

# **Fubon Financial Holding Co., Ltd.**

## **Sustainable Development Best Practice Principles**

Adopted by the Board of Directors on April 29, 2011

1<sup>st</sup> amendment by the Board of Directors on April 28, 2015

2<sup>nd</sup> amendment by the Board of Directors on March 23, 2017

3<sup>rd</sup> amendment by the Board of Directors on April 30, 2020

4<sup>th</sup> amendment by the Board of Directors on May 5, 2022

5<sup>th</sup> amendment by the Head of Corporate Sustainability Department on July 29, 2022

### **Chapter I General Principles**

#### **Article 1**

To promote sustainable development and achieve the goal of operating sustainably, Fubon Financial Holding Co., Ltd. (the “Company”) and its subsidiaries have referred to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the United Nations sustainable development goals (SDGs) to adopt the Fubon Financial Holding Co., Ltd. Sustainable Development Best Practice Principles (the “Principles”) so as to manage the risks and effects of corporate operations on the economy, the environment and society.

The Principles are applicable to the entire operations of the Company and its subsidiaries.

#### **Article 2**

The Company, while pursuing business performance and profitability, shall incorporate the protection of stakeholders’ interests, environmental, social and governmental factors into the Company’s management principles and business operations. In accordance with the principle of materiality, it is also necessary to examine and identify environmental, social and corporate governance issues related to the Company and formulate appropriate management response measures for relevant risks, and establish a consensus on environmental, social and corporate governance issues among all employees through performance management mechanism.

The Company shall put sustainability principles into practice, pursue corporate sustainable development, and create public benefits for society through the four following methods:

1. Implement corporate governance.
2. Foster a sustainable environment.
3. Preserve public welfare.
4. Enhance disclosure of sustainability-related information.

### **Article 3**

The Company has set up an ESG Task Force under the Corporate Governance and Sustainability Committee, and the [Sustainability Development Department](#) serves as the Task Force's secretariat responsible for planning and promoting sustainability-related activities. There are six working teams under the ESG Task Force to implement the Company's sustainability vision and goals: the Corporate Governance and Ethical Management team, the Employee Care team, the Responsible Finance team, the Innovative Services team, the Social Commitment team, and the Environmental Sustainability team.

At the beginning of each year, the ESG Task Force is required to present an administrative plan for that year and a review of the previous year's achievements. It is also responsible for reporting on the progress of various initiatives and their results every six months to the Corporate Governance and Sustainability Committee and the board of directors.

## **Chapter II Implementation of Corporate Governance**

### **Article 4**

All employees should comply with the Company's Integrity Management Best Practice Principles, abide by the laws, act in honest manner, prevent from conduct of corruption and bribery.

### **Article 5**

The directors of the Company should exercise the due care of good administrators and urge the Company to adopt sustainable environmental, social and governance practices, operate the business sustainably, and review the effectiveness of those initiatives and make continuous improvements to ensure that sustainability principles are carried out.

### **Article 6**

The Company implements corporate governance system, strengthens relevant mechanism, and establishes a stakeholders section on its corporate website to communicate and respond to environmental, social, corporate governance and other

important sustainability issues of concern, so as to enhance the Company's operational performance and ensure that it develops sustainably.

### **Chapter III Fostering a Sustainable Environment**

#### **Article 7**

The Company is committed to leveraging its financial influence and promoting sustainable finance to mitigate climate change and maintain the diversity of the natural environment. To strengthen its climate change governance, it has adopted Climate Change Management Guidelines and refers to Task Force on Climate-Related Financial Disclosures (TCFD) recommendations issued by the Financial Stability Board (FSB) to assess climate-related opportunities and risks related to the Company's business strategy, planning, and decision-making processes. The goal is to mitigate the impact of climate change on the Company's operations.

#### **Article 8**

The Company complies with environment related laws and international guidelines and actively promotes various environmental management and energy-saving measures; continuously monitors the impact of climate change on the operations; establishes measurable environmental sustainability objectives, and adopts action plans and outlines short-term, mid-term and long-term goals; adopts international standards to regularly examine the greenhouse gas emissions and the environmental management system for the execution efficacy and shall adjust the strategies for energy conservation, carbon and greenhouse gas reduction, and minimize the impact of the Company's business operations on the natural environment.

