

## Yuanta Group Supplier Sustainable Procurement Guidance

Yuanta Financial Holding Company, Ltd. and its subsidiaries (hereinafter referred to as the “Yuanta Group”), with the vision of becoming an “international benchmark enterprise for sustainability,” will continue to implement the three major concepts of promoting corporate governance, developing a sustainable environment, and safeguarding social welfare, and will make reference to the United Nations Sustainable Development Goals (SDGs), the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, the International Labour Conventions, the ISO 20400 Sustainable Procurement Guidance, Taiwan’s *Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies* and other sustainability guidelines, in order to develop the Supplier Sustainable Procurement Guidance, with the aim of bringing sustainability issues to the attention of our business partners and gradually establishing a sustainable management and service model.

The suppliers of Yuanta Group (hereinafter referred to as the “Supplier”) undertake to follow the Yuanta Group’s concept of sustainable development and strive to promote corporate governance, environmental friendliness, and social co-prosperity, and to implement the following in accordance with the Yuanta Group Supplier Sustainable Procurement Guidance received by the Supplier, in order to jointly promote sustainable development:

- I. The Supplier undertakes to respect the basic principles of labor human rights protection, protect and safeguard the human rights and interests of employees, and eliminate all forms of forced labor, employment and career discrimination, etc. The Supplier shall not make any remarks, attitudes, and behavior that discriminate, harass, or treat employees or customers differently because of their gender, race, socio-economic status, age, marriage, family status, language, religion, party affiliation, nationality, appearance, facial features, five senses, physical or mental disabilities, etc. All colleagues shall work together to create a working environment of equal employment and free from discrimination and harassment.
- II. The Supplier shall strive to promote environmental sustainability, implement business activities on the premise of not damaging the natural environment, and establish a specific environmental and energy conservation management system to advocate care for the earth, cherishing resources, and environmental and energy conservation, and avoid polluting water, air and land; if damage is unavoidable, the Supplier shall make its best efforts to reduce the impact on human health and the environment, taking into account cost effectiveness and technical and financial feasibility, in order to achieve the goal of environmental sustainability.
- III. The Supplier shall incorporate the concept of circular economy into its operations to enhance the recyclability of its products and services, specifically in the areas of design, manufacturing, recycling, and reuse. At the same time, the Supplier shall adjust its procurement management

systems as far as is financially feasible and prioritize the procurement mode of renting instead of buying in order to promote green consumption and transactions, and to achieve the goal of zero waste.

- IV. The Supplier shall uphold the spirit of corporate social responsibility (CSR), set policies and goals for social co-prosperity and public welfare activities, actively participate in public welfare activities, and give full play to the Yuanta Group's social influence to realize the vision of social co-prosperity.
  
- V. The Supplier strictly prohibits any unethical practices and incidents. If there are violations of relevant laws and regulations related to its operations or the Supplier's code of ethical conduct, the Supplier shall handle the matter fairly and without leniency, including avoidance of conflict of interest, prohibition of unethical conduct, bribery, kickbacks, and insider trading, prevention of money laundering and combating the financing of terrorism, confidentiality of information, and respect for intellectual property rights.

The Yuanta Group Supplier Sustainable Procurement Guidance shall be considered as part of the contract between the Supplier and the Yuanta Group. In the event that the Supplier is involved in a breach of the sustainable development policy revealed in the aforementioned Supplier Sustainable Procurement Guidance, which has a significant impact on corporate governance, environmental protection and social co-prosperity, any company in the Yuanta Group that has entered into a contract with the Supplier may terminate or cancel the contract at any time, and may claim all damages (including, but not limited to, damages to goodwill) suffered as a result.

Disclaimer: This document is a translation from the original Chinese version. In the case of any discrepancy, the original document shall supersede this version.

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## **1. Purpose**

This Guidance governs the code of conduct to be followed by the Yuanta Group's suppliers with respect to environmental and social responsibilities.

## **2. Scope**

This Guidance applies to all suppliers (including products and services) with which the Yuanta Group has dealings.

## **3. Definition of Terms**

**3.1 Supplier:** An organization or individual, etc. who provides goods or services to the Yuanta Group.

**3.2 Stakeholder:** A person or organization that may influence, be influenced by, or perceive themselves to be influenced by a decision or activity.

**3.3 Ethical Conduct:** Conduct that is in compliance with laws and regulations established by government agencies, with principles of good conduct, and in accordance with international standards of conduct.

**3.4 Policy:** The purpose and direction of the organization's operations, officially issued by the top management of the organization.

