

O-Bank Rules for Promotion of Fulfillment of Corporate Social Responsibilities by Suppliers

28 December 2018: Adopted upon approval by O-Bank president.
28 August 2020: Adopted upon approval by O-Bank president.

A. Objective

These Rules are adopted in accordance with the "O-Bank Co., Ltd. Corporate Social Responsibility Best Practice Principles" in order to fulfill the Bank's responsibilities and commitments with regard to management of suppliers, and to collaborate with suppliers in jointly achieving good moral standards, respecting the human rights of laborers, and promoting environmentally sustainable development, while simultaneously supporting and encouraging the Bank's suppliers to endeavor to jointly fulfill the Bank's corporate social responsibility (CSR).

B. Scope of applicability

The suppliers subject to these Rules are those that provide products and services to the Bank.

C. Standards of conduct

The Bank takes an encouraging attitude and adopts related measures to help suppliers implement the following aspects of sustainable development:

(1) Corporate culture standards: Suppliers shall establish a corporate culture of ethical best practices, and shall promote the operational concepts of honesty, transparency, and responsibility.

(2) Ethics standards: In addition to requiring that suppliers comply with applicable legislation issued by government agencies and competent authorities at all levels, the Bank also encourages suppliers to hold themselves to ethics standards more rigorous than those set out in legislation.

(3) Labor standards: The hiring, discharge, and severance of all supplier employees shall be handled in compliance with legislative requirements, e.g. suppliers shall not illegally hire child labor, oppress workers, or subject workers to discriminatory or inhumane treatment, and shall accord equal treatment in their handling of remuneration and opportunities for training and promotions. At the same time, suppliers shall comply with occupational safety and health legislation, provide all employees with a safe and healthy work environment, safeguard the lawful rights and interests of employees, and ensure that their business activities will not cause direct or indirect harm to employees or other persons.

(4) Environmental standards: In their operations and in the course of providing products and services to the Bank, suppliers shall comply with national environmental protection legislation and take active and concrete actions to prevent or mitigate any and all forms of pollution.

D. Measures

The measures by which the Bank promotes fulfillment of CSR obligations by suppliers may include the following:

- (1) Holding of price negotiation meetings with suppliers: When holding a price negotiation meeting with a supplier, the Bank shall familiarize the supplier with the Bank's corporate social responsibility policies, and the results of the meeting may serve as reference for the Bank's supplier management action plan.
- (2) Signing of Supplier Self-Assessment Form Regarding Fulfillment of Corporate Social Responsibilities: For all suppliers with which it does business, the Bank shall assess whether there are records of their operations having affected the environment or society, and shall avoid engaging in transactions with suppliers that have violated the Bank's CSR policies. Article 7 of the Bank's "Rules for Purchase Requisition and Payment Procedures" requires that when a purchase is for an amount of NT\$1 million or more and a price negotiation meeting is held, the supplier shall fill out an "O-Bank Supplier Self-Assessment Form Regarding Fulfillment of Corporate Social Responsibilities," and the Bank shall not engage in substantive transactions with the supplier unless the self-assessment result does not indicate any violation of the law.
- (3) On-site inspections of supplier facilities: When the Bank visits or holds a meeting at a supplier's facility, it may administer an "O-Bank On-Site Supplier Inspection Questionnaire" to check on the current state of the supplier's fulfillment of CSR obligations.
- (4) Education, training, and outreach activities: When necessary, the Bank is advised to provide education and training, and to help suppliers build up their CSR management capabilities so that both sides can jointly fulfill CSR obligations.
- (5) Inquiries regarding the Bank's interested parties or its AML/CFT name screening operations shall be handled in accordance with applicable Bank rules.

E. Supervision and corrective action

The Bank shall understand each supplier's fulfillment of CSR obligations, and for a supplier that does not meet requirements the Bank shall use persuasion to help the supplier adopt a suitable corrective action plan.

F. Incentive measures

When evaluating a procurement tender, the Bank may treat a supplier's fulfillment of CSR obligations as one of its evaluation criteria and factor it into a list of the best suppliers, so that high-quality suppliers can receive priority consideration during the comparison of tenders. Such consideration incentivizes better CSR performance.

G. Handling of material violations

If a supplier violates its business ethics and CSR commitments or causes significant environmental or social impact, thus suffering serious damage to its image, reputation,

or financial condition, the Bank may subject the supplier to special monitoring and suspend it from submitting tenders for the Bank's purchasing, maintenance, and special project contracts.

H. Approval and implementation

These Rules shall be implemented following approval by the Bank's president, and the preceding shall also apply to any revisions.

The form attachments of these Rules shall be implemented following approval by Head of O-Bank's General Affairs Department.

Form Attachments

1. O-Bank Supplier Self-Assessment Form Regarding Fulfillment of Corporate Social Responsibilities
2. O-Bank On-Site Supplier Inspection Questionnaire