliance)**

Each company shall comply with relevant environmental laws and international guidelines, properly preserve the natural environment, and commit to the environmental sustainability during the course of its operating activities and internal management.

Article 12 **(Energy and resource management)**

It is advisable that each company shall dedicate to improve the utilization efficiency of **energy**, and adopt renewable materials with low environmental impact to maintain the sustainability of the earth resources.

Article 13 **(Environmental management system)**

It is advisable that each company shall establish an environment management system based on the characteristic of its industry, which shall include:

- I. Collect and evaluate comprehensive and timely information regarding the impact on natural environment due to its operating activities.
- II. Set measurable goals of environmental sustainability and regularly review the continuance and relevance of the development.
- III. Establish substantive plans or action plans and regularly review the execution result.

Article 14 **(Environmental education)**

It is advisable that each company shall set up a designate unit or personnel responsible for environmental management, including the development, promotion and maintenance of relevant environmental management system and substantive action plans, and coordinating regular environmental education and

trainings for the management and the employees.

Article 15 **(Sustainable procurement and resource utilization)**

It is advisable that each company shall consider the impact on the ecological benefits by its operation, improve and promote the concept of sustainable consumption, and conduct its operating activities such as research and development, procurement, processes and service based on the following doctrines to reduce the impact on natural environment and humans from the company's operation:

- I. Reduce the resource and energy consumption of financial products and services.
- II. Reduce and dispose of waste materials properly.
- III. Use the water resources properly and sustainably.
- IV. Enable the sustainable utilization of renewable resources to the maximum extent.
- V. Adopt energy-saving and environmental-friendly products.
- VI. Enhance the efficiency of financial products and services.

Article 16 **(Water resource management)**

In order to improve the efficiency of the use of water resources, each company shall utilize water resources properly and sustainably, and establish relevant managing measures.

Each company shall construct and improve the disposal facilities for environmental protection to avoid water, air and soil pollution; use its best effort to reduce the adverse influence on the human well-beings and the environment, and adopt the best practicable measures for pollution prevention, and control technology.

Article 17 **(Climate Change Governance)**

Each company is advised to evaluate its current and future potential risks and opportunities caused by climate change and adopt **related** response measures.

It is advisable that each company shall adopt the common national and

international standards or guidelines to investigate and disclose the corporate's greenhouse gas emission, including:

- I. Direct GHG emissions: emissions from sources owned or controlled by the company.
- II. Indirect GHG emissions: emissions that are a consequence of utilizing energy such as **input** power, heat, or steam.

III. Other Indirect Emissions: Emissions from corporate activities are not indirect emissions from energy sources, but come from sources owned or controlled by other companies.

Each company is advised to compile statistics on its GHG emissions, water consumption, and total waste weight and establish energy conservation and carbon emissions reduction, GHG reduction, water consumption reduction, and other waste management policies. They shall also include the carbon rights into the company's carbon reduction strategic planning to reduce the impact on climate change by the company's operating activities.

Chapter 4 Preservation of public interests

Article 18 **(Human rights protection)**

Each company shall comply with application laws and international covenant on human rights((Universal Declaration of Human Rights 、 (UN Guiding Principles on Business and Human Rights) 、 (The Ten Principle of UN Global Compact) 、 (International Labour Organization Core Labour standards) 、 (Convention on the Elimination of All Forms of Discrimination against Women) 、 (International Covenant on Economic, Social and Cultural Rights) 、 (Modern Slavery Act Transparency Statement) 、 (OECD Guidelines for Multinational Enterprises)), including gender equality, right of work, and no discrimination.

Each company shall develop relevant management policy and procedures to fulfill its responsibility of human right, including:

- I. Releasing the corporate policy or statement regarding human rights,
- II. Evaluating the influences caused by the company's operating activities and

internal management, and developing corresponding procedures for such occurrences,

III. Reviewing the outcomes of its corporate policy or statement regarding human rights,

IV. Disclosing the procedures when any of its stakeholder is involved in any violation of human rights.

Each company shall abide by the workers' rights globally recognized, such as the freedom of association, right of group negotiation, care for inferior group, prohibition on child labor, elimination of forced labor of any kind, elimination of discrimination on employment and career, and shall make sure that none of its HR management policy contain any discriminative treatment based on genders, races, social and economic levels, ages, marital and family status to realize the equality and fairness in terms of career, recruitment condition, salary, benefit, training, evaluation and promotion opportunity.

Each company shall provide an effective and proper complaint mechanism for any incident detrimental to the workers' rights to ensure the equality and transparency of the complaint process. The complaint system shall be simply, convenient and smooth, and shall respond properly to the employee complaints.

Article 19 **(Labor rights)**

Each company shall provide its employees the information, which enables the employees to understand the labor laws and entitlements granted by the laws of the country where the operation is occurring.

Article 20 **(Occupational safety and health management)**

It is advisable that each company shall provide a safe and healthy work environment for its employee, including having all necessary equipment for health and abrupt emergency, and commit to reduce the harmful factors of the employees' safety and health to prevent occupational hazards.

Each company shall provide safety and health training for its employees on a regular basis.

Article 21 **(Employee cultivation and welfare)**

It is advisable that each company shall provide a proper environment for the career development of its employees, and set up effective training programs for career capabilities.

Each company shall establish or implement reasonable employ welfare measures (including compensation, leave, and other benefits), and reflect any business achievements or operating outcomes in its employee salary policy to ensure the recruitment, retention and encouragement of human resources for sustainable operation.