**3.5 Procurement:** The activity of acquiring goods or services from suppliers for the Yuanta Group.

**3.6 Subcontractor:** An organization or individual who signs with a supplier of the Yuanta Group to perform a specific part of a contract.

**3.7 Supply Chain:** The network structure of raw material suppliers, manufacturers, distributors, retailers, and end consumers involved in the production and distribution of products through the connection with upstream and downstream members.

**3.8 Sustainability:** Meeting the needs of the present without compromising the development of future generations to meet their own needs, including environmental, social, and economic aspects.

**3.9 Sustainable Development:** Meeting the needs of the present without compromising the development of future generations to meet their own needs.

**3.10 Environmental Impact:** The impact on the natural environment caused by the activities of people.

**3.11 Circular Economy:** Unlike the traditional linear economic development model, it incorporates the concepts of renewable resources and environmental sustainability to enhance the efficiency of resource utilization and reuse of operating activities, reduce

the consumption of raw materials and energy resources, and achieve zero-waste resource recycling.

#### **4. Definition of Guidance**

This Guidance outlines a standard to ensure that all suppliers in the supply chain are working in a safe environment, that their employees are treated with respect, and that the manufacturing or service process is environmentally responsible.

#### **5. Responsibility**

In order to indicate acceptance of and compliance with this Guidance, suppliers shall declare their support for this Guidance.

This Guidance is accepted on the basis that all activities of the Supplier must comply with the laws and regulations of Taiwan, and the Supplier wishes to educate its subordinate suppliers on the understanding and implementation of this Guidance.

This Guidance encourages suppliers to not only comply with the law, but also to adopt internationally recognized standards to enhance their environmental and social responsibility.

#### **6. Content of Guidance**

This Guidance consists of seven sections: 6.1 describes integrity management; 6.2, 6.3, and 6.4 describe labor, health and safety, and environmental standards, respectively; 6.5 describes sustainable consumption (consumer issues) management; 6.6 describes circular economy; and, finally 6.6 covers social engagement issues.

##### **6.1 Integrity Management**

The Supplier shall engage in business activities based on the principles of fairness, honesty, trustworthiness, and transparency, implement policies for integrity management, actively prevent unethical conduct, and establish codes of corporate governance and integrity management.

##### **6.1.1 Compliance with Laws and Regulations and the Yuanta Group's Integrity Management Requirements**

The Supplier shall comply with the laws and regulations of Taiwan, international standards and regulations, the Supplier's own code of integrity management, and sign the "Integrity Management Terms and Conditions" provided by the Yuanta Group.

##### **6.1.2 Prohibition of Unethical Conduct**

The Supplier shall, in the course of its business practices, eliminate any form of unethical conduct, including but not limited to:

- (1) Offering and acceptance of bribes.
- (2) Illegal political donations.
- (3) Improper charitable donations or sponsorship.

- (4) Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
- (5) Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
- (6) Engaging in unfair competition, trust, dumping, and monopolistic practices.
- (7) Damaging the rights and interests of stakeholders.

### **6.1.3 Establishing an Unethical Conduct Prevention Program**

The Supplier shall establish an unethical conduct prevention program, regularly analyze and evaluate business activities within the scope of business that have a high level of unethical conduct, and accordingly formulate a prevention program and regularly review the appropriateness and effectiveness of the prevention program in order to prevent the Supplier from violating any legal regulations in the course of its business activities.

### **6.1.4 Promotion and Implementation of Ethical Conduct**

The Supplier shall require its employees and actively encourage stakeholders to implement ethical conduct and promote related projects, including but not limited to enhancing employee and other stakeholder advocacy or activities, establishing a whistleblowing mechanism, etc.

## **6.2 Labor**

The Supplier shall comply with Taiwan's *Constitution*, *Act of Gender Equality in Employment*, *Labor Standards Act*, and other regulations, or the local laws and regulations to which the Supplier belongs, protect the human rights of its employees, uphold the spirit of respect for diversity and difference, actively prevent human rights violations, and protect the rights and interests of each and every employee.

### **6.2.1 Freedom of Employment**

The Supplier is prohibited from the use of forced, bonded (including debt-settled) or indentured labor, involuntary or exploitative prison labor, or human beings in slavery or trafficking. All employees who work for the Supplier shall do so of their own volition and shall be informed of their right to leave the Supplier freely. Employees shall not be required to submit any government-issued documents such as their ID cards, passports, etc. as a condition of employment.

