

# Union Bank of Taiwan Sustainable Development Best Practice Principles

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## Chapter 1: General Principles

### Article 1

To implement the bank's corporate social responsibility and promote the advancement of the economy, environment, and society to achieve sustainable development goals, the bank has established this Sustainable Development Best Practice Principles (hereinafter referred to as "this Code"), based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," to manage the bank's risks and impacts related to economic, environmental, and social factors.

### Article 2

The scope of this Code applies to the bank and its subsidiaries' overall operational activities.

While engaging in corporate operations, the bank will actively practice sustainable development to align with international trends and enhance the nation's economic contribution through corporate citizenship, improving the quality of life for employees, communities, and society, and promoting a competitive advantage based on sustainable development.

### Article 3

In promoting sustainable development, the bank should pay attention to the interests of stakeholders. While pursuing sustainable business operations and profitability, the bank should prioritize environmental, social, and corporate governance (ESG) factors and incorporate them into its management policies and operational activities. The bank shall, in accordance with the materiality

principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy.

## Article 4

The bank should practice sustainable development based on the following principles:

1. Implement corporate governance.
2. Develop a sustainable environment.
3. Preserve public welfare.
4. Strengthen corporate sustainability information disclosure.

## Article 5

The bank should consider the correlation between the development trend of domestic and foreign sustainability issues and the core business of the company, the impact of the company itself and the overall operating activities of its group companies on stakeholders, and formulate sustainable development policies, systems or related management guidelines and which shall be approved by the board of directors and then reported to the shareholders meeting.

When a shareholder proposes a motion involving sustainable development, the company's board of directors is advised to review and consider including it in the shareholders meeting agenda.

# Chapter 2: Corporate Governance Implementation

## Article 6

The bank should follow the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies," the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Code of Ethical Conduct for TWSE/TPEX Listed Companies to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

## Article 7

The bank's board of directors should fulfill the duty of care as good managers, supervise the

implementation of sustainable development, and continuously review and improve its implementation effectiveness to ensure the realization of sustainable development policies.

When the board of directors promotes the bank's sustainable development goals, it should fully consider the interests of stakeholders and include the following matters:

1. Propose a sustainable development mission or vision, formulate sustainable development policies, systems, or related management guidelines.
2. Integrate sustainable development into the bank's operational activities and development direction and approve specific plans to promote sustainable development.
3. Ensure the timeliness and accuracy of the disclosure of information related to sustainable development.

The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of the bank, and to report the status of the handling to the board of directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.

## Article 8

The bank should regularly hold educational training on promoting sustainable development, including the advocacy of the matters specified in the previous article.

## Article 9

To manage sustainable development, the bank should establish a governance structure to promote sustainable development and set up specialized or part-time units responsible for proposing and implementing sustainable development policies, systems, or related management guidelines and specific plans, reporting regularly to the board.

The bank adopt reasonable salary policies to ensure that compensation planning aligns with organizational strategic goals and stakeholder interests. The employee performance appraisal system should be integrated with the sustainable development policies, and clear and effective reward and disciplinary systems should be established.

## Article 10

The bank should respect the rights of stakeholders, identify its stakeholders, and set up a dedicated

stakeholder section on its website. By using appropriate communication methods, the bank should understand stakeholders' reasonable expectations and needs, and respond appropriately to the important sustainable development issues they care about.

## Chapter 3: Developing a Sustainable Environment

### Article 11

The bank shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.

### Article 12

The bank should focus on improving energy efficiency and using renewable materials with low environmental impact to ensure the sustainable use of global resources.

### Article 13

The bank should establish an appropriate environmental management system based on the characteristics of its industry. This system should include the following elements:

1. Collecting sufficient and up-to-date information to evaluate the impact of the company's business operations on the natural environment.
2. Establish measurable environmental sustainability goals and periodically review their sustainability and relevance.
3. Develop specific plans or action items and review their effectiveness regularly.

### Article 14

The bank should establish a dedicated environmental management unit or personnel responsible for formulating, promoting, and maintaining the relevant environmental management systems and action plans. The relevant personnel should participate in environmental education training courses regularly, and environmental education courses for management and staff should be held periodically.

