Union Bank of Taiwan Sustainable Financial Policy

Adopted on: November 11 , 2024(12th Board of Directors, 4th meeting)

First Revision: July 7 , 2025(12th Board of Directors, 9th meeting)

Article 1 Purpose

In order to be committed to the sustainable development of Union Bank of Taiwan(UBOT) and our subsidiaries , and to implement the spirit of environmental protection, social responsibility and corporate governance (ESG) into the financial business and risk assessment process, exert financial influence to achieve This policy is specially formulated for the goal of sustainable development .

Article 2 Scope of application

This policy applies to the credit extension, investment positions (including active investments, passive investments, and third-party managed assets), Underwriting, asset management and wealth management business of the Bank (including overseas branches) and subsidiaries .

Article 3 Management Structure

We promotes the sustainable finance system with the Board of Directors as the highest guiding unit.

Article 4 General Principles

We (including overseas branches and subsidiaries) should incorporate ESG principles into decision-making and process evaluation factors according to their business scope, with refer to relevant domestic and foreign principles and norms, such as: "United Nations Principles for Responsible Banking (PRB)")", "Equator Principles (EPs)", "TCFD (Task Force on Climate-related Financial Disclosures)", " TNFD (Task Force on Nature-related Financial Disclosures) ", "Bankers Association of ROC's Credit Criteria" and "Reference Guidelines for the Certification of Sustainable Economic Activities", etc., we practice such as integrity management, openness and transparency, and compliance with laws, through multiple communication methods and ensuring the quality of information disclosure, and fulfilling corporate social responsibilities , moving towards sustainable development.

Article 5 Business Promotion and Management Principles

1. Credit business
   (1). When evaluating credit transactions, due diligence should be conducted on the customer's environmental, social and corporate governance aspects (ESG Factors) as a reference for the credit decision-making process. We also make a comprehensive judgment on the risk level of credit-granting enterprises and individuals based on the assessment of borrowers, fund usage, repayment sources, credit protection, and credit prospects.
   (2). We support green energy industries such as alternative energy, water resources and environmental pollution control , and also encourages individuals to invest in low-carbon products with lower environmental impact (such as green energy buildings, clean transportation, sustainable water sources and wastewater treatment, etc.).Appropriate financing assistance and preferential conditions will be provided to enterprises with good prospects that are committed to reducing energy consumption, reducing pollution, or using environmental protection facilities, or individuals who provide low-carbon products.
   (3). Reduce the impact of financial resource allocation on vulnerable groups, ensure that vulnerable groups (such as people with disabilities, indigenous peoples, etc.) fully enjoy basic rights, equal and reasonably convenient financial services, and launch diverse and inclusive financial products to meet the needs of different types of vulnerable groups.
   (4). For enterprises that are highly polluting and do not comply with environmental protection standards, if they fail to propose specific improvement plans, they should be listed as unsuitable recipients; the above-mentioned enterprises that have dealt with them should be provided with guidance for improvement, no increase in loans, or gradual recalling the loans.
   (5). Regarding non-green energy industry , we encourage them to invest in environmentally friendly products or equipment, energy-saving or

energy storage equipment , green production mechanisms, and pollution reduction, by providing appropriate financing assistance and preferential conditions.

(6). Project financing that applies the Equator Principles must comply with the requirements of international norms such as the Equator Principles to implement environmental and social sustainable development commitments.

(7). Regarding secured loan , we encourage customers to provide guarantees that have positive benefits for the environment or resource utilization, such as green buildings , green factories, etc.When customers provide real estate as collateral, it is necessary to assess whether the area where the real estate is located faces a certain degree of climate change risk, such as flooding potential or slope disaster potential, and incorporate this into the credit assessment process to help understand the potential risks faced by the real estate.

(8). Post-loan management

A. We should continue to pay attention to the current status of customers, and review from time to time whether they are fulfilling their corporate responsibilities, committed to environmental protection, and implementing corporate governance. If a major negative impact ESG event occurs, we should understand the customers' improvement plan and track the implementation. , if there isn't significant improvement, the transaction strategy may be adjusted when necessary, including but not limited to measures such as changing credit conditions, accelerating maturity, recalling loans, and implementing ESG engagement actions .