### **6.2.2 Child Labor**

The Supplier is prohibited from employing workers under the age of fifteen (15). In accordance with the *Labor Standards Act*, a person over fifteen (15) years of age and under sixteen (16) years of age is considered a child laborer, and a supplier who employs a child laborer should have a letter of consent from his or her legal representative and a document certifying his or her age. Youths over fifteen (15) and under sixteen (16) years of age who have obtained the consent of their legal

representatives to work during summer and winter vacations must pay attention to the following: the working hours must not exceed eight (8) hours per day; they must not work between 8:00 p.m. and 6:00 a.m. of the following day or on regular holidays; and they must not engage in dangerous work.

### **6.2.3 Discrimination**

The Supplier shall promise that employees will be free from harassment, discrimination in speech or behavior, and will not be discriminated against in the recruitment and employment process with respect to promotions, incentives, education and training because of race, color, age, sex, disability, religion, cultural background, political affiliation, union membership, marital or family status, etc. The Supplier is prohibited from conducting discriminatory medical and physical tests on employees, such as pregnancy.

### **6.2.4 Violence**

The Supplier is prohibited from using violence against employees, including sexual harassment, indecent exposure, physical punishment, verbal abuse, mental abuse, physical misconduct, or threats of such conduct.

### **6.2.5 Wages and Working Hours**

The Supplier shall pay the minimum wage in accordance with the laws and regulations, including legal working hours, overtime hours, and legal allowances, and the penalty for the employee shall be in accordance with the laws of Taiwan or the local area. The Supplier shall promptly inform the employees of the wage payment standards and realize equal pay for equal work, and shall not have different treatment based on gender. If the work performed is the same and the efficiency is the same, the same wages shall be paid.

The Supplier shall ensure that the weekly working hours of the employees shall not violate the laws of Taiwan or local area, and shall pay attention to the situation of the employees' fatigue and provide them with appropriate additional rest.

### **6.2.6 Freedom of Association**

The Supplier shall respect the right of employees to organize and participate in unions, collective bargaining, negotiations and peaceful meetings of their choice, and shall respect the right of employees to refrain from such activities in order to protect the rights of employees to communicate with the Supplier's company management and to ensure that the aforementioned conduct is free from discrimination, retaliation, coercion, and harassment by the Supplier. Supplier-related measures shall comply with local laws and regulations.

### **6.2.7 Cultivation and Training**

The Supplier may provide the necessary skills training for employees to enhance their functions and skills, as well as opportunities for promotion or career development, as appropriate to their positions and job requirements.

## **6.3 Health and Safety**

The Supplier shall try to reduce the rate of work-related injuries and occupational injuries as much as possible, and aim to actively promote the health of employees, to improve the Supplier's human capital, and to ensure the enthusiasm of employees.

### **6.3.1 Safety and Protection**

The Supplier shall ensure that the facilities in the workplace of employees have practically functional protection devices, safety fences, and regular maintenance and repair. For easily accessible hazards (e.g., electrical appliances, boilers, slips and trips, vehicle entry and exit, toxic substances and chemicals, etc.), proper design, engineering management measures, preventive education, and personal protective equipment shall be provided to reduce workplace risk.

### **6.3.2 Emergency Disposal**

The Supplier shall regularly identify, differentiate, and simulate high-risk areas, facilities or behavior, and provide appropriate training and drills to employees through emergency response plans, such as notification procedures, escape plans, monitoring equipment use procedures, fire facility use, and recovery plans to minimize the impact of damage.

### **6.3.3 Occupational Injuries and Diseases**

In order to maintain labor conditions and safety, the Supplier shall take the initiative to understand the high risk of occupational injuries and diseases of employees, including: high-intensity labor operations, such as manual material handling, heavy lifting, long hours of standing, highly repetitive assembly operations, etc.; poor environmental labor, such as highly noisy, dust-filled or high concentration of hazardous substances.

The Supplier shall systematically manage, track, and report occupational injuries or diseases for employees working in the aforementioned high-risk situations, actively encourage employees to report, record, and classify the types of injuries, and provide employees with the necessary medical measures. At the same time, the Supplier shall also reduce the impact of the root causes of hazards in the workplace based on labor safety and health related laws and regulations.

### **6.3.4 Workplace Hygiene and Health**

The Supplier shall provide employees with a hygienic and clean environment, including restrooms, employee dormitories, storage facilities, and rest spaces, and give water suitable for drinking and hygienic food.



If the Supplier provides employee dormitories, they shall have emergency exits and maintain good safety and hygiene conditions.

The Supplier may actively promote the health of their employees by providing them with health screening and physical and mental counseling in compliance with laws and regulations.

## **6.4 Environment**

The Supplier must recognize that environmental responsibility is necessary to provide products or services. In the process of manufacturing or providing services, the Supplier shall reduce harm to the environment and natural resources, promote the recycling of energy resources, and protect the health and safety of the public.