## Article 15

The bank should consider the ecological impact of its operations, promote and advocate the concept of sustainable consumption, and follow the principles below in its research, procurement, production, operations, and services to reduce the impact of its activities on the natural environment and humans:

1. Reduce the consumption of resources and energy for products and services.
2. Reduce the emission of pollutants, toxic substances, and waste, and properly handle waste.
3. Improve the recyclability and reuse of raw materials or products.
4. Maximize the sustainable use of renewable resources.
5. Extend the durability of products.
6. Improve the efficiency of products and services.

## Article 16

To improve water resource efficiency, the bank should manage and ensure the sustainable use of water resources and establish relevant management measures.

The bank shall construct and improve environmental protection treatment facilities to avoid polluting water, air and land, and use their best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

## Article 17

The bank should assess the potential risks and opportunities of climate change on its operations now and in the future, and take appropriate measures in response.

The bank should adopt internationally recognized standards or guidelines to conduct a corporate greenhouse gas inventory and disclose it. The scope should include:

1. Direct greenhouse gas emissions: emissions from sources owned or controlled by the company.
2. Indirect greenhouse gas emissions: emissions from energy usage, such as electricity, heat, or steam.
3. Other indirect emissions: emissions resulting from corporate activities that are not indirect emissions from energy, but are from other sources of emissions owned or controlled by the company.

The bank should monitor greenhouse gas emissions, water usage, and total waste generated, and establish policies for energy saving, carbon reduction, greenhouse gas reduction, water conservation, or waste management, as well as incorporate carbon credit acquisition into the company's carbon reduction strategy, and actively promote it to reduce the impact of its operations on climate change.

## Chapter 4: Preserving Public Welfare

### Article 18

The bank shall comply with relevant laws and regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the right to work, and prohibition of discrimination.

The bank, in assuming responsibility for the protection of human rights, should establish related management policies and procedures, including:

1. Presenting a corporate policy or statement on human rights.
2. Evaluating the company's business activities and the impact on the management of human rights, and establishing related procedures.
3. Establishing a regular review of corporate human rights policies and procedures to assess their effectiveness.
4. In case of human rights violations, the bank should ensure an appropriate investigation process.

The bank should comply with internationally recognized labor rights, such as freedom of association, collective bargaining rights, the protection of vulnerable groups, the prohibition of child labor, the elimination of all forms of forced labor, and the elimination of employment and discrimination. Furthermore, the bank should ensure that its human resource policies are free from discrimination based on gender, race, socioeconomic status, age, marital status, and family conditions, and that it upholds equal and fair treatment in employment, compensation, benefits, training, evaluation, and promotion.

In cases of violations of labor rights, the bank should provide effective and appropriate grievance mechanisms, ensuring that the grievance process is equitable, transparent, and straightforward. The grievance procedure should be simple, convenient, and accessible, and responses should be appropriately given to employee complaints.

## Article 19

The bank should provide employees with information to help them understand the labor laws and rights in the countries where they are employed.

## Article 20

The bank should provide employees with a safe and healthy work environment, including providing necessary health and emergency facilities, and work to reduce safety and health hazards to employees to prevent occupational accidents.

The bank should training on safety and health for their employees on a regular basis.

## Article 21

The bank should create a good environment for employee career development and establish effective training programs to enhance employees' development and skills.

The bank should establish and implement management policies and practices for employee benefits (including bonuses, vacation, and other benefits) and appropriately reflect the business performance or achievements in the employee remuneration, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.

## Article 22

The bank should establish channels for employees to communicate with management, enabling employees to express their opinions on the company's business activities and decision-making.

The bank should respect the employee representative's role in negotiating labor conditions and provide the necessary information and resources to facilitate collaboration between employees and management.

The bank shall, by reasonable means, inform employees of operation changes that might have material impacts.

