TS Holdings

Sustainable Development Best Practice Principles

Chapter I General Principles

Article 1

TS Financial Holding Co., Ltd. (hereinafter referred to as the Company) is committed to fulfilling its corporate social responsibility and promoting economic, environmental, and social advancements to attain sustainable development. The Company therefore established the " TS Financial Holding Co., Ltd. Sustainable Development Best Practice Principles" based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" to manage the economic, environmental, and social risks and impact in its operations.

Article 2

These Principles applies to all operations of the Company and its subsidiaries.

Article 3

The Company upholds its core value of integrity, commitment, innovation, and collaboration for sustainable development. As the Company pursues sustainable operations and profits, it also focuses on environmental, social, and corporate governance factors, pays close attention to the rights and interests of stakeholders, and includes them into the Company's management approach and business activities.

The Company 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 Company is committed to implement sustainable development initiatives and shall follow the principles below:

I. Implement corporate governance.

II. Foster a sustainable environment.

III. Preserve social welfare.

IV. Enhance disclosure of sustainable development information.

Article 5

The Company shall take into consideration the correlation between the development of domestic and international sustainable development issues and corporate core business operations, and the effect of the operations as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for sustainable development programs, which shall be approved by the Board of Directors.

Chapter 2 Exercising Corporate Governance

Article 6

The Company has established an effective governance framework and related ethical standards in accordance with the "Corporate Governance Best Practice Principles for Financial Holding Companies", "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", and "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEx Listed Companies" to improve corporate governance.

Article 7

The Directors of the Company shall exercise the due care of good administrators to urge the Company to perform its sustainable development initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its sustainable development policies.

The Company's Corporate Sustainability Committee is administered by the Board of Directors and it reports the economic, environmental, and social issues derived from business activities to the Board of Directors.

Article 8

For the purpose of managing sustainable development initiatives, the Company has created a governance structure for promotion of sustainable development, and establish an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the sustainable development policies, systems, or relevant management guidelines, and to report on the same to the Board of Directors on a periodic basis.

Article 9

The Company shall respect the rights and interests of stakeholders, identify stakeholders of the company, and establish a designated section for stakeholders on the company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important sustainable development issues which they are concerned about.

Chapter 3 Fostering a Sustainable Environment

Article 10

The Company shall follow relevant environmental laws, regulations and international standards. The Company is committed to improving the efficiency of the various resources and using recycled materials which have a low impact on the environment to ensure the sustainable use of natural resources, set up an environmental management system. The dedicated environmental management unit shall be responsible for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and it shall hold environment education courses for managerial officers and other employees on a periodic basis.

Article 11

The Company shall follow and reference relevant international standards or trends, set sustainable financial standards, and evaluate the implementation of environmental protection, social responsibility, and corporate governance of its borrowers and investee companies to promote the sustainable development of the economy, environment, and society.

Article 12

The Company are advised to takes into account the impact of its operations on the ecology and promotes the ideals of sustainable consumption. It shall also engage in business activities based on the following principles to reduce the impact of the Company's operations on the natural environment, living organisms, and humans:

I. Reduce resource and energy consumption in products and services.
II. Reduce emissions of pollutants, hazardous substances, and waste and process waste in an appropriate manner.
III. Improve recycling and reuse of materials and products.
IV. Ensure maximum sustainable use of renewable resources.
V. Extend the durability of products.
VI. Improve the performance of products and services.
VII. Enhance the conservation of marine and terrestrial biodiversity and ecosystems, promote the sustainable use of resources, and ensure fair and equitable benefits.

Article 13

To improve water use efficiency, the Company shall properly and sustainably use water resources and establish relevant management measures.

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

Article 14

The Company evaluates the potential risks and opportunities in climate change with regard to the present and future of its business, takes appropriate response measures, and adopts commonly accepted standards or guidelines in Taiwan and abroad for the greenhouse gas inventory of the Company. The scope includes: Direct greenhouse gas emissions, indirect greenhouse gas emissions, and other indirect emissions.

The Company compiles statistics on greenhouse gas emissions, water consumption, and total waste weight, and establishes energy conservation and carbon emissions reduction, greenhouse gas reduction, water consumption, and other waste management approaches to reduce the impact of the Company's business activities on climate change.

Chapter 4 Preserving Public Welfare

Article 15

The Company abides by related labor regulations and complies with the International Bill of Human Rights. It has established related management policies and procedures to protect human rights:

I. Propose the Human Rights Policy or Human Rights Statement of the Company.

II. Evaluate the impact of the Company’s business activities and internal management on human rights and establish response procedures.

III. Conduct regular reviews on the effectiveness of the Human Rights Policy or Human Rights Statement.

IV. In the event of any infringement of human rights, the Company shall disclose the procedures taken with regard to the stakeholders of concern.

