

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

**(Former Name: China Development Financial Holding Corporation)**

## **Organizational Charter of Sustainability and Ethical Management Committee**

Competent Authority: Operations  
and Sustainability Department  
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Article 1 To implement the Company's sustainable development goals, strengthen sustainability governance, and enhance the ethical management, the Company has set up the Sustainability and Ethical Management Committee (hereinafter referred to as "the Committee") under the Board of Directors and established the Charter in accordance with Article 26 of the Company's Articles of Incorporation, Article 9 of the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," and Article 17 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" for internal compliance purposes.

Article 2 Matters concerning the number of members, term of office, authority, rules of procedure for meetings, and resources to be provided by the Company when the Committee exercises its powers shall be handled in accordance with the Charter.

The company should place the content of these organizational charter on the company's website and MOPS (Market Observation Post System) for inquiries.

Article 3 The number of members shall not be less than three. Members of the Committee are appointed by the resolution of the Board of Directors. Committee members should have professional knowledge and ability in corporate sustainability, and more than half shall be independent directors. Members of the Committee shall serve the same term of office as the Board of Directors. He/She can be re-elected consecutively, and one person is nominated by all members to serve as the chairman.

When the members of the Committee are dismissed for any reason and the number is less than three, the vacancies should be filled at the nearest board of directors meeting.

Article 4 The Committee, under the authorization of the board of directors, carries out the following duties and reports to the board of directors:

- I. Deliberate, promote, and reenforce the annual sustainable development plans, strategic directions, projects, and activity plans and review the

implementation and effectiveness.

- II. Supervising the disclosure of sustainability information and reviewing the sustainability report.
- III. Responsible for formulating the ethical management policies and the programs to prevent unethical conduct, as well as supervising their implementation.
- IV. Other matters assigned to the Committee by the Board of Directors.

Article 5 The dedicated unit for sustainable development assists the Committee in implementing various plans. The Committee may set up six working groups (WG) according to the nature of the tasks, including Corporate Governance, Social Philanthropy, Environmental Sustainability, Responsible Finance, Client Relations, and Employee Wellbeing. Each WG shall be headed by a leader, who is responsible for overseeing the tasks of the WG. The chairperson of the Committee shall elect the leader of these WGs from among the managers of the Company and its subsidiaries, or appoint directors and supervisors of the Company's subsidiaries to concurrently serve as the leaders of these WGs. The leaders of the Company's working groups (WG) may, based on practical needs, invite department heads of the Company and the WG leaders of sustainability committee of subsidiaries to designate personnel under their supervision to concurrently serve as members of the Company's WG. If a subsidiary has not established a "Sustainability Committee," the leader of its "Sustainability WG" who is responsible for coordinating sustainability-related matters, shall make such designations to facilitate the promotion of sustainable development initiatives across the Group.

The primary tasks of each WG under the Committee are as follows:

- I. Corporate Governance WG: Enhance corporate transparency, risk management, and ethical management; implement compliance and internal controls; and monitor external factors relevant to company's operations.
- II. Social Philanthropy WG: Integrate the strength of the Group to engage in various material issues related to social philanthropy, such as disaster relief, academic research, talent cultivation, and care for disadvantaged groups; carry out social care in all areas; and exercise key influence in social philanthropy.
- III. Environmental Sustainability WG: Establish specific goals and practices in connection with environmental protection, energy conservation and carbon reduction to actively promote and co-manage a sustainable living environment. Manage climate-related issues arising from the Group's own operations, formulate strategies and goals, develop mitigation and

- adaptation plans, and assess the implementation status.
- IV. Responsible Finance WG: Promote and support economic activities for sustainable development according to the three pillars of responsible finance - the United Nations Principles for Responsible Investment (PRI), Principles for Sustainable Insurance (PSI), and Principles for Responsible Banking (PRB). Manage climate-related issues in investment and financing, formulate strategies and goals, promote related action plans, and assess the implementation status.
  - V. Client Relations WG: Ensure that services are properly provided to clients and client rights are protected, and carry out research and develop financial innovation to offer comprehensive financial services.
  - VI. Employee Wellbeing WG: Implement employee development and care in compliance with relevant labor laws and regulations, and provide a corporate system that is suitable for employees' career development.

Each working group is responsible for implementing the business operations outlined in the previous clause, compiling execution plans or other sustainability-related matters, and reporting the results to the Committee.

Article 6      The Committee may convene at least twice a year and at any time whenever necessary.

When the Committee meeting is called, a notice stipulating the reason for calling the meeting shall be sent to each member of the Committee at least seven days in advance. However, this provision does not apply in case of an emergency. The convening notice can be made in writing or electronically.

The meeting of the Committee is convened and chaired by the chairperson. When the chairperson is on leave or unable to convene a meeting, another member of the Committee designated by him/her will act on his/her behalf. If the chairperson does not designate a deputy, one person will be mutually selected by other committee members to act as a proxy.

The Committee may invite or designate relevant personnel from the Company and its subsidiaries, internal audit directors in corporate sustainability to attend the meeting and provide necessary information.

The Committee may also invite accountants, legal advisors, or other professionals in corporate sustainability to attend the meeting and provide necessary information; however, they shall leave the meeting during discussions and voting.