B. For large-scale project financing that apply the Equator Principles, after issuing the loan, we will continue to monitor and manage the improvement of the enterprise by the environmental and social risk tracking projects stipulated in the contract .

C. If corporate customers continue to be unable to comply with this policy, transactions should be terminated if necessary.

2. Investment and non-captive underwriting business

(1). We support the government's net-zero policies , such as the "Twelve Key

Strategic Industries” plan.

(2). ESG evaluation factors can be based on whether the invested company is a component stock of relevant domestic and foreign sustainability indices (such as the ESG/OTC Climate Index of the stock exchange or OTC, DJSI, MSCI ESG...), or refer to the ESG rating fraction of the invested target.

(3). In addition to complying with the " Union Bank of Taiwan Institutional Investor Due Diligence Policy" , we should regularly review OTC equity and fixed income investment positions in accordance with relevant regulations. If there is a violation of ESG risk conditions that does not comply with relevant investment regulations with no obvious improvement plan, we should gradually reduce their investment positions.

(4). When investing in sustainable development bonds (including green bonds, social responsibility bonds, sustainable development bonds, sustainability-linked bonds, etc.), we should regularly review the capital utilization plan after the bond issuance, set the achievement of goals, and use specific indicators Measure its positive contribution to the environment and society, including but not limited to carbon emission reduction , biodiversity maintenance, human rights, equity, diversity and inclusion, etc.

(5). For commercial promissory note underwriting business that is not self-guaranteed , relevant assessments and quota adjustments should be made based on aspects such as ESG and high carbon emissions .

(6). Passive investing uses ETFs issued by companies that have an environmental, social and governance (ESG) investment decision-making process as investment targets.

(7). Investments in assets managed by a third party may be made in accordance with the ESG investment decision-making process of the third-party management institution.

3. In order to promote environmental sustainability and social responsibility, the wealth management business incorporates ESG matters disclosed by third-party institutions into comprehensive considerations when conducting product reviews.

4. In terms of the financial products issued, the subsidiary, based on its role as an asset manager, follows the principles of responsible investment and continues to pay attention to the sustainable development of the investee companies, including environmental protection, social responsibility and corporate governance. It exerts influence through sustainable research and investigation, negotiation and shareholder actions on the investee companies, promotes the sustainable operation of the investee companies, and supports more sustainable enterprises.

Article 6 High-risk industries, individual and enterprise management mechanisms

1. Establish an exclusion list for industries or countries with high ESG risks and should not deal with them.
   (1). Engaged in illegal weapons manufacturing and trading, pornography industry, and drug industry.
   (2). countries and regions listed in our list of high-risk countries/regions for money laundering and terrorism financing .
2. Individuals who have been identified as being on the sanctions list by foreign governments, international organizations, or domestic authorities should not be accepted. If an individual has negative news related to violating tax laws or evading tax obligations, we will carefully review whether the customer's recent account has reported suspected money laundering or terrorist financing transactions.
3. Controversial industries, such as tobacco (except for state-owned enterprises), gaming (except for those with legal gaming licenses), fur trading, tropical rainforest logging industry, etc., should be carefully evaluated for the companies they deal with.
4. For industries with high carbon emissions, we should carefully examine customers' risks and negative impacts on climate change, and proactively take engagement actions to encourage them to take relevant mitigation action to reduce climate risks.
5. Strengthen the control of coal and unconventional oil and gas related industries and take the following relevant actions:
   (1). Definition of coal and unconventional oil and gas industries
      A. Coal-related industries: including coal mining, coal-fired power

(using coal for power generation and heating), and coal infrastructure (such as transportation , processing, storage, receiving stations, pipelines, etc.).

B. Unconventional oil and gas related industries: including the mining, production processes and infrastructure (such as pipelines, receiving stations, refineries and storage facilities) of oil sands, shale oil and gas, Arctic oil and gas, deep-sea oil and gas (water depth of more than 5,000 feet), coal bed methane, heavy crude oil, and liquefied natural gas (Liquefied Natural Gas derived from unconventional fossil fuels) derived from the above unconventional methods.

