

# **Hotai Finance Co., Ltd.**

## **Sustainable Finance Policy**

August 8, 2024

### **Article 1 Purpose**

In order to pursue business growth and promote the U.N. Sustainable Development Goals (SDGs) and ensures sustainability values are incorporated into financial services, thereby enabling the Company to exert financial influence for the sustainability of business activities, the society, and the environment, this Sustainable Finance Policy (hereinafter referred to as “this Policy”) has been established.

### **Article 2 Scope of Application**

This Policy shall apply to the Company and its subsidiaries.

### **Article 3 General principles**

The scope of sustainable financial business mentioned in this policy includes the financial products and services of leasing, installment sales, factoring and loans. The customers include individuals, micro-enterprises, SMEs and the large corporations.

The Company and its subsidiaries shall incorporate ESG factors into the daily operation and decision making, improve their governance culture by means of integrity management, openness and transparency, strict compliance with laws and regulations, and take into account the practice of corporate sustainable development, so as to create shared value between the enterprise and the society, environment, and customers.

### **Article 4 Business administration**

The ESG Sustainable Management Committee of the Company shall be responsible for the supervision and coordination of various policies, measures, and mechanisms that are relevant to the Policy. The Committee shall appoint and coordinate related departments to incorporate sustainability values and execution plans into financial services.

The Company and its subsidiaries shall establish an open and transparent communication channels and information disclosure with all stakeholders, to specifically implement the goal of sustainable development. Meanwhile, the Company shall continue to follow trends related to sustainable finance both domestically and internationally, conduct internal awareness raising, provide

education and training, and implement relevant measures.

The promotion, planning, and progress of the Policy will be disclosed in the Chinese and English versions of the Company's annual Sustainability Report, and available on the Corporate Sustainability section of the Company's website.

#### **Article 5 Business promotion plan**

The Company and its subsidiaries shall actively promote and support related industries in combination with green finance, inclusive finance and responsible investment and financing, thereby seizing the opportunities of sustainable development:

1. Supporting industries that contribute to sustainable development for the environment and society by providing financial products and services, including but not limited to renewable energy, energy storage, pollution prevention and control, and healthcare industries.
2. Supporting customers in investing in sustainable financial products or using sustainable financing services to promote green consumption.
3. Supporting other clients engaged in the promotion of ESG business or activities.
4. Continuously communicate with customers and encourage participation in ESG initiatives to enhance their sustainability awareness.

#### **Article 6 Risk management**

Industries and enterprises that have direct or potential significant negative impacts on the environment and society or violate regulations

When providing financial products and services to industries and enterprises that have direct or potential significant negative impacts on the environment and society or violate regulations, the Company and its subsidiaries shall prudently evaluate whether their counterparties or transactions have ESG risks in order to avoid significant adverse impact on ESG.

**Article 7** Matters not stipulated in this Policy shall be handled in accordance with laws and relevant regulations of the Company.

**Article 8** The Board of Directors is the highest supervisory and decision-making unit of this Policy.

**Article 9** This Policy shall become effective after the resolution of the Board of Directors is adopted. Any amendments to this Policy shall follow the same procedure.