Sustainability Governance Statement

Purpose of the Statement

KGI Financial Holding Co., Ltd. (hereinafter referred to as the "Group"), including KGI Financial Holding and its major subsidiaries, upholds the core principles of integrity, sustainable development, and responsible finance. The Group incorporates Environmental, Social, and Governance (ESG) considerations into its business decision-making and risk management framework. It is committed to complying with applicable environmental laws, regulations, and relevant international standards, protecting the natural environment appropriately, and achieving environmental sustainability objectives through its business operations and internal management practices.

Drawing upon internationally recognized standards and Taiwan's Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, the Group has established a sound governance system, a culture that respects human rights, a transparent and ethical business environment, and mechanisms for the responsible use of technology.

This Statement is established to consolidate the Group's sustainability governance-related policies, regulations, and management systems. It serves as the Group's unified reference document for communicating its sustainability governance framework and management commitments to stakeholders, investors, customers, employees, regulators, and international financial institutions. All management measures referred to herein are implemented in accordance with the Group's internal policies and applicable laws and regulations.

This Statement applies to the overall operations of the Company and its subsidiaries. Its contents are derived from relevant charters, principles, guidelines, and operational procedures approved by the Board of Directors, shareholders' meetings, and authorized management levels in accordance with the Group's governance framework and delegated authority structure.

Governance and Accountability (Board Accountability)

The Group has established a robust and institutionalized Governance Framework, with the Board of Directors serving as the highest governing body and assuming ultimate responsibility for Board Oversight and Accountability with respect to business management, risk management, internal control, and sustainable development matters. The Board regularly reviews business strategies, material risks, sustainability objectives, and implementation progress to ensure that corporate operations support Long-term Value Creation while safeguarding the best interests of stakeholders.

Through governance mechanisms characterized by Transparency, Independence and Accountability, the Group protects the rights and interests of shareholders and other stakeholders while integrating sustainability principles into its corporate governance and decision-making processes. The Group continuously strengthens its organizational Resilience, risk management capabilities, and long-term sustainable competitiveness.

To ensure the effective operation of its governance system, the Group has adopted the Articles of Incorporation, approved by shareholders. Any amendment to the Articles of Incorporation must be submitted to and approved by the shareholders' meeting together with various governance policies, management regulations, and guidelines approved by the Board of Directors. These documents provide the foundation for corporate governance, risk management, and sustainability management, ensuring clear accountability, formal approval procedures, and institutionalized management practices.

The Group places significant emphasis on the independence, diversity, and professional competence of the Board of Directors, recognizing these attributes as critical to effective governance and high-quality decision-making. The Board currently consists of nine directors, including three independent directors, with independent directors accounting for more than one-third of the Board. In addition to integrity and professional qualifications, Board composition takes into consideration a broad range of diversity factors, including gender, age, nationality, cultural background, industry experience, and areas of expertise, with the objective of building a governance team that combines diverse perspectives with professional capabilities.

Members of the Board possess professional knowledge and practical experience in banking, insurance, securities, corporate management, finance and accounting, legal compliance, risk management, information technology, and sustainable development. This diversity of expertise and perspectives strengthens the Board's ability in strategic planning, risk oversight, and sustainability governance.

To maintain director independence and ensure the effective performance of directors' duties, the Company manages directorships held by directors in accordance with applicable laws and regulations, and the Corporate Governance Best-Practice Principles. Independent directors should not concurrently serve as directors (including independent directors) of more than four listed companies. In addition, they may not concurrently serve as independent directors of more than three other public companies. However, independent directorships held within wholly owned subsidiaries of the Company are deemed to be a single directorship and limited to one such appointment. Non-independent directors should likewise avoid serving as directors (including independent directors) of more than four other listed companies. These requirements are intended to ensure that the Board of Directors can effectively fulfill its oversight functions and enhance overall corporate governance effectiveness and the quality of decision-making.

To enhance the effectiveness of Board oversight and decision-making, the Group has established a comprehensive Board operations and performance evaluation mechanism. The Group aims to maintain an annual average in-person Board meeting attendance rate of more than 80% (excluding attendance by proxy) to encourage directors' active participation in substantive discussions and strengthen the Board's collective engagement in corporate sustainability strategies and risk management.

The Group has implemented a multi-dimensional Board evaluation system covering the Board as a whole, individual directors, and Board functional committees. Internal performance evaluations are conducted annually, while external evaluations are conducted at least once every three years by an independent professional institution or a team of external experts and scholars to provide a comprehensive and objective assessment of Board effectiveness. Evaluation results are reported to the Board of Directors and publicly disclosed. These results serve as important references for director nomination, re-election, and remuneration decisions, and are used to identify and implement improvement initiatives, thereby continuously enhancing corporate governance quality and strengthening the Group's sustainability management framework.

