

# **King's Town Bank Co., Ltd. Regulations on Supplier Management**

## **Article 1 (Purpose of formulation)**

In order to protect human dignity and basic human rights, fulfill corporate social responsibilities together with suppliers, and to highlight an excellent corporate image, the Bank has formulated the Regulations on Supplier Management (hereinafter referred to as “the Regulations”) based on the corporate objectives of achieving economic, social, and environmental balance, as well as sustainable development.

## **Article 2 (Scope)**

The scope of application covers the Company and its suppliers. The term “supplier” refers to the vendors involved in procurement mentioned in the “King's Town Bank Co., Ltd. Guidelines for Procurement.”

## **Article 3 (Supplier selection)**

The suppliers of the Bank shall be approved and registered, and shall meet the requirement of Article 5 of the Regulations, and any one of the following criteria:

1. Has good reputation, is willing to comply, and has good service quality.
2. Selected for procurement specifications.
3. Passed the pilot run phase.
4. Passed the on-site evaluation.

The Bank requires the suppliers to provide ISO certificates or other qualification documents, so as to understand if the suppliers hold certification regarding quality (ISO9001, ISO/TS16949), environment (ISO14001), occupational safety and health (OHSAS18001 and TOSHMS), and social responsibility (SA8000). The Bank prioritizes its cooperation with suppliers with good corporate social responsibility.

## **Article 4 (Supplier management)**

When the Company enters into a contract with a supplier, the content shall include terms stipulating mutual compliance with corporate social responsibility policy and specify that the supplier shall provide an improvement plan if the supplier has violated such policy and has caused significant negative impacts on the environment and society. If the supplier fails to provide such an improvement plan, the Bank may terminate or rescind the contract at any time. Suppliers with procurement amounts exceeding NT\$ 10 million, shall provide the Human Rights and Environmental Sustainability Commitment.

## **Article 5 (Regulations on the operations of suppliers)**

1. Labor rights and ethical risk management:
  - (1) The Bank shall comply with labor-related laws and regulations, and protect the legal rights and interests of its internal employees. The employees' salaries may not be lower than the minimum wage and they are entitled to statutory benefits, reasonable rest time, and overtime pay.
  - (2) The supplier shall protect the basic human rights of its employees, treat them with honesty,

care for the disadvantaged, not use forced or involuntary labor, and prohibit child labor (employment under the age of 16 is prohibited).

- (3) The supplier shall not discriminate against its employees based on race, nationality, skin color, gender, religion, age, health status, political views, marital status, pregnancy, or other factors for hiring, remuneration, promotion, training, rewards, or dismissal.
- (4) The supplier shall protect its employees from physical or verbal harassment, insult, corporal punishment, mental or physical coercion, or threats.

2. Employee health and safety:

- (1) The supplier shall formulate requirements regarding health and safety.
- (2) The supplier shall abide by international and local regulations regarding occupational safety and health of its operating location, and provide its employees with a safe and healthy working environment, to ensure that the operating activities do not directly or indirectly cause damage to its employees or other people.
- (3) The supplier shall provide related education training, instruction, supervision for its employees, and adopt all necessary preventive measures to avoid any possible accidents.

3. Environmental protection:

- (1) During the course of its operation and provision of products and services, the supplier shall abide by the environment-related laws and regulations (including but not limited to air pollution prevention, water pollution prevention, and wastes and toxin management, etc.) in which the country it is located, to prevent pollution in any form. If the supplier violates any laws and regulations, it shall provide an improvement plan.
- (2) The supplier shall be committed to reducing and mitigating all waste, including water and energy waste. The supplier may achieve its goal of energy-saving through implementing energy-saving measures in the facilities, maintenance, or production procedures, or through recycling, reuse, or alternative materials.
- (3) The supplier shall be committed to reducing pollutants, toxins, and waste emission, and disposing of waste properly. It shall also manage its wastes in accordance with relevant regulations to reduce the impacts on the environment.

**Article 6 (Implementation)**

The Regulations shall become effective upon announcement after approval of the board of directors, and the amendment thereto is authorized to the President.

Enacted at the board meeting on June 20, 2016.

Amended by the President December 22, 2017.

# Human Rights and Environmental Sustainability Commitment

**King's Town Bank Co., Ltd.** and \_\_\_\_\_ are business partners. In order to protect human dignity and basic human rights, fulfill corporate social responsibilities together with suppliers, and to highlight an excellent corporate image, both parties have agreed and signed the Commitment based on the corporate objectives of achieving economic, social, and environmental balance, as well as sustainable development. The content of the Commitment is as follows:

- Article 1: Both parties shall comply with labor-related laws and regulations, and protect the legal rights and interests of their internal employees. The employees' salaries must not be lower than the minimum wage as provided in the laws and regulations, and they are entitled to statutory benefits, reasonable rest periods, and overtime payment.
- Article 2: Both parties shall protect the basic human rights of their employees, treat them with honesty, care for the disadvantaged, not use forced or involuntary labor, and prohibit child labor (employment under the age of 16 is prohibited).
- Article 3: Both parties shall not discriminate against their employees based on race, nationality, skin color, gender, religion, age, health status, political views, marital status, pregnancy, or other factors for hiring, remuneration, promotion, training, rewards, or dismissal.
- Article 4: Both parties shall protect their employees from physical or verbal harassment, insult, corporal punishment, mental or physical coercion, or threats at the workplace.
- Article 5: Both parties shall formulate requirements regarding health and safety.
- Article 6: Both parties shall abide by international and local regulations regarding occupational safety and health of their operating location, and provide their employees with a safe and healthy working environment, to ensure that the operating activities do not directly or indirectly cause damage to their employees or other people.
- Article 7: Both parties shall provide related education training, instruction, supervision for their employees, and adopt all necessary preventive measures to avoid the occurrence of accidents.

Article 8: During the course of the operation and provision of products and services, both parties shall abide by the environment-related laws and regulations (including but not limited to air pollution prevention, water pollution prevention, and wastes and toxin management, etc.) of the countries they are located in, to prevent pollution in any form. If any party violates any laws and regulations, it shall provide an improvement plan.

Article 9: Both parties shall be committed to reducing and mitigating all waste, including water and energy waste. The supplier may achieve its goal of energy-saving through implementing energy-saving measures in the facilities, maintenance, or production procedures, or through recycling, reuse, or alternative materials.

Article 10: Both parties shall be committed to reducing pollutants, toxins, and waste emission, and disposing of waste properly. It shall also manage its wastes in accordance with relevant regulations to reduce the impacts on the environment.

Person undertaking hereby:  
King's Town Bank Co., Ltd.

Person undertaking hereby:

Representative:  
Cheng-Chih Tai

Representative:

Date:  
(DD/MM/YYYY)