#### **Article 9**

The Company is able to mitigate the impact of the environment and society on the Company's operations through the purchase of products with energy-saving badges, environmental labeling, green building materials and other products; the Company should also encourage suppliers to cooperate with the Company to follow the "Fubon Financial Holding Co., Ltd. and Its Subsidiaries Supplier Sustainable Development Code of Conduct"; the Company should work with "organizations that address social or environmental issues" to achieve the balance between the economy, society and the environment for the sustainable development.

#### **Article 10**

The Company established the "Fubon Financial Holding Co., Ltd. and Subsidiaries Sustainable Finance Policy" based on the Equator Principles, the Principles for

Responsible Investment and Principles for Sustainable Insurance. It requires that investment targets, loans and insurance underwriting commitment to the environment, ethical management, and social responsibility be considered when assessing a transaction to further promote environmental sustainability and economic development.

## **Chapter IV Protecting Human Rights and Promoting Public Welfare**

### **Article 11**

The Company complies with domestic labor laws and the spirit of international human rights pacts such as the United Nations Guiding Principles on Business and Human Rights, Universal Declaration of Human Rights, U.N. Global Compact, International Labor Organization conventions, Principles for Responsible Investment, the Equator Principles and local laws. It has established a Human Rights Policy, a Human Rights Management Framework, and grievance and communication mechanisms to protect the rights of employees as well as the rights of suppliers and partners (including retail customers, corporate clients, investees, loan clients, and local communities) and their employees.

### **Article 12**

The Company puts a premium on corporate talent, creating a fair and reasonable compensation system and performance evaluation mechanism that appropriately reflect operating performance and results in employee pay. It is also committed to workplace diversity and talent cultivation and development, and to the forging of a safe workplace environment free of harassment in which people are treated fairly and with respect.

### **Article 13**

The Company has established an effective employee communication mechanism, supports lawful efforts by workers to organize and join a union to exercise their rights, and maintains open channels of communication with unions. It negotiates and signs collective bargaining agreements with unions covering working conditions and employee benefits to foster a workplace environment with harmonious labor-management relations.

### **Article 14**

The Company does its utmost to provide a safe and healthy work environment by complying with applicable regulations and continuously improving workplace safety and hygiene to prevent accidents from occurring, lower the risk of occupational

hazards, ensure the safety of employees, and promote their physical and mental well-being.

#### **Article 15**

While conducting business and dealing with product-related matters, the Company shall comply with laws, regulations and orders from competent authorities and conduct assessment of legal compliance so as to protect interests of the clients.

#### **Article 16**

The Company shall protect interests of the clients when providing financial products or services. The marketing and labeling of products and services shall be provided with the information in transparency and safety. During the provision of such services and products, the Company shall treat the financial clients in a fair and reasonable manner, protect customers' privacy, set strategies and measures for relevant implementation and also provide prompt and efficient grievance procedure.

#### **Article 17**

The Company shall use its core financial competencies to design products and services with environmental or social benefits, including but not limited to the promotion of inclusive or accessible businesses and public welfare initiatives. At the same time, it establishes measurable objectives and uses action plans and short-term, mid-term and long-term goals to review the progress made in achieving those objectives.

#### **Article 18**

The Company shall integrate its resources, continuously pay attention to the social disadvantaged, enhance youngster's abilities, cultivate its cultural education and promote artistic livelihood, and shall encourage employees to participate in volunteer work and community events.

### **Chapter V Enhancing Disclosure of Sustainability-related Information**

#### **Article 19**

The Company upholds the principle of correct, detailed and fair disclosure, discloses relevant and reliable financial and non-financial performance information relating to CSR initiatives to stakeholders, and implements the objective of transparency of business-related information.

#### **Article 20**

The Company compiles a Sustainability Report annually adopting the internationally widely recognized standards or guidelines and discloses the sustainability

performance of the Company in relation to environment, social and governance aspects, and shall obtain verification from a third party to ensure the credibility of the information disclosed in such report.

## **Chapter VI Supplemental Provisions**

### **Article 21**

The Company shall regularly monitor sustainability trends and developments at home and abroad and adjust the Company's implementation policies when appropriate to make the execution of sustainability initiatives more effective.

### **Article 22**

These Principles and any amendments should enter into force after they have been adopted by the Board of Directors and submitted to a shareholders' meeting.