Article 22 **(Labor/management relations)**

Each company shall set up a communication channel with its employees so that the employees will have the rights to receive information and express opinions upon the operating activities and decisions of the company.

Each company shall respect the powers of the employee representative to negotiate for the work conditions, and shall provide the employees with necessary information and hardware facilities to improve the employer-employee discussion and collaboration.

Each company shall reasonably notify its employees about any operational changes that might cause significant impacts.

Article 22-1 **(Fair customer treatment principles)**

It is advisable that each company shall treat the customers or consumers of its products or services one of in an equal and reasonable way, including the fairness and honesty of contracts, fiduciary duty, truthfulness of advertisement and solicitation, appropriateness of products or services, information and disclosure, balance between remuneration and performance, protection for complainants, professionalism of associated persons, and other principles, and establish relevant practice procedures and substantive measures.

Article 23 **(Consumer protection)**

Each company shall be responsible for its own financial products and services, and uphold marketing ethics. The processes of development, procurement, administration and services shall ensure the information transparency and safety of the product and service information. The policy regarding consumers' rights shall be in place and available to the public, and be observed in the operating activities to avoid any impairment to the consumers' rights, health and safety resulting from the product or service.

Article 24 **(Customer rights protection)**

Each company shall ensure that the quality of its financial products and services adheres to the governmental regulations and applicable industrial rules.

Each company shall protect customers' health, safety, and privacy, and market and label its financial products and services in accordance with the applicable laws and international standards without any deceiving, misleading, fraudulent representation, or any conduct, which may destroy the consumer's trust, or impair the consumers' rights.

Article 25 **(Customer complaints and privacy protection)**

It is advisable that each company shall evaluate and manage the risk of any kinds, which may interrupt its operation, and mitigate the impact to the consumers and the society.

It is advisable that each company shall create a transparent and effective complaint mechanism for its customers with respect to its financial products and services, and respond to such complaints in a fair and timely manner, and shall abide by the laws of personal information protection, respect the customers' privacy, and protect the personal data furnished by its customers.

Article 26 **(Supplier management)**

It is advisable that each company shall evaluate the impact to the sourcing community brought by its procurement activities, and shall cooperate with its supplier to commit in implementing CSR. Each company shall comply with

"Directions for Supplier Management of FFHC and its Subsidiaries" and request suppliers to comply with related environmental protection, occupational safety and health, or labor rights regulations. Before engaging in any business, each company shall evaluate the records regarding any environmental and social impacts caused by such suppliers to avoid any transaction which might conflict with the company's sustainable development policy. It is advisable that each company shall incorporate the contracting parties' sustainable development policies, and the clauses indicating the right to terminate or cancel at any time when the contractor violates such policy and causes severe influences on the environment and society of the sourcing community into any contract signed with its major suppliers.

Article 27 **(Promoting community development)**

Each company shall evaluate the impact to the community caused by its operation, and employ local worker with the company to solidify the community identity.

It is advisable that each company may, by means of shareholding investments, commercial activities, donations, corporate volunteering or the provision of professional services for public interests, devote resources through a commercial model to organizations dedicating in resolving social or environmental issues, or participate in the civil organizations for community development and education, and activities coordinated by organizations for charity and public welfare, and by governmental institutes.

Chapter 5 Enhance the disclosures of information regarding **corporate sustainable development**

Article 28 **(Sustainable Development Information)**

Each company shall make disclosures with respect to the following **sustainable development** information in accordance with the applicable laws and the Corporate Governance Best Practice Principles applicable to different industries to improve the information transparency:

- I. Any policy or administrative guidelines regarding sustainable development, and the substantive promoting plans approved by the resolution of the Board.
- II. Any risk and impact to the company's operation and financial condition due to factors such as the implementation of corporation governance, the development of environmental sustainability and the preservation of the public interests of the society.
- III. Any goals, measures and practice achievements developed by the company with respect to **sustainable development**.
- IV. Major stakeholder and their concerns.
- V. The management of major **sustainable development** concerns, as well as the disclosures of the achievements provided by major suppliers.
- VI. Other **sustainable development** information.

Article 29 **(Sustainability Report)**

The Company shall adopt the principles or guidelines internally recognized as the basis for disclosing the implementation outcomes of its **sustainable development** practices in its reports. It is advisable that, to increase the reliability of the information, the **Sustainability Report** shall be certified or accredited by a third party. It is advisable that the **Sustainability Report** shall present:

- I. The policy on practicing sustainable development or relevant administrative guidelines, and substantive promoting plans.
- II. Major stakeholder and their concerns.
- III. Outcomes and reviews on the implementation of corporation governance, the development of environmental sustainability, the preservation of the public interests of the society, and the improvement of economic progress.
- IV. Directions and objectives for advancement.

Chapter 6 Miscellaneous

Article 30 **(Sustainable Development Policy)**

The Company shall always beware of the development of relevant guidance on

sustainable development in both domestic and global contexts, and the transitions of business environment , of which shall be the basis for the Company to review and improve its policies on sustainable development and provide an advanced outcome of the practices of **promoting sustainable development.**

Article 31 **(Miscellaneous)**

This guidance and its amendment shall become effective by the resolution of the Board.

Article 32 **(Date of Enforcement and Amendment)**

This guidance was established on January 27, 2011.

The first amendment to this guidance was made on July 20, 2012.

The second amendment to this guidance was made on December 25, 2014.

The third amendment to this guidance was made on September 22, 2016.

The fourth amendment to this guidance was made on March 26, 2020.

The fifth amendment to this guidance was made on March 25, 2021.

The sixth amendment to this guidance was made on February 24, 2022.