

# Hotai Finance Corporation

## ESG Sustainable Management Committee

### Organizational Regulations

2021.9.17

#### **Article 1 (Purpose)**

The Company is committed to promoting and implementing corporate social responsibility policies and sustainable development. In accordance with Article 27 of the "Hotai Finance Corporation Governance Code of Practice" and the "Hotai Finance Corporation Social Responsibility Code of Practice", the ESG Sustainable Management Committee (Hereinafter referred to as the ESG Committee) was established. Various functional groups under the committee include the Environmental Sustainability Group, the Corporate Governance Group, and the Social Participation Group etc., to operate the issues of concern of different stakeholders and to coordinate with the relevant departments of the company to carry out the planning, promotion and execution of related business. The functional groups can be adjusted with the approval of the Committee in response to changes in demand.

#### **Article 2 (Scope of Application)**

Except as otherwise provided by laws or the Company's articles of association and regulations, the composition, term of office, powers, rules of procedure and other related matters of this Committee shall be in accordance with the regulations of the organization.

#### **Article 3 (Organization and Term)**

This Committee is subordinate to the board of directors, and its members are appointed by resolutions of the board of directors. The number of members is not less than three (one of them is the convener), and the term of office is three years.

#### **Article 4 (Committee Powers and Execution)**

The powers of this Committee are as follows:

1. Review and offer suggestions on the effectiveness of Corporate Social Responsibility implementation.
2. Plan the direction of Corporate Social Responsibility and the annual implementation plan and progress.
3. Other related matters.

The matters decided by this committee shall be handled by relevant departments or groups, and each group shall be responsible for the submission of the relevant proposals in the preceding paragraph or the implementation of the Committee's resolutions.

#### **Article 5 (Meeting Method)**

The Committee shall convene at least twice a year, and may hold meetings at any time as needed. The Committee shall report the results of its operations to the Board of Directors at least once a year.

The Committee shall specify the reason for the convening, and notify the

members of the Committee in written form or electronically before the meeting.

The Committee shall have all the members recommend one person as the convener and chairman of the meeting. If the convener is on leave or is unable to convene a meeting for reasons, the convener is to designate one of the members to chair the meeting. If the convener does not have a representative designated, one of the remaining members is elected to chair the meeting. The Committee may invite personnel of relevant departments, external professionals or other necessary personnel to attend the meeting and provide relevant and necessary information.

#### **Article 6 (Agenda)**

The agenda of the Committee is set by the convener, and other members may also provide proposals for discussion.

#### **Article 7 (Attendance and Resolutions)**

The Company should have the attendance registry ready for the signature of the attending Committee members and for records. Compensation Committee members shall attend the meeting in person; however, they may attend the meeting by proxy if they are unable to attend for reasons. Committee members who have participated in a video conference shall be deemed as attending the meeting in person. The Committee members who have attended the meeting by the representative should issue a proxy each time and with the scope of authorization detailed for the meeting subjects.

When the committee's proposal is voted on, it shall be deemed as passed after the convener has consulted all the members present who have no objections. If there is any objection after consultation by the convener, it shall be put to the vote.

The resolution of the Committee is reached with the majority vote. The motion resolved by the Chairman's consulting the attending members without dissent is deemed as passed and with the same effect as voting.

The term "attending members" as mentioned in the preceding paragraph does not include members who are not allowed to exercise voting rights in accordance with Article 8, Paragraph 1.

Resolutions should be attended and agreed upon by the majority of the members. In the case of amendments or alternatives to the same motion, the convener shall determine the order of voting in accordance with the original motion. However, if one of the motions has been passed, the other motions are deemed to be rejected and no further voting is required.

The results of the voting shall be reported on the spot and recorded.

#### **Article 8 (Disqualification)**

Members of the Committee shall refrain from deliberating and voting on the following matters:

1. Those who have a related interest that may be harmful to the company's interests;
2. Those who voluntarily abstain;
3. Those who have been disqualified by the Committee.

#### **Article 9 (Meeting Minutes)**

The deliberations of this Committee shall be recorded in the minutes, which shall record the following items in detail:

The minutes of Committee meeting convened must be prepared with the following matters documented in details:

1. Meeting term, time, and place;
2. Name of the Chairman;
3. Member attendance, including name of Chairman, on leave, and absentee, and number of persons;
4. Name and title of the attendees;
5. Name of the clerk;
6. Reporting matters;
7. Discussions: The motion resolution methods and results, and the opposition or reservations of the Committee members.
8. Motions: The name of the proposers and the motion resolution methods and results, and the statements, opposition, or reservations of members, specialists, and others;
9. Other important matters

The attendance registry of the Committee is an integral part of the minutes of meeting. For the Committee meeting held by a video conference, the related audio and video data is an integral part of the minutes of meeting. The minutes of meeting must be signed or sealed by the Chairman and the clerk, distributed to all Committee members in 20 days after the Committee meeting adjournment, and should be reported to the Board of Directors, classified as an important file of the Company, and reserved. The preparation and distribution of the minutes of meeting can be processed in an electronic form.

#### **Article 10 (Implementation)**

The Compensation Committee Charter is implemented with the approval of the Board of Directors, so is the amendment.