### **6.4.1 Compliance with Relevant Environmental Regulations**

The Supplier shall comply with environmental laws and regulations and relevant international standards and conventions to appropriately protect the natural environment, and shall be committed to environmentally sustainable goals in the execution of their business activities.

### **6.4.2 Pollution Prevention**

The Supplier shall identify and manage chemicals and other substances that may be released into the environment that may cause hazards and shall operate in a manner that avoids contamination of water, air, and land. If unavoidable, every effort shall be made to minimize adverse effects on human health and the environment, taking into account cost effectiveness and technical and financial feasibility.

### **6.4.3 Environment Impact Evaluation**

If the Supplier is subject to national regulations, the Supplier shall conduct a relevant environmental impact assessment (e.g., assessing the amount of carbon dioxide (CO<sub>2</sub>) generated).

### **6.4.4 Energy and Resource Conservation**

The Supplier shall implement a corporate culture of environmental sustainability, and strive to care for the earth, cherish resources, protect environment, and conserve energy. Waste in all its forms, including water and energy, shall be reduced and eliminated at the source or through practices such as improved production, maintenance, production processes, replacement of materials, conservation, recycling, and reuse of materials. The Supplier shall also prioritize the reuse of goods and services on a rent-instead-of-buy basis, and commit to sourcing environmentally friendly products and services if necessary, to reduce the consumption of natural resources and demonstrate its commitment to supporting a green economy.

#### **6.4.5 Greenhouse Gas Reduction**

In response to the impact of climate change on operating activities, depending on the operating conditions and without affecting the operation of equipment and safety control, it is appropriate to implement an action plan for energy conservation and carbon reduction to reduce and manage greenhouse gas emissions, and at the same time, gradually adopt renewable energy. In addition, the Supplier is encouraged to regularly educate its employees on environmental protection, to raise their awareness of the importance of energy conservation and emissions reduction, and to fulfill their responsibility to protect the global environment.

#### **6.4.6 Wastewater and Waste Disposal**

For wastewater and wastes generated from manufacturing or service processes, as well as from sanitary facilities, discharge or disposal shall be in compliance with laws and regulations, and waste classification shall be strictly enforced to ensure that all recyclables are properly handled.

### **6.5 Sustainable Consumption**

The Supplier must ensure that the products and services provided are fair, transparent, and appropriate in terms of information disclosure, and shall ensure that there are clear mechanisms and processes for dealing with various issues in the consumer process. In addition, the Supplier is encouraged to support local procurement, circular procurement, and sustainable consumption.

#### **6.5.1 Information Disclosure**

The Supplier is encouraged to have open and transparent labeled prices for their products and services, including related derivative products and services, such as transportation costs, installation costs, etc. Complete, clear, and sufficient information on specifications, terms, conditions, costs, contract duration, and cancellation periods shall also be provided.

#### **6.5.2 Health and Safety**

The Supplier shall provide healthy and safe products and services, and provide a complete and clear description of the health and safety risks that may arise from the products and services before consumers purchase them.

#### **6.5.3 Recall**

If the products and services provided are proven to be materially defective, the Supplier shall uphold the principle of integrity management and recall the products or terminate the services provided to consumers as soon as possible, and at the same time, compensate consumers for their losses.

#### **6.5.4 Raw Material Composition**

If applicable, the Supplier is encouraged to disclose the composition and source of raw materials used in the products and services it provides, and is encouraged to prioritize the use of environmentally and socially friendly products and services (including but not limited to environmental labeling and animal welfare certification), or partners that can provide maintenance and replacement of consumables, so as to enhance the efficiency of resource use and reduce waste through circular procurement.

#### **6.5.5 Grievance and Dispute Handling Mechanism**

The consumer complaint and dispute handling mechanism shall follow the *Consumer Protection Act* to formulate and its relevant processes shall be disclosed.

#### **6.5.6 Consumer Information**

When collecting consumer information, the Supplier shall state the purpose, uphold the spirit of integrity management, collect consumer information at a minimum, and have the relevant devices and means to ensure that consumer information is properly stored.

#### **6.5.7 Supporting Local Development**

The Supplier shall make every effort to conduct local procurement to encourage and support local business development.

If applicable, the Supplier is encouraged to provide additional assistance (e.g., technical advice and capacity building) or other resources to small and medium enterprises.

#### **6.5.8 Advocating Sustainable Consumption**

The Supplier is encouraged to support and advocate for sustainable consumption through promotional tools such as service manuals, official websites, etc. The Supplier is encouraged to prioritize the use of rental instead of purchase when selecting procurement items to promote the recycling of existing resources. For example, the durability and maintainability of the goods or services to be procured, and the availability of maintenance and upgrading services from vendors shall be taken into account in order to extend the service life of the products and to minimize the generation of wastes at the same time.