The Company shall comply with the internationally recognized human rights of labor and shall ensure that its human resource policies do not contain differential treatments, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

With respect to matters adversely impacting the rights and interests of the labor force, the Company shall provide an effective and appropriate grievance mechanism to ensure equality and transparency of the grievance process. Channels through which a grievance may be raised shall be clear, convenient, and unobstructed, and the Company shall respond to any employee's grievance in an appropriate manner.

Article 16

The Company shall provide information for its employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the Company has business operations.

Article 17

The Company provides a safe and healthy work environment for employees, including necessary health and first-aid facilities. It is committed to reduce risks to employee safety and health and to prevent occupational accidents. The Company also organizes regular safety and health training for employees each year.

Article 18

The Company shall create an environment conducive to the development of employees' careers and establish effective training programs to foster career skills.

The Company shall establish and implement reasonable employee welfare measures (including remuneration, leave and other welfare etc.) 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 19

The Company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the Company's operations, management and decisions.

The Company shall respect the employee representatives' rights to bargain for the working conditions, and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives.

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

Article 20

The Company shall take responsibility for its products and services, and take marketing ethics seriously. The Company shall ensure the transparency and safety of its products and services, establish and disclose policies on consumer rights and interests, and enforce them in the course of business operations, in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

Article 21

The Company shall ensure the quality of its products and services by following the laws and regulations of the government and relevant standards of its industry, shall follow relevant laws, regulations and international guidelines in regard to customer health and safety and customer privacy involved in, and marketing and labeling of, its products and services, and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

The Company is advised to evaluate and manage all types of risks that could cause interruptions in operations, so as to reduce the impact on consumers and society.

The Company shall provide a clear and effective procedure for accepting consumer complaints with respect to its products and services 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 22

The Company shall establish supplier management policies to assess the impact of procurement on the environment and society of the source of supply. It shall request suppliers to comply with rules governing issues such as environmental protection, occupational safety and health or labor rights. Prior to engaging in commercial dealings, the Company shall assess whether there is any record of a supplier's impact on the environment and society, and avoid conducting transactions with those that fail to comply with the corporate social responsibility policy. When the Company works with suppliers, suppliers are required to sign the Supplier Commitment Statement which shall include compliance with corporate social responsibility, promotion of sustainable development of the environment, and implementation and protection of basic human rights. If a supplier violates its commitment, it must implement improvement immediately and the Company may also terminate or rescind the contract at any time.

Article 23

The Company shall evaluate the impact of its business operations on the community, and adequately employ personnel from the location of its business operations, to enhance community acceptance.

The Company is advised to, through equity investment, commercial activities, endowments, volunteering service or other charitable professional services etc., dedicate resources to organizations that commercially resolve social or environmental issues, or participate in events held by citizen organizations, charities and local government agencies relating to community development and community education, to promote community development.

The Company is advised to, through endowments, sponsorships, investments, procurement, strategic collaborations, corporate volunteer technical services or other forms of support, continuously dedicate resources to cultural and artistic activities or the cultural and creative industries, to promote cultural development.

Chapter 5 Enhancing Disclosure of Sustainable Development Information

Article 24

The Company shall disclose information according to the "Corporate Governance Best Practice Principles for TWSE/TPEx listed Companies", and shall fully disclose relevant and reliable information relating to its sustainable development initiatives to improve information transparency. Relevant information relating to sustainable development which the Company shall disclose includes:

I. The policy, systems or strategic directions, and annual promotion plans for sustainable development initiatives, as resolved by the board of directors.
II. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
III. Goals and measures for promoting the sustainable development initiatives established by the companies, and performance in implementation.
IV. Major stakeholders and their concerns.
V. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.
VI. Other information relating to sustainable development initiatives.

Article 25

The Company shall adopt internationally widely recognized standards or guidelines when producing sustainability reports, to disclose the status of their implementation of the sustainable development policy. It shall also obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports shall include:

I. The policy, system, or relevant management guidelines and concrete promotion plans for implementing sustainable development initiatives.
II. Major stakeholders and their concerns.
III. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
IV. Future improvements and goals.

Chapter 6 Supplementary Provisions

Article 26

The Company shall at all times monitor the development of domestic and foreign sustainable development standards and the change of business environment so as to examine and improve its established sustainable development framework and to obtain better results from the promotion of the sustainable development policy.

Article 27

These Principles shall take effect after the approval of the Board of Directors. The same applies to all subsequent amendments.

Note:

2014.10.30 The 17th meeting of the 5th Board of Directors passed the enactment of the "Corporate Social Responsibility Best Practice Principles".

2022.11.17 The 19th meeting of the 8th Board of Directors passed the amendment of all 25 articles and changed the title "Corporate Social Responsibility Best Practice Principles" to "Sustainable Development Best Practice Principles".

2026.03.19 The 30th Meeting of the 9th Board of Directors passed the amendment.