### Article 22-1

When the bank provides financial products or services and engages in transactions with financial consumers or clients, it should treat them fairly and reasonably. The bank must include a public

commitment to honesty, transparency in advertising, and fair promotion of products or services. The bank must ensure that products or services meet the necessary standards, provide clear and truthful advertising, avoid misleading claims, and protect consumer interests by adhering to professional standards. It should also establish related operational strategies and specific measures to ensure fair treatment of consumers.

## Article 23

The bank is responsible for the ethical management of products and services, including the research, procurement, production, and operational processes. It should ensure that products and services meet safety standards and establish public policies that protect consumers' rights and benefits, as well as ensure consumer safety and well-being.

## Article 24

The bank should ensure the quality of their products and services by following the laws and regulations of the government and relevant standards of their industries.

The bank should respect the privacy of customers and comply with relevant laws and international standards. It must not engage in any form of fraud, deceit, or any other behavior that undermines consumer trust or harms their rights.

## Article 25

The bank should assess and manage the risks that could arise from its operations, reducing potential negative impacts on consumers and society.

The bank should provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, shall comply with laws and regulations related to the Personal Information Protection Act for respecting consumers' rights of privacy and shall protect personal data provided by consumers.

## Article 26

The bank should assess the environmental and social impacts of its procurement and cooperate with suppliers to promote sustainable corporate social responsibility.

The bank should implement corporate social responsibility policies to ensure that suppliers meet



environmental, occupational health and safety, and labor rights standards. Before engaging with suppliers, the bank should evaluate whether they have an impact on the environment and social responsibility and avoid business transactions with those who may violate environmental and social responsibility policies.

When The bank enter into a contract with any of their major suppliers, the content should include terms stipulating mutual compliance with corporate social responsibility policy, and that the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.

## Article 27

The bank should assess the company's operations in relation to the local community and promote positive impacts on the community by employing local labor, thereby contributing to social recognition.

The bank should engage in equity investment, business activities, donations, volunteer work, or other public interest services to support organizations that resolve environmental or social issues through business models or participate in community development and education activities through public organizations, charities, and local governments to promote community development.

### Article 27-1

The bank should dedicate resources to cultural and art activities or the cultural and creative industry constantly through donations, sponsorships, investments, procurements, strategic cooperation, corporate volunteering of technical support, or other supporting means, to promote cultural development.

## Chapter 5: Strengthening Corporate Sustainability Information Disclosure

### Article 28

The bank should comply with relevant regulations and the Corporate Governance Best Practice Principles for Listed Companies regarding information disclosure, and fully disclose relevant and reliable sustainable development information to enhance its transparency.

The bank discloses the following information about sustainability:

1. Sustainable development policies, systems, or relevant management guidelines and specific implementation plans approved by the board of directors.
2. The risks and impacts of corporate governance, sustainable environment development, and social welfare on the bank's operations and financial conditions.
3. The goals, measures, and performance of sustainable development formulated by the company.
4. the main stakeholders and their concerns.
5. Disclosure of management and performance information on major environmental and social issues by major suppliers.
6. Other relevant sustainable development information.

## Article 29

In preparing sustainability reports, the bank should adopt internationally accepted criteria or guidelines to disclose the progress in promoting sustainable development, and should obtain third-party assurance or verification to enhance the reliability of the information. The report should include:

1. Implementation of sustainable development policies, systems, or related management guidelines and specific implementation plans.
2. Key stakeholders and their concerns.
3. The performance and review of the company in implementing corporate governance, developing a sustainable environment, maintaining social welfare and promoting economic development.
4. Future improvement directions and goals.

The sustainability report should be compiled by the "Sustainability Development Committee," with subgroups collecting data on environmental, social, and corporate governance performance annually, and then compiled by the committee's secretariat. The supporting documents should be kept for at least five years.

## Chapter 6: Additional Provisions

### Article 30

The bank should always pay attention to the development of domestic and international sustainable development standards and changes in the corporate environment, so as to review and improve its sustainability system, and to enhance the effectiveness of promoting sustainable development.

### Article 31

This Code should be adopted by the resolution of the board of directors and reported to the shareholders' meeting. Any subsequent amendment must be resolved by the board of directors.'