(2). The scope and threshold of identification objects are as follows:

A. The products of the companies listed on the "TDCC Investor Relations Platform" of the Taiwan Depository & Clearing Corporation are involved in the definition of point (1), and the revenue from coal related industries for more than 5%(inclusive) or the revenue from unconventional oil and gas related industries for more than 25%(inclusive).

B. Those listed on the NGO Urgewald's Global Coal Exit List (GCEL) and Global Oil & Gas Exit List (GOGEL) .

(3). We will gradually withdraw from coal, unconventional oil and gas related industries before the end of 2040. The phased commitments are:

A. Credit extension, investment positions, underwriting and asset management business：

a. From now on, we will not approval new projects for newly built coal-fired power plants, coal-related infrastructure and mining enterprises .

b. Before the end of 2030, withdraw from coal, unconventional oil and gas enterprise cases from member countries of the Organization for Economic Cooperation and Development (OECD).

c. Before the end of 2035, withdraw from cases involving companies whose revenue from coal or power generation accounts for more than 25%(inclusive), or whose revenue from unconventional oil and gas industries for more than 25%(inclusive).

d. By the end of 2040, withdraw from all coal, unconventional oil and gas enterprise cases listed in item (2) above.

B. Wealth management business：

a. In the future, newly listed overseas stocks and foreign bonds will avoid coal, unconventional oil and gas companies, and will not actively promote existing listed products.

b. For overseas stocks and foreign bonds available for listing, if the issuer belongs to the coal industry or unconventional oil and gas enterprises, should be comprehensively labelled before the end of 2035.

c. By the end of 2040, we will completely stop selling overseas stocks and foreign bonds related to coal, unconventional oil and gas companies, and only provide redemptions.

C. Exclusions: If the above-mentioned enterprises have specific carbon emission reduction actions (including approval by third-party organizations) or clear transformation plans (including but not limited to conform to Science Based Target initiative (SBTi), or proposing low-carbon emission transformation plans match the Paris Agreement, etc.) , it can be transferred without above restrictions, and can be approved in accordance with our layered responsibility regulation for credit extension business.

Article 7 Engagement Policy

1. Purpose: To further exert financial influence, encourage or assist counterparties to pay attention to ESG issues, take ESG actions, carry out low-carbon emission transformation, set net-zero emission goals and carbon reduction pathways before 2050 , etc. to improve sustainable performance, we establish engagement mechanisms with enterprise customers to drive the industry toward sustainable development.

2. engagement may focus on, but are not limited to, the following topics:

(1). Environmental aspects: climate change, greenhouse gas emissions, environmental damage and pollution, biodiversity, etc.

(2). Social aspect: human rights, labor rights, product safety, etc.

(3). Corporate governance aspect: integrity management, risk management, salary and benefits, etc.

3. Methods: including but not limited to in-person visits, telephone interviews, emails, questionnaires; participating in or holding physical/ online interviews , meetings, lectures, education and training, participating in shareholder meetings or legal meetings of the parties to be discussed , giving speeches or exercising voting rights, etc .; credit business considers the intention of the enterprise and negotiates loan application conditions (which may be but not limited to : perpetually linked loans, contracts incorporating Equator Principles clauses, etc.); and other public sectors, private sectors, financial institutions and domestic and foreign Initiative organizations to discuss together .
4. Track the effectiveness of the engagement :

(1). Obtain improvement: After negotiate and obtain the customer's response or commitment, continue to track it and confirm that the customer has made actions or commitments in response to the engagement content after the engagement . If the object of engagement has been evaluated to have reached the quite improvement , the engagement action can be terminated.

(2). Not as good as expected: If the result of the engagement after communication is not as expected (such as no response, unwillingness to communicate, or failure to achieve results, etc.), the intensity of the engagement can be increased (such as increasing the frequency of discussions , raising the level of communication, etc.). Or evaluate and adjust the contract conditions and positions of the transaction partners, or terminate the engagement action .

Article 8 Supplementary Provisions

1. If there are any matters not covered in this policy, they will be handled in accordance with the relevant laws and regulations of the competent authorities and the relevant regulations of Union Bank.
2. This policy will be implemented after approval by the board of directors; the same applies when revised.