When the Committee calls a meeting, it shall furnish the members of the Committee in attendance with the relevant materials for reference at any time.

Article 7 The agenda of the Committee's meetings shall be approved by the chairperson, whereas other members may also submit proposals for discussion in these meetings. The meeting agenda should be provided to committee members in advance.

Article 8 Members of the Committee shall exercise the due care of a good administrator and faithfully perform the duties prescribed in the Charter, and shall be accountable to the Board of Directors. The chairperson may, if he/she deems necessary, submit the resolutions passed by the Committee to the Board of Directors for deliberation and approval.

If the resolutions passed by the Committee involve amendments to the rules and regulations adopted by the Board of Directors or the shareholders' meeting, such resolutions shall be submitted to the Board of Directors for approval or the shareholders' meeting for discussion in accordance with the Company's rules and regulations.

Article 9 The Company's Compliance Department serves as the dedicated unit for matters related to ethical management; Operations and Sustainability Department is the dedicated unit for sustainability-related matters and shall serve as the staff unit; and Secretariat, Board of Directors shall serve as the agenda working group for the Committee.

Article 10 When the Committee calls a meeting, an attendance book shall be made available for members of the Committee in attendance and attendees sitting in on the meeting to sign in, and thereafter made available for reference.

Members of the Committee shall attend meetings of the Committee in person. If a member of the Committee is unable to attend in person, the member may appoint another member as proxy to attend the meeting. Attendance via video conference is deemed as attendance in person.

When a member of the Committee delegates another member to attend the meeting of the Committee on their behalf, a proxy should be issued each time, and the scope of authorization for the reasons for the convening should be listed.

Where a proxy has been appointed by a member of the Committee as mentioned in the preceding paragraph, he/she shall only be appointed as proxy by one member only.

Resolutions at a meeting convened by the Committee, unless otherwise provided by laws, regulations, or rules, which shall be attended by more than half the members of the Committee, shall be adopted with the approval of more than half the members of the Committee in attendance. The result of a vote shall be made known immediately and recorded in writing. If the chairperson solicits opinion from the members in attendance but receives no dissenting opinion during voting, the resolution is deemed passed, with equivalent effect as a resolution by vote.

Committee members should disclose any significant personal interests they may have in the matters discussed at the meeting. If there is a risk of harm to the company's interests, they should not participate in the discussion or vote, and should recuse themselves during the discussion and vote. They may not represent other members in exercising their voting rights. If a member's spouse or a blood relative within the second degree of kinship has an interest in the matters discussed, it is considered that the member has a personal interest in that matter.

Due to the aforementioned stipulation, if the Committee is unable to make a resolution, it should report to the board of directors for resolution.

Article 11 The proceedings of the Committee should be recorded in the minutes. The minutes should accurately record the following items:

- I. The session (or annual) and time and place of the meeting.
- II. The name of the chairperson.
- III. Attendance of members, including the names and number of those present, on leave, and absent.
- IV. The names and titles of those present.
- V. The name of the recorder.
- VI. Report items.
- VII. Discussion items: The resolution method and result of each proposal, the explanation of the important content of the conflict of interest of the members involved in the previous article, the reasons for their avoidance or non-avoidance, the situation of avoidance, the opposition or reservations of the committee members.
- VIII. Ad hoc motions: The name of the proposer, the resolution method and result of the proposal, the summary of the speeches of the committee members, experts and other personnel, the explanation of the important content of the conflict of interest of the members involved in the previous article, the reasons for their avoidance or non-avoidance, the situation of avoidance, the opposition or reservations of the committee members.

IX. Other matters that should be recorded.

The sign-in book of the Committee is part of the minutes; for meetings held via video conference, the video data is also part of the minutes.

The minutes should be signed or stamped by the meeting chairperson and the recording personnel, distributed to the members of the Committee within twenty days after the meeting, and should be reported to the board of directors and included in the important company files, and should be kept for five years; the production and distribution of the minutes can be done electronically.

Before the expiration of the aforementioned retention period, if a lawsuit related to the resolution matters of the Committee occurs, the minutes should continue to be preserved until the end of the lawsuit.

- Article 12 The resolution matters determined by the Committee based on the authority defined in Article 4, or the follow-up execution work after the resolution of appointing professionals according to Article 13, can be authorized to the convener or other members of the Committee for further handling. During the execution period, a written report should be made to the Committee. If necessary, it should be submitted to the Committee for post-approval or reporting at the next meeting.
- Article 13 The Committee may, by resolution, engage attorneys, certified public accountants, or other professionals or companies in the field of sustainable development to provide assistance related to the Committee's exercise of power. Expenses arising therefrom shall be paid by the Company.  
A consultant may be appointed if the Committee deems necessary. The appointment of consultant shall be governed by the Company's Management Guidelines for the Appointment of Consultants.
- Article 14 The Company's Rules of Procedure for Board of Directors Meetings, and other relevant rules and regulations shall apply mutatis mutandis to matters not covered in the Charter. Such matters shall also be governed by the relevant laws and regulations.
- Article 15 The Charter shall be implemented from the day it is announced following approval by the Board of Directors, and the same procedures also apply to any amendment thereto.