

King's Town Bank Sustainable Finance Policy

Article 1 Purpose and Basis

In order to promote the sustainable development of the Company in collaboration with stakeholders, we have developed this policy by referencing the Principles for Responsible Banking (PRB), the Equator Principles (EP), the Principles for Responsible Investment (PRI), the Credit Guidelines of the Bankers Association, and the Stewardship Principles for Institutional Investors. To incorporate ESG (Environment, Social, Governance) factors into business planning and corporate operations using a principled framework and guidelines.

Article 2 Range of application

The development and provision of financial products and services by the Company must comply with the principles outlined in this policy. This includes, but is not limited to, the development of products and services, investment activities, and credit granting.

Article 3 Organization and Responsibilities

The Company is overseen by the Sustainable Development and Nomination Committee, which is responsible for supervising and implementing policies, systems, and management guidelines related to sustainable development. In addition, an ESG Task Force was established, with the Strategy and Operations Department as the coordinating unit, to collaboratively develop the integration of sustainability issues into various business operations. Each department is responsible for implementing these initiatives.

Article 4 Implementation Principles

- I. The Company should incorporate ESG factors into the evaluation criteria, taking into account the scope of the business and the characteristics of the products and services. During the Customer Due Diligence (CDD) or Know Your Customer process, we also assess their ESG performance in order to gain insights into ESG risks and opportunities.

II. The Company should support the following enterprises or industries that have environmental, social, and governance benefits, and evaluate the provision of financial products and services in order to grasp the opportunities for sustainable development:

1. Engage in renewable energy and alternative fuels can help to reduce greenhouse gas emissions.
2. Those who are involved in water resources, energy conservation, and energy storage equipment can enhance the efficiency of natural resource utilization.
3. To protect the natural environment, invest in products or equipment for environmental protection, pollution prevention and reduction, and other related purposes.
4. Utilization of ecological crop protection and sustainable management of natural resources and the environment can address food security concerns and enhance biodiversity.
5. Engage in vaccine and pharmaceutical research and development, as well as healthcare, to ensure and enhance health and well-being.
6. Provide affordable vocational or higher education, promote equal learning opportunities for disadvantaged groups, and advance equitable and quality education access.
7. Engage in activities that contribute to sustainable development in other areas.

III. The Company should enhance its due diligence investigations and conduct careful assessments of the following controversial enterprises or industries to mitigate the risk of significant negative impacts on sustainable development:

1. Significant environmental violations have occurred, resulting in daily penalties, work stoppages, business suspensions, closure orders, permit revocations, or criminal referrals by various levels of environmental

protection agencies and those who have failed to propose specific improvement plans.

2. Instances of human rights violations, such as the employment of child labor and human trafficking, are significant, and no specific improvement plans have been proposed.
3. Occurrences of occupational accidents, food safety issues, or significant corporate governance failures reported by the media, indicating substantial compliance risks and failure to present specific improvement plans.
4. Business activities involving coal-fired power generation, harmful radioactive substances, or tobacco.

IV. The Company prohibits providing financial products and services to individuals who have experienced the following situations:

1. Designated sanctions targets under the Anti-Money Laundering Act and the Counter-Terrorism Financing Act as determined by the competent authority.
2. Individuals involved in illegal activities such as pornography, illegal arms manufacturing or trading, illegal gambling, and the harmful exploitation of endangered wildlife and plants.

V. The Company should regularly review whether the recipients of the provided financial products and services have experienced the aforementioned disputes mentioned in the third clause and actively participate in discussions on sustainability issues to gain insight into their ESG performance and improvement plans.

Article 5 The revisions of this policy shall also be implemented after approval by the Board of Directors.

Established by the Board of Directors on June 11, 2024