### **6.6 Circular Economy**

The Supplier is encouraged to incorporate the concept of circular economy into its operating activities, specifically in design, manufacturing, recycling, and reuse, and to consider adjusting its procurement management systems, setting targets related to circular procurement, and advocating circular economy solutions with business

partners, so as to achieve the long-term goals of sustainable development and zero waste.

#### **6.6.1 Recycled Inputs and Regeneration**

If applicable, the Supplier is encouraged to prioritize the procurement of recycled materials to replace raw materials in remanufacturing at the product manufacturing end, including evaluating the possibility of recycling the waste and ensuring the product quality of the recycled materials.

#### **6.6.2 Circular Design**

If applicable, the Supplier is encouraged to reduce or exclude the use of hazardous substances in product design, and to incorporate the concepts of easy disassembly, easy maintenance, and reuse into its design considerations, with the aim of prolonging the life cycle of its products.

#### **6.6.3 Promoting Recyclability in the Supply Chain**

The Supplier is encouraged to take stock of the extent to which the organization's product or service delivery system is recycled, and consider adjusting the procurement management system, setting targets related to recycling, and improving the traceability of product information, in order to enhance the overall recyclability of the supply chain.

#### **6.6.4 Advocating a Circular Economy**

The Supplier is encouraged to link up with business partners and other stakeholders to promote circular economy knowledge, share resources related to the management of circular economy, exchange the results of promoting the goal of circular economy, and realize the solution of circular economy together.

### **6.7 Social Engagement**

The Supplier is encouraged to lead its employees to support local community development and expand its social impact.

#### **6.7.1 Employment of Disadvantaged Workers**

If applicable, the Supplier shall provide opportunities for disadvantaged groups or organizations when employing workers.

#### **6.7.2 Employee Participation**

The Supplier shall encourage employees to participate in public welfare activities or support community development.

#### **6.7.3 Community Development**

Where applicable, the Supplier is encouraged to work with partners to help local communities solve local problems to support sustainable community development. Possible actions include: supporting local basic health, medical care, and education; creating and providing local community job opportunities; helping to enhance the

professional capacity of community residents; helping to improve the community environment; and conducting local procurement in the local community. At the same time, the Supplier is encouraged to actively participate in environmental protection activities in the community and promote environmental education, for example, by organizing seminars and workshops or collaborating with other organizations to jointly promote environmentally sustainable development and enhance the general public's recognition of and participation in the circular economy.

#### **6.7.4 Taxation and Legal Compliance**

The Supplier shall bear tax responsibility and pay taxes in accordance with laws and regulations.

## **7 References**

The following relevant standards are useful external information as defined in this Guidance (signature is not mandatory for participants).

- Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies  
<https://twse-regulation.twse.com.tw/ENG/EN/law/DAT0201.aspx?FLCODE=FL020553>
- Labor Standards Act (Taiwan)  
<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=N0030001>
- Occupational Safety and Health Act (Taiwan)  
<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=N0060001>
- Climate Change Response Act (Taiwan)  
<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=O0020098>
- Consumer Protection Act (Taiwan)  
<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=J0170001>
- ILO Code of Practice in Safety and Health  
<https://www.ilo.org/ilo-codes-practice-and-guidance-documents>
- ILO International Labor Standards  
[www.ilo.org/public/english/standards/norm/whatare/fundam/index.htm](http://www.ilo.org/public/english/standards/norm/whatare/fundam/index.htm)
- Universal Declaration of Human Rights  
<https://www.un.org/en/about-us/universal-declaration-of-human-rights>
- Ethical Trading Initiative  
[www.ethicaltrade.org/](http://www.ethicaltrade.org/)
- OECD Guidelines for Multinational Enterprises  
[https://www.oecd.org/en/publications/oecd-guidelines-for-multinational-enterprises-on-responsible-business-conduct\\_81f92357-en.html](https://www.oecd.org/en/publications/oecd-guidelines-for-multinational-enterprises-on-responsible-business-conduct_81f92357-en.html)

- United Nations Global Compact  
[www.unglobalcompact.org](http://www.unglobalcompact.org)
- ISO 14001 Environmental Management Systems  
<https://www.iso.org/standard/60857.html>
- SA 8000 Social Accountability Standard  
<https://sa-intl.org/programs/sa8000/>
- ISO 45001 (formerly OHSAS 18001) Occupational Health and Safety  
<https://www.iso.org/iso-45001-occupational-health-and-safety.html>