Business Ethics

The Group conducts all business activities in accordance with the principles of integrity, fairness, and transparency. It strictly prohibits all forms of bribery, corruption, conflicts of interest, unfair competition, and any conduct that violates applicable laws, regulations, or ethical standards.

To uphold high standards of professional and business conduct, the Group has established and implemented a Code of Ethical Conduct, Anti-Discrimination and Anti-Harassment Statement, Anti-Money Laundering, Anti-Corruption, Anti-Bribery, Anti-Monopoly and Fair Competition Statement, and Employee Code of Conduct. These policies form the foundation of the Group's Business Ethics framework and support a culture of integrity and responsible business conduct.

Code of Ethical Conduct

All directors, supervisors, executives, and employees across the Group are required to comply with the Code of Ethical Conduct and Integrity Management Principles. They must treat customers, business partners, competitors, and employees fairly and must not obtain improper benefits through misuse of information acquired by virtue of their position, misrepresentation of material matters, or any other unfair business practices.

The Group actively promotes ethical awareness throughout the organization and encourages employees to report suspected violations of laws, regulations, internal policies, or ethical standards to independent directors, supervisors, management, internal audit executives, or other appropriate personnel.

Whistleblower Mechanism

The Group has established formal reporting and grievance procedures that provide employees and external stakeholders with appropriate channels to report suspected illegal activities, violations of integrity standards, fraud, corruption, bribery, or other misconduct.

The Group accepts anonymous reports and is committed to maintaining strict confidentiality throughout the investigation process.

Verified violations are subject to corrective actions and disciplinary actions in accordance with applicable internal policies. Cases involving breaches of applicable laws or regulations shall be handled in accordance with relevant legal requirements.

Individuals who make reports in good faith are protected against retaliation, threats, discrimination, harassment, or any adverse treatment resulting from their reporting activities. Any employee found in violation of these requirements will be subject to investigation and appropriate disciplinary action in accordance with the Company's Code of Ethical Conduct, Employee Code of Conduct, and relevant compliance policies and procedures.

Anti-Money Laundering, Anti-Corruption, Anti-Bribery, Anti-Monopoly and Fair Competition

The Group continuously strengthens its Anti-Money Laundering (AML), Counter-Terrorist Financing (CTF), Anti-Corruption, Anti-Bribery, and Antitrust management measures through governance mechanisms, employee training programs, awareness initiatives, and internal control systems.

The Group adopts a zero-tolerance standard toward, and strictly prohibits, any money laundering activity or terrorism financing that is intentionally committed, maliciously undertaken or knowingly condoned by its personnel, and is committed to conducting all of its business activities in compliance with anti-money laundering and related regulations.

The Group maintains a zero-tolerance attitude toward corruption and bribery, and undertakes neither to engage in nor to accept any activity that fails to comply with applicable anti-corruption and anti-bribery laws.

Friendly Workplace

The Group supports and respects internationally recognized Human Rights principles and is committed to fostering a workplace characterized by fairness, respect, diversity, equity, and inclusion.

The Group maintains zero tolerance for any form of discrimination, harassment, bullying, or unfair treatment. It is committed to providing employees with a safe and healthy working environment, including access to occupational health services, emergency response measures, and workplace safety programs designed to minimize occupational health and safety risks and prevent work-related injuries and illnesses.

In addition, the Group conducts regular occupational safety, health management, and employee awareness training programs to reduce workplace risks and promote employees' physical and mental well-being.

External Organization Participation Management

The Group supports the global climate goals set forth in the Paris Agreement, the global objective of achieving Net Zero emissions by 2050, and the Climate Change Response Act of Taiwan. The Group recognizes the importance of limiting the increase in global average temperature to within 1.5°C above pre-industrial levels.

Accordingly, climate change mitigation and adaptation considerations are integrated into the Group's corporate governance, risk management processes, and investment and financing decisions. Through sustainable finance initiatives, the Group seeks to contribute positively to low-carbon transition, energy transition, climate resilience enhancement, and the development of market-based decarbonization mechanisms.

When participating in public policy discussions, regulatory consultations, industry initiatives, trade associations, academic forums, and external organizations, the Group adheres to principles consistent with its sustainability strategy, net-zero commitment, and science-based climate objectives. The Group supports transparent climate-related disclosure and public policies that contribute positively to climate action and sustainable development.

This management approach is established and overseen at the holding company level and serves as the guiding framework for the Group's climate-related public policy engagement and organization membership management.

To ensure that external engagement activities remain aligned with the Group's sustainability objectives, the Group publicly discloses its participation in external organizations, as well as donations made to political parties or charitable organizations, through its Annual Report and corporate website. All related activities are conducted in accordance with applicable laws, regulations, and internal policies.

The Group conducts at least an annual review of the climate and public policy positions adopted by industry associations, trade organizations, research institutions, and advocacy platforms in which it participates. These positions are assessed for alignment with the Group's climate commitments, net-zero targets, and sustainability strategy.

Where material inconsistencies are identified, the Group will prioritize constructive engagement and advocacy efforts to promote improvement. Where necessary, the Group may implement appropriate management actions, including reducing its level of participation, suspending cooperation, or terminating its membership and withdrawing from the relevant organization or association.

Through these measures, the Group seeks to enhance governance transparency, uphold the principles of responsible finance, and collaborate with stakeholders in advancing a low-carbon, resilient, and sustainable future.

Environmental Sustainability and Climate Change Management

The Group complies with applicable environmental laws, regulations, and internationally recognized standards and fulfills its environmental responsibilities through business operations and internal management practices. The Group is committed to achieving its environmental sustainability objectives by strengthening environmental protection and resource management across its operations.

The Group continually improves Energy Efficiency, promotes the use of renewable energy and environmentally preferable resources, and supports resource circularity to reduce the environmental footprint of its activities and ensure the sustainable use of natural resources.

The Group considers the potential impacts of its operations on ecosystems and the natural environment and incorporates environmental sustainability principles into procurement, operational processes, and service delivery. To reduce adverse impacts on nature, biodiversity, and society, the Group actively implements the following measures:

- Improve Resource Efficiency and energy efficiency to reduce consumption of materials and energy.
- Strengthen waste reduction, waste segregation, and responsible waste management practices while promoting the Circular Economy.
- Enhance water stewardship and improve water-use efficiency to ensure the sustainable management of water resources.
- Maximize the use of renewable, recyclable, and circular resources to improve resource productivity.
- Prioritize the procurement and use of energy-efficient, low-carbon, and environmentally preferable products and services.
- Support Biodiversity Conservation and ecosystem protection while promoting the sustainable use of natural resources and equitable benefit-sharing. The Group further establishes mechanisms for Water Resource Management, regularly reviews water-use performance, and

implements continuous improvement initiatives to reduce operational impacts on water resources.

With respect to climate change, the Group conducts Climate Risk and Opportunity Assessments to evaluate the impacts of climate-related risks and opportunities on its operations, financial performance, and business development. Based on these assessments, the Group develops and implements appropriate mitigation and adaptation strategies.

The Group also promotes energy conservation, carbon reduction, and greenhouse gas management initiatives through measurable targets and implementation plans designed to reduce energy consumption and carbon emission intensity. By strengthening climate resilience and reducing the climate impacts associated with its operations, the Group supports the transition toward a low-carbon economy and contributes to the achievement of its Net Zero ambitions.

Applicability and Review of the Statement

All policies, procedures, and management systems referenced in this Statement have been duly approved and implemented in accordance with the Group's internal governance procedures.

The Group will periodically review and update relevant governance frameworks and management systems in response to evolving regulatory requirements, international standards, stakeholder expectations, and business needs.

The Group remains committed to continuously strengthening its sustainability governance practices, fulfilling its responsible finance commitments, and creating long-term value for shareholders, customers, employees, society, and the environment.

Appendix : Sustainability Governance Policies and Internal Regulations

Purpose of Statement, Friendly Workplace & Environment Sustainability and Climate Change Management		
Policy/ Regulation	**Key Content**	**Approved by**
Sustainability Development Principles	◆ Environmental Sustainability and Compliance ◆ Environmental protection commitments and principles	Board
Board Accountability		
Policy/ Regulation	**Key Content**	**Approved by**
Articles of Incorporation	Board responsibilities and corporate governance framework	Shareholders' Meeting
Corporate Governance Best Practice Principles	Board independence, diversity, and corporate governance principles	Board
Principles for the Performance Evaluation of the Board of Directors	Board and director performance evaluation mechanisms	Board
Professional and Business Ethics		
Policy/ Regulation	**Key Content**	**Approved by**
Codes of Ethical Conduct	◆ Integrity and conflict-of-interest management for personnel ◆ Whistleblower protection and grievance mechanisms	Board
Donation Management Guidelines	Disclosure requirements governing participation in external organizations and donations to political parties or charitable organizations	Board
Sustainable Finance Commitment	Paris Agreement and Net-Zero Commitment	Board

Anti-Money Laundering, Anti-Corruption, Anti-Bribery, Antitrust and AntiCompetitive Practice Statements	Anti-money laundering, anti-corruption, anti-bribery, and antitrust and Anti-Competitive Practice management	Board

In addition to the above internal policies and regulations, the Group regularly discloses its sustainability governance performance through the following public reports and communication channels:

1. Annual Report
2. Sustainability Report
3. Climate- and Nature-related Report (TCFD Report)
4. Sustainability Section of the Annual Report (IFRS S1 & S2)
5. Sustainability Section